TECOM GROUP PJSC AND ITS SUBSIDIARIES

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2022

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

BOARD OF DIRECTORS' REPORT

The Board of Directors of TECOM Group PJSC (the "Company") has the pleasure to submit their report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2022.

Board of Directors

The Board of Directors comprised of:

Chairman	Mr. Malek Sultan Rashed Almalek
Vice Chairman	Mr. Ahmed Al Qassim
Members	Mr. Amit Kaushal
	Mr. Omar Karim
	Ms. Fatma Hussain
	H.E. Aisha Abdulla Miran
	Mr. Aref Abdulrahman Ahli

Principal activities

The principal activities of the Group are property leasing, development, facilities management and services.

Financial highlights

Financial position of the Group stands at cash and bank balances AED 1,261 million (2021: AED 1,246 million), total assets AED 14,555 million (2021: AED 16,364 million), total liabilities AED 8,587 million (2021: AED 10,751 million) and total equity AED 5,968 million (2021: AED 5,613 million). Investment properties of the Group were fair valued at AED 21,289 million (2021: AED19,132 million).

For the year 2022, the Group reported revenue of AED 1,973 million (2021: AED 1,766 million) and profit for the year was AED 726 million (2021: AED 569 million).

In accordance with the Articles of Association of the Company and applicable UAE Federal Law, an apportionment of AED 250 million is made to legal reserve from the profits of the Company.

At the general assembly meeting held on 14 November 2022, the shareholders approved the recommendation of the Board of Directors to distribute dividends of AED 200 million (AED 0.04 per share) which was paid on 25 November 2022 by the Company.

On 9 February 2023, the Board of Directors has recommended final dividend payment of AED 200 million (AED 0.04 per share), subject to shareholder approval at proposed Annual General Meeting to be held on 14 March 2023.

Auditors

The consolidated financial statements for the year ended 31 December 2022 have been audited by Deloitte & Touche (M.E.).

For the Board of Directors

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Malek Sultan Rashed Almalek
Chairman
Dubai, United Arab Emirates
9 February 2023

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TECOM Group PJSC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of TECOM Group PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of income, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with the accounting policies described in note 2 of the consolidated financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of accounting and restriction of use

We draw attention to notes 1 and 2 to the consolidated financial statements, which describe the basis of accounting. The consolidated financial statements have been prepared to assist the Group to comply with certain financial reporting provisions relating to Public Joint Stock Companies in the United Arab Emirates. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of TECOM Group PJSC (continued)

Key audit matters (continued)

Impairment assessment of investment properties	
Key audit matter	**How the matter was addressed in our audit**
The Group's investment properties portfolio is carried at AED 11,874 million in the consolidated balance sheet. Investment properties are carried at cost less accumulated depreciation and accumulated impairment, if any. The Group undertakes a review of indicators of impairment and, wherever indicators of impairment exist, an impairment assessment is performed by determining if the recoverable amount based on qualitative and quantitative factors, exceeds or is equal to its carrying amount. Ascertaining the value of these properties is a significant judgement area and is underpinned by a number of assumptions. The determination of the recoverable amount of these investment properties is based on external valuations using the income approach and sales comparable approach for its assets. The Group's income approach requires valuers to make significant estimates and assumptions related to future occupancy levels, growth rates, rental rates, and discount rates. The sales comparable approach requires the valuers to examine and analyse market transaction/data and requires adjustments to be made for the data to account for individual characteristics. Further, the Group allocates common infrastructure costs (including cost to complete) on properties in the portfolio on a systematic basis. Accordingly, the allocation of estimated infrastructure cost and valuation of its underlying assets is a significant judgement area based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the cost base of investment property and its recoverable amount could lead to a material misstatement in the consolidated financial statements. We considered the valuation of investment properties as a key audit matter because of the quantitative materiality of the balance and the significant judgements applied and estimates made in determining the fair value. Refer to Notes 4 (c), 4 (d) and 6 for more information regarding the impairment assessment of investment property.	We assessed the design and implementation of controls in the process involved in the determination of the valuation of investment property. We assessed the valuer's competence, capabilities, independence and objectivity and read their terms of engagement with the Group to determine that the scope of their work was sufficient for audit purposes. We tested the data provided to the valuer by the Group, on a sample basis by agreeing the data to the Group's accounting records. We involved our internal real estate valuation specialist to review selected properties and assessed whether the valuation of the properties was performed in accordance with the requirements of the Group's accounting policies relating to valuation. We assessed and challenged the underlying key assumptions used in the recoverable amount assessment and estimation of cost to complete infrastructure work. We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We reperformed the arithmetical accuracy of the determination of infrastructure cost allocations and recoverable amounts. We assessed the disclosures made relating to this matter to determine if they were in accordance with the requirements of the Group's accounting policies.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of TECOM Group PJSC (continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon. We obtained the Board of Directors' Report, at the date of our auditors' report, and we expect to obtain the remaining sections of the Annual report after the date of the auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting policies described in note 2 of the consolidated financial statements and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (32) of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of TECOM Group PJSC (continued)

Report on other legal and regulatory requirements

As required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021 and Articles of Association of the Company;
- the Company has maintained proper books of account;
- the financial information included in the Board of Directors report is consistent with the books of account of the Company;
- the Group has not purchased or invested in any shares during the financial year ended 31 December 2022;
- note 10 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2022, any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and
- there are no social contributions made during the year.

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No. 1141
9 February 2023
Dubai
United Arab Emirates

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Notes	2022 AED'000	2021 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	96,995	108,296
Intangible assets		18,944	34,317
Investment property	6	11,873,927	13,368,160
Derivative financial instruments	7	315,519	73,116
Trade and unbilled receivables	8	726,421	723,603
Other receivables	9	17,024	19,990
		13,048,830	**14,327,482**
Current assets			
Trade receivables	8	150,515	202,198
Other receivables	9	65,575	60,993
Due from related parties	10	29,899	527,054
Cash and bank balances	11	1,260,514	1,246,399
		1,506,503	**2,036,644**
Total assets		**14,555,333**	**16,364,126**

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022 (CONTINUED)

	Notes	2022 AED'000	2021 AED'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	12	500,000	300
Legal reserve	13	436,321	171,518
Hedge reserve		336,647	7,441
Retained earnings		4,695,416	5,434,003
Total equity		**5,968,384**	**5,613,262**
LIABILITIES			
Non-current liabilities			
Borrowings	14	4,341,982	3,663,105
Advances from customers	15	645,326	671,477
Other liabilities	16	869,271	920,101
Derivative financial instruments	7	2,817	89,620
Employees' end of service benefits	17	43,909	71,990
Provision for other liabilities and charges	18	881,124	2,404,953
		6,784,429	**7,821,246**
Current liabilities			
Borrowings	14	-	302,015
Trade and other payables	19	410,036	379,203
Advances from customers	15	767,207	687,217
Other liabilities	16	401,047	443,939
Due to related parties	10	203,691	1,095,031
Provisions for other liabilities and charges	18	20,539	22,213
		1,802,520	**2,929,618**
Total liabilities		**8,586,949**	**10,750,864**
Total equity and liabilities		**14,555,333**	**16,364,126**

These consolidated financial statements were approved by the Board of Directors on 9 February 2023 and were signed on its behalf by:

Malek Sultan Rashed Almalek
Chairman

Abdulla Belhoul
Chief Executive Officer

Michael Wunderbaldinger
Chief Financial Officer

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 AED'000	2021 AED'000
Revenue	21	1,973,368	1,765,629
Direct costs	22	(767,854)	(731,310)
Gross profit		**1,205,514**	**1,034,319**
Other operating income	26	41,986	49,635
		1,247,500	**1,083,954**
Expenses			
General and administrative expenses	23	(245,363)	(254,948)
Marketing and selling expenses	25	(41,547)	(32,938)
		(286,910)	**(287,886)**
Operating profit		**960,590**	**796,068**
Finance income	27	77,213	31,682
Finance costs	27	(312,185)	(258,913)
Finance costs - net		**(234,972)**	**(227,231)**
Profit for the year		**725,618**	**568,837**
Earnings per share attributable to the Owners of the Company during the year			
Basic and diluted (AED)	**28**	**0.19**	**0.15**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 AED'000	2021 AED'000
Profit for the year	**725,618**	**568,837**
Items that may be subsequently reclassified to consolidated statement of income		
Fair value gain on cash flow hedges	329,206	116,003
Other comprehensive income for the year	**329,206**	**116,003**
Total comprehensive income for the year	**1,054,824**	**684,840**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

		Attributable to owners of the parent company				
	Notes	Share capital AED'000	Legal reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Total equity AED'000
At 1 January 2021		**300**	**171,518**	**(108,562)**	**6,105,043**	**6,168,299**
Profit for the year		-	-	-	568,837	568,837
Other comprehensive income for the year		-	-	116,003	-	116,003
Total comprehensive income for the year		**-**	**-**	**116,003**	**568,837**	**684,840**
Transactions with owners:						
Increase as a result of carve out	2.2	-	-	-	172,945	172,945
Dividend declared	20	-	-	-	(1,400,000)	(1,400,000)
Transfer to Ultimate Shareholder	6	-	-	-	(12,822)	(12,822)
		-	**-**	**-**	**(1,239,877)**	**(1,239,877)**
At 31 December 2021		**300**	**171,518**	**7,441**	**5,434,003**	**5,613,262**
At 1 January 2022		**300**	**171,518**	**7,441**	**5,434,003**	**5,613,262**
Profit for the year		-	-	-	725,618	725,618
Other comprehensive income for the year		-	-	329,206	-	329,206
Total comprehensive income for the year		**-**	**-**	**329,206**	**725,618**	**1,054,824**
Transactions with owners:						
Increase in share capital	12	499,700	-	-	(499,700)	-
Capital contribution	10(d)	-	-	-	404,293	404,293
Dividends declared	20	-	-	-	(1,103,995)	(1,103,995)
Transfer to legal reserve	13	-	264,803	-	(264,803)	-
		499,700	**264,803**	**-**	**(1,464,205)**	**(699,702)**
At 31 December 2022		**500,000**	**436,321**	**336,647**	**4,695,416**	**5,968,384**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 AED'000	2021 AED'000
Cash flows from operating activities			
Cash generated from operations	29	1,507,386	1,260,691
Payment of employees' end of service benefits	17	(3,684)	(6,302)
Net cash generated from operating activities		**1,503,702**	**1,254,389**
Cash flows from investing activities			
Purchase of property and equipment	5	(9,271)	(8,854)
Purchase of intangible assets		(4,743)	(13,877)
Payments for investment property, net of project and retention payables		(592,612)	(597,632)
Movement in fixed deposits with maturities greater than three months		(445,632)	1,104,631
Interest received		9,622	9,494
Net cash (used in)/generated from investing activities		**(1,042,636)**	**493,762**
Cash flows from financing activities			
Net proceeds from borrowings		371,279	118,861
Repayment of borrowings		(64,215)	(96,463)
Interest paid		(209,060)	(249,941)
Dividends paid		(1,050,000)	(1,400,000)
Restricted cash against borrowing facility	11	(60,000)	-
Exit from cash flow hedges	7	59,413	-
Funds transferred to Parent Company		-	(68,744)
Contributed capital		-	146,064
Net cash used in financing activities		**(952,583)**	**(1,550,223)**
Net (decrease)/increase in cash and cash equivalents		**(491,517)**	**197,928**
Cash and cash equivalents, beginning of the year	11	768,183	570,255
Cash and cash equivalents, end of the year	**11**	**276,666**	**768,183**

Significant non-cash transactions during the year include:

- Retained earnings of AED 499,700,000 capitalised into share capital of the Company (Note 12).
- Settlement of dividend of AED 53,995,000 (2021: AED NIL) against the receivable balance from the Parent Company [Note 10(a)].
- Capital contribution of AED 404,293,000 adjusted against payable balance to the related parties [Note 10(d)].

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. LEGAL STATUS AND ACTIVITIES

TECOM Group PJSC (the "Company") is a public joint stock with trade license number 577858 issued by the Department of Economy and Tourism in Dubai.

The Company was initially established as a limited liability company on 14 February 2006. The legal status of the Company has been converted to a public joint stock company on 30 June 2022 by virtue of Company's shareholders resolution.

On 5 July 2022, the Company listed its 12.5% ordinary shares on the Dubai Financial Market ("DFM" or the "Exchange") through an Initial Public Offering ("IPO").

The Company is domiciled in the United Arab Emirates (UAE) and its registered head office address is P.O. Box 66000, Umm Suqeim, Dubai, United Arab Emirates.

The parent company is DHAM LLC (the "Parent Company") and the ultimate parent company is Dubai Holding LLC (the "Ultimate Parent Company"). The Company and its subsidiaries are collectively referred to as the Group (the "Group").

Prior to the IPO, the Ultimate Parent Company approved a group reorganisation, whereby the Company transferred its operations related to its property sales division and equity investments division (the "Divisions") to entities under common control of the Ultimate Parent Company. The transfer of the Divisions was executed during April 2022 with an effective date of transferring beneficial and economic interest on 1 January 2022. As a result of the group reorganisation, the operations remaining within the Group from 1 January 2022 include property development, leasing, facilities management, property management services and government relations services (the "IPO Perimeter").

The Group consolidates investments in the following principal subsidiaries:

Name of the entity	Nature of business	Ownership %	
		2022	2021
TECOM Investments FZ LLC	Develop and lease properties	100	100
Dubai Industrial City LLC*	Develop and lease properties	100	100
Dubai Design District FZ LLC	Develop and lease properties	100	100
Tamdeen LLC*	Project management engineering and feasibility studies	100	100
Dubai Design District Hospitality FZ LLC	Develop and lease properties and real estate services	100	100
AXS FZ LLC	Incorporation and visa related services	100	100
DMC Butterfly Building FZ LLC	Real estate services	100	100
Innovation Hub FZ-LLC	Real estate services	100	100
IN5 FZ LLC	Regional headquarters for real estate services	100	100
DIC 1 FZ LLC	Develop properties and real estate services	100	100
DIC 2 FZ LLC	Develop properties and real estate services	100	100
DKV 1 FZ LLC	Develop properties and real estate services	100	100
Innovation Hub Phase 1 FZ-LLC	Real estate services	100	100
Master Project 1 FZ-LLC	Real estate services	100	100

*The ownership percentage represents the beneficial ownership of the Group in these subsidiaries.

1. LEGAL STATUS AND ACTIVITIES (CONTINUED)

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and has come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company has applied the requirements of New Companies Law during the year ended 31 December 2022.

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision.

The Group/Company is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and applicable requirements of the law of the UAE, except for the transfer of the operating activities of the Divisions as described in note 1 to the consolidated financial statements from the comparative year ended 31 December 2021. This transfer should have been accounted for as a transfer on 1 January 2022 without changing the comparative information for 2021.

2.2 Basis of preparation

The comparatives for the year ended 31 December 2021, within the consolidated financial statements of the Group have been prepared on a carve-out basis by excluding the operating activities of the Divisions and only reflecting the IPO Perimeter as described in Note 1. Any adjustments arising from the transfer out of Divisions within the consolidated statement of income and the consolidated balance sheet were reflected within equity of the consolidated financial statements. No such adjustment was required for the year ended 31 December 2022 as the transfer has been legally executed effective 1 January 2022.

The consolidated financial statements are presented in United Arab Emirates (AED) which is the Company's functional currency and the Group's presentation currency. All amounts have been rounded to the nearest AED thousands ('000s), unless stated otherwise.

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Application of new and revised International Financial Reporting Standards ("IFRS")

(a) New and revised IFRS applied with no material effect on the consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these consolidated financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 16 *Property, Plant and Equipment* relating to proceeds before intended use
- Amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* relating to onerous contracts - cost of fulfilling a contract
- Amendments to IFRS 3 *Business Combinations* relating to reference to the conceptual framework
- Annual improvements to IFRS standards 2018 - 2020

(b) New and revised IFRS in issue but not yet effective

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* relating to classification of Liabilities as Current or Non-Current	1 January 2023
IFRS 17 *Insurance Contracts* and Amendment to IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IFRS 4 *Insurance Contracts* Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2	1 January 2023
Amendments to IAS 12 *Income Taxes* relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 16 *Leases*	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Statement 2	1 January 2024
Amendment to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* relating to treatment of sale or contribution of assets from investors to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of income.

Business combinations involving entities under common control do not fall under the scope of IFRS 3 "Business Combinations". Transfer of businesses under common control is accounted for under the uniting of interest method. Under the uniting of interest method, there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created as the balances remain at book value. The results and cash flows of the entities/businesses under common control are consolidated prospectively from the date of transfer without restatement of the consolidated income statement and the consolidated balance sheet comparatives.

Where settlement of any part of the net identifiable assets acquired is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowings could be obtained from independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in the consolidated statement of income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Principles of consolidation (continued)

(b) Eliminations on consolidation

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated statement of income.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income, except when deferred in other comprehensive income and accumulated in equity as qualifying cash flow hedges and qualifying net investment hedges.

Balances and transactions denominated in US dollars ("USD") have been translated into the presentation currency at a fixed rate as the exchange rate of AED to USD has been pegged since 1981.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of income within 'Finance income' or 'Finance costs'. All other foreign exchange gains and losses are presented in the consolidated statement of income within 'Other operating income'. Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the consolidated statement of income, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

2.6 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

Type of assets	Years
Buildings	20 - 50
Building interior improvements, furniture and fixtures	3 - 10
Computer hardware	3 - 5
Motor vehicles	5
Other assets	3 - 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'Other operating income' in the consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment property

Investment property comprises property held for capital appreciation, rental yields or both, and is carried at cost less accumulated depreciation and impairment losses, if any. Investment property also includes related infrastructure and property that is being constructed or developed for future use as investment property. In addition, land held for undetermined use is classified as investment property and is not depreciated. The Group engages professionally qualified external valuers at least once every three years to determine the fair values for disclosure purposes. The fair values for all other years are updated by management by using models and bases similar to the external valuers.

When the development of investment property commences, it is classified under capital work-in-progress until development is complete, at which time it is transferred to the respective category, and depreciated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Type of assets	Years
Buildings and infrastructure	20 - 50

Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period in which it is incurred.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale or becomes owner-occupied, the property is transferred to property held for development sale or property and equipment respectively.

When investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are recognized in the consolidated statement of income.

Capital work in progress are properties or assets in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the acquisition of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate investment property category and is accounted in accordance with the Group's policies.

2.9 Intangible assets

(a) Computer software

The Group's computer software comprises software acquired or software developed by the Group entities. Acquired computer software licenses are capitalised on the basis of the costs incurred to bring to use the specific software. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Computer software are carried at cost less accumulated amortisation and impairment losses, if any.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

i) it is technically feasible to complete the software product so that it will be available for use;

ii) management intends to complete the software product and use or sell it;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (continued)

(a) Computer software (continued)

iii) there is an ability to use or sell the software product;

iv) it can be demonstrated how the software product will generate probable future economic benefits;

v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. These costs are amortised over their estimated useful lives of 3 years. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Intangible assets which are in the course of development, are carried at cost, less any recognised impairment losses, if any. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate intangible asset category and is accounted in accordance with the Group's policies.

(b) Licenses

Separately acquired software licenses are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

(c) Masterplans

The costs of developing the Group's masterplans are capitalised and are subject to amortisation. These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is included in the consolidated statement of income within 'Other operating income)'. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units").

2.10 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its property and equipment, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

2.11 Investments and other financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of income or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt instruments only when its business model for managing those assets changes.

2.11.2 Recognition and derecognition

Purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of income.

2.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investments and other financial assets (continued)

2.11.3 Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of income and presented in 'Other operating income'.

Impairment losses are presented under 'General and administrative expenses' in the consolidated statement of income.

Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income.

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of income.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of income and recognised in 'Other operating income'. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method. Exchange gains and losses are presented in 'Other operating income' and impairment losses are presented under 'General and administrative expenses' in the consolidated statement of income.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the consolidated statement of income within 'Other operating income' in the year they arise.

Equity instruments

The Group subsequently measures all equity investments at fair value. The Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of income as other income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other operating income' in the consolidated statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investments and other financial assets (continued)

2.11.4 Impairment of financial assets

IFRS 9 requires the Group to record an allowance for expected credit losses (ECLs) for all trade and unbilled receivables, contract assets, loans and other debt financial assets not held at fair value through profit or loss (FVTPL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and unbilled receivables and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtor's general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting day, including time value of money where appropriate.

(i) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor.
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event (see (ii) above)
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for that financial asset because of financial difficulties

(iii) Write-off policy

The Group writes off a financial asset considering various factors which includes but not limited to the information indicating debtor's severe financial difficulty and no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investments and other financial assets (continued)

2.11.4 Impairment of financial assets (continued)

(iv) Measurement and recognition of expected credit losses

The measurement of ECLs is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECLs is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

The Group recognises an impairment gain or loss in the consolidated statement of income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the consolidated balance sheet.

2.12 Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial liabilities and equity (continued)

Financial liabilities

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of income to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in the consolidated statement of income incorporates any interest paid on the financial liability and is included in the ‘Finance costs' line item in the consolidated statement of income.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for- trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of income.

2.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.14 Trade receivables

Trade receivables are amounts due from customers for land and properties sold or services performed in the ordinary course of business. Trade receivables are recognised initially in line with IFRS 15 and 16 and subsequently measured at amortised cost using the effective interest method, less loss allowance.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances in current accounts, call accounts and term deposits with original maturity of three months or less with no withdrawal restrictions and which are subject to an insignificant risk of changes in value and cash pledged against guarantees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less from the balance sheet date (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Contract advances include instalments received from customers for lease and services. These are subsequently released to the consolidated statement of income once the revenue recognition criteria are met (Note 2.21).

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of income.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed. Borrowings are classified as payable within 12 months unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense. Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits

(a) End of service benefits to non-UAE nationals

Provision is made for the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date. The provision is calculated as the present value of the obligations in accordance with the 'projected unit cost' method as per IAS 19 'Employee Benefits' taking into consideration the UAE Labour Laws. Under this method an assessment is made of the employee's expected service life with the Group and the expected basic salary at the date of leaving the service.

(b) Pension and social security policy within the UAE

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of income, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. The Group has no further payment obligations once the contributions have been paid.

2.20 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. Derivatives are only used by the Group for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria under IFRS, they are classified as 'held for trading' for accounting purposes only. The fair values of various derivative instruments used for hedging are disclosed in Note 3.3. Movements in the hedging reserve is disclosed in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability when expected to be settled within 12 months; otherwise, they are classified as non-current.

The Group uses interest rate swaps for hedging, which are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. The Group's credit risk represents the potential cost to replace the interest rate swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Derivative financial instruments and hedging activities (continued)

(a) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of income within 'Finance income/costs.

Amounts accumulated in equity are recycled in the consolidated statement of income in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated statement of income within 'Finance costs'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory or fixed assets), the gains and losses previously recorded in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in direct costs.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss and deferred costs of hedging existing in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset (such as inventory) and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of income within 'Finance income/costs'.

(b) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognised immediately in the consolidated statement of income within 'Finance income/costs'.

2.21 Revenue recognition

The Group recognises revenue from contracts with customer based on five step model as outlined under IFRS 15:

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue as and when the Group satisfies a performance obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (continued)

The Group recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance obligation completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied. When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance - unbilled receivables. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability – advances from customers.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably.

(a) Service charges

For investment property held primarily to earn operating lease income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. Certain lease agreements include certain services offered to tenants (i.e., customers) including common area services (such as security, cleaning, maintenance, utilities) as well as other support services (e.g., customer service and management) The consideration charged to tenants for these services includes fees charged based on a percentage of the operating lease income and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced.

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The contracts of the Group specifically highlight stand-alone price for the services. In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

Income arising from cost recharged to tenants is recognised in the period in which the cost can be contractually recovered. The Group arranges for third parties to provide some of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

(b) Service income

Services revenue relates outsourcing services provided to a government authority in relation to incorporation, government and other related services. The revenue is recognised point in time when the services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases

(a) The Group as Lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for the Group for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

  - the Group has the right to operate the asset; or

  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, where the contract is not separable into lease and non-lease component then the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases (continued)

(a) The Group as a Lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). For calculation of IBR, the Group has taken appropriate benchmarks after adjusting for Group's specific risk, term risk and underlying asset risk.

(b) The Group as a Lessor

The Group enters into lease arrangements as a lessor with respect to its investment property. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

Operating lease income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all the risks and rewards incidental to ownership of an investment property. In addition, the Group subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Group's subleases are classified as operating leases.

Operating lease income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of income when the right to receive them arises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases (continued)

Finance leases

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Lease payments are payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the fixed payments, less any lease incentives; variable lease payments; the exercise price for a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Amounts from leases under finance lease are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholder.

2.24 Segment reporting

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as the Group's Chief Executive Officer that makes strategic decisions.

2.25 Interest income

Interest income is recognised in the consolidated statement of income on a time proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivable is recognised using the original effective interest rate.

2.26 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of the particular Group entity. The Group has no significant exposure to foreign exchange risk as majority of its transactions are in the respective functional currencies of the Group companies.

ii) Cash flow and interest rate risk

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities. Borrowings at variable rates expose the Group to cash flow interest rate risk.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. In the case of long-term borrowings from banks and financial institutions, the Group generally borrows funds at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At 31 December 2022, if interest rates on interest bearing financial assets had been 200 basis points (2021: 50 basis points) higher/lower with all other variables held constant, post-tax profit for the year would have been AED 18,477,000 (2021: AED 2,669,000) higher/lower, mainly as a result of higher/lower interest income. In addition, at 31 December 2022 had the Group not entered in any interest rate swap agreements, if interest rates on borrowings had been 200 basis points (2021: 50 basis points) higher/lower with all other variables held constant, post-tax profit for the year would have been AED 86,840,000 (2021: AED 24,133,000) lower/higher, mainly as a result of higher/lower interest expense.

(b) Credit risk

The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables, lease receivables, derivatives, due from related parties, unbilled receivables and cash and bank balances.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. When such an event happens, it is considered as a default event. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established policies under which each new customer is analysed for creditworthiness before Group's standard payment and service delivery terms and conditions are offered.

The credit review can include customer reputation, customer segmentation, business plans, bank references and external credit worthiness databases when available. Derivative financial instruments and bank deposits are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The credit quality of cash and bank balances at the balance sheet date can be assessed by reference to external credit ratings as illustrated in the table below:

	2022 AED'000	2021 AED'000
A1	159,575	116,356
A2	320,345	-
A3	406,503	1,118,306
Aa3	8	-
Ba1	31	10,866
Baa1	373,402	-
	1,259,864	**1,245,528**

The rest of the consolidated balance sheet item, ‘cash and bank balances’ is cash on hand.

With respect to the credit risk arising from other financial assets of the Group, which comprise related party receivable, other receivables and deposits and financial assets at fair value through other comprehensive income, the Group’s exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these assets.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. Management reviews cash flows at regular intervals.

The table below analyses the Group’s financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant:

	Notes	Less than 3 months AED'000	Between 3 months and 1 year AED'000	Between 1 and 5 years AED'000	More than 5 years AED'000
31 December 2022					
Bank borrowings		45,505	134,155	5,070,111	-
Trade and other payables		-	1,020,914	415,865	924,508
Derivative financial instruments	7	-	-	-	2,817
Due to related parties	10	203,691	-	-	-
		249,196	**1,155,069**	**5,485,976**	**927,325**
31 December 2021					
Bank borrowings		234,381	386,452	3,049,060	1,054,394
Trade and other payables		881,901	102,723	498,833	1,027,231
Derivative financial instruments	7	6,810	20,429	46,818	4,814
Due to related parties	10	1,095,031	-	-	-
		2,218,123	**509,604**	**3,594,711**	**2,086,439**

Trade and other payables exclude operating lease advances and contract advances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of gross debt (borrowings of the Group disclosed in Note 14) and total equity of the Group.

The Group has a target to keep its gearing ratio below 65%, which is determined as a proportion of gross debt to total capital (equity plus gross debt).

The gearing ratios at 31 December 2022 and 2021 were as follows:

	Notes	2022 AED'000	2021 AED'000
Total borrowings	14	4,341,982	3,965,120
Total equity		5,968,384	5,613,262
Total capital		**10,310,366**	**9,578,382**
Debt to total capital/ gearing ratio		**42.11%**	**41.40%**

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is based on valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, these instruments are included in level 2. All derivative financial instruments held by the Group have been categorised as level 2 as shown below, where the fair valuation of such instruments has been determined based on discounting future cash flows using observable discount factors. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. There is no change in the valuation technique in comparison to prior years.

If one or more of the significant inputs is not based on observable market data, these instruments are included in level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2022 and 2021:

	Level 2 AED'000
2022	
Assets	
Derivatives designated as cash flow hedges	315,519
Liabilities	
Derivatives designated as cash flow hedges	2,817

	Level 2 AED'000
2021	
Assets	
Derivatives designated as cash flow hedges	73,116
Liabilities	
Derivatives designated as cash flow hedges	65,676
Derivatives held for trading	23,944

There were no transfers between the levels for recurring fair value measured during the year.

The carrying value of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Other receivables and payables approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Provision for infrastructure costs

The Group recognises provisions for infrastructure based on assessments by third party specialists. This requires the use of significant estimates and judgements to determine the quantum of infrastructure required, the costs and time related to the construction, and the expected share of costs that may be recharged to the master developer. Infrastructure developed or under development by third parties or government authorities will be recharged to the master developer and subsequently to the Group based on its share of such costs. The significant components of infrastructure include construction of roadworks and power stations to service the master planned communities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (continued)

(a) Provision for infrastructure costs (continued)

The provision for infrastructure costs are based on management's best estimate of the future costs of construction of the related infrastructure facilities and the total costs to be actually incurred will be determined based on inputs from the relevant authorities and cost structures prevalent at each such future date. Hence, the Group's actual cost of infrastructure may be materially different to the current estimates as advised by third party specialists.

Change in accounting estimate

The Group's periodical assessment of the infrastructure cost estimates in the current period using third party specialists has resulted in a reduction in the carrying value of investment property and provision for infrastructure cost as of 1 January 2022 by AED 1,262,622,000.

Provisions are recorded at the present value of the expected cash outflows required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the obligation.

Revisions to key assumptions and inputs have contributed to the change in estimates. The expected timing of incurring the infrastructure cost is one such key variable which has been revised. In this regard, management estimates the present value of cost to be incurred over a period of up to 15 years in a phased manner and would be non-interest bearing. For roadworks related infrastructure estimates, key variables used are information from traffic impact studies performed by third party specialists. For power stations related infrastructure estimates, the key variables used are the historical costs of constructing similar infrastructure assets and the stage of development of the master planned communities to which the infrastructure costs relate.

(b) Calculation of loss allowance

The Group assesses the impairment of its financial assets based on the ECL model. Under the ECL model, the Group accounts for ECLs and changes in those ECLs at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The ECL model was reassessed for the impact of COVID-19 mainly the operational disruption faced by the tenants, volatility in potential economic conditions, incidence of defaults etc. which may likely lead to increase in the ECL allowance for trade receivables in line with the requirements of IFRS 9 Financial Instruments. This is mainly due to increase in the counterparty risk (risk of default) of tenants and customers. The Group will continue to monitor the situation and its impact on the ECL and make the necessary adjustments as and when required.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (continued)

(c) Useful lives of investment property

Management reviews the residual values and estimated useful lives of investment property at the end of each annual reporting period in accordance with IAS 40. Management determined that current year expectations do not differ from previous estimates based on its review.

(d) Valuation of investment property

The fair value of investment property is determined by an independent registered valuer or the internal valuation performed by the Group's finance department.

The fair values have been determined by taking into consideration market comparable and/or the discounted cash flows where the Group has on-going lease arrangements and operations. In this regard, the Group's current lease arrangements, which are entered into on an arm's length basis and which are comparable to those for similar properties in the same location, have been taken into account.

In case where the Group does not have any on-going lease arrangements, fair values have been determined, where relevant, having regard to recent market transactions for similar properties in the same location as the Group's investment property. These values are adjusted for differences in key attributes such as property size.

The key assumptions on which management has based its cash flow projections when determining the fair value of the assets are as follows:

- Discount rate based on the Group's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate.
- Growth rate based on long-term rate of growth.

Management of the Group has reviewed the assumption and methodology used by the independent registered valuer and/or internal specialist and in their opinion these assumptions and methodology seems reasonable as at the reporting date considering the current economic and real estate outlook in UAE.

(e) Impairment of non-financial assets

Asset recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the recoverable amount, which is the higher of the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate ("value in use"), and the assets' fair value less costs to sell.

No impairment charge has been recognised against property and equipment, investment property and intangible assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Identification of a cash generating unit

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group determines the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs (the asset's cash-generating unit). Where a reasonable and consistent basis of allocation can be identified, corporate assets (infrastructure costs) are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), the Group considers various factors including how management monitors the Group's operations or how management makes decisions about continuing or disposing of the Group's assets and operations.

Certain assets developed to enhance the ecosystem of master planned communities do not generate cash inflows that are largely independent and generate incidental revenue only. Because these assets do not generate largely independent cash inflows, the recoverable amount of these assets cannot be determined. As a consequence, if there is an indication that these assets may be impaired, recoverable amount is determined for the cash-generating unit or group of cash-generating units to which these assets belong, and is compared with the carrying amount of this cash-generating unit or group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

5. PROPERTY AND EQUIPMENT

	Notes	Buildings AED'000	Building interior improvements, furniture and fixtures AED'000	Computer hardware AED'000	Motor vehicles AED'000	Other assets AED'000	Capital work in progress AED'000	Total AED'000
2022								
Cost								
At 1 January 2022		**135,056**	**127,705**	**44,625**	**1,379**	**10,824**	**5,926**	**325,515**
Additions		-	3,169	938	-	7	5,157	9,271
Transfers to investment property	6	-	(74)	-	-	-	(10,693)	(10,767)
Reclassifications		2,784	(5,927)	(148)	(15)	3,306	-	-
At 31 December 2022		**137,840**	**124,873**	**45,415**	**1,364**	**14,137**	**390**	**324,019**
Accumulated depreciation and impairment								
At 1 January 2022		**46,631**	**119,764**	**41,834**	**469**	**8,521**	**-**	**217,219**
Depreciation charge for the year		2,700	4,774	2,311	2	18	-	9,805
Reclassifications		2,784	(5,927)	(148)	(15)	3,306	-	-
At 31 December 2022		**52,115**	**118,611**	**43,997**	**456**	**11,845**	**-**	**227,024**
Net book value at 31 December 2022		**85,725**	**6,262**	**1,418**	**908**	**2,292**	**390**	**96,995**
2021								
Cost								
At 1 January 2021		**135,056**	**126,083**	**43,319**	**1,379**	**10,824**	**-**	**316,661**
Additions		-	1,622	1,306	-	-	5,926	8,854
At 31 December 2021		**135,056**	**127,705**	**44,625**	**1,379**	**10,824**	**5,926**	**325,515**
Accumulated depreciation and impairment								
At 1 January 2021		**43,726**	**114,302**	**39,763**	**462**	**8,297**	**-**	**206,550**
Depreciation charge for the year		2,905	5,462	2,071	7	224	-	10,669
At 31 December 2021		**46,631**	**119,764**	**41,834**	**469**	**8,521**	**-**	**217,219**
Net book value at 31 December 2021		**88,425**	**7,941**	**2,791**	**910**	**2,303**	**5,926**	**108,296**

The depreciation charge for the year is recognised under general and administrative expenses amounting to AED 9,805,000 (for the year ended 31 December 2021: AED 10,669,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

6. INVESTMENT PROPERTY

	Notes	Land AED'000	Buildings AED'000	Infrastructure AED'000	Capital work-in progress AED'000	Total AED'000
2022						
Cost						
At 1 January 2022		**3,941,421**	**9,635,273**	**4,686,963**	**4,365,430**	**22,629,087**
Additions		-	287,371	1,174	210,345	498,890
Transfers to related parties	10	(253,953)	(112)	(1,923,437)	995,053	(1,182,449)
Transfers from property and equipment	5	-	74	-	10,693	10,767
Transfers within other captions of investment property		-	433,193	479,963	(913,156)	-
Cost adjustments*		-	-	-	(1,262,622)	(1,262,622)
At 31 December 2022		**3,687,468**	**10,355,799**	**3,244,663**	**3,405,743**	**20,693,673**
Accumulated depreciation and impairment						
At 1 January 2022		**1,946,344**	**4,006,242**	**1,321,753**	**1,986,588**	**9,260,927**
Depreciation charge for the year	22	-	297,599	60,277	-	357,876
Transfers to related parties	10	-	-	(338,197)	(460,860)	(799,057)
At 31 December 2022		**1,946,344**	**4,303,841**	**1,043,833**	**1,525,728**	**8,819,746**
Net book value at 31 December 2022		**1,741,124**	**6,051,958**	**2,200,830**	**1,880,015**	**11,873,927**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

6. INVESTMENT PROPERTY (CONTINUED)

	Notes	Land AED'000	Buildings AED'000	Infrastructure AED'000	Capital work-in progress AED'000	Total AED'000
2021						
Cost						
At 1 January 2021		**3,940,983**	**9,380,275**	**4,422,476**	**4,353,727**	**22,097,461**
Additions		-	58,233	-	482,051	540,284
Government grants returned		(2,356)	-	-	(12,822)	(15,178)
Transfers from related parties	10	2,794	-	3,726	-	6,520
Transfers within other captions of investment property		-	196,765	260,761	(457,526)	-
At 31 December 2021		**3,941,421**	**9,635,273**	**4,686,963**	**4,365,430**	**22,629,087**
Accumulated depreciation and impairment						
At 1 January 2021		**1,946,344**	**3,698,624**	**1,236,298**	**2,027,974**	**8,909,240**
Depreciation charge for the year	22	-	266,232	85,455	-	351,687
Transfers within other captions of investment property		-	41,386	-	(41,386)	-
At 31 December 2021		**1,946,344**	**4,006,242**	**1,321,753**	**1,986,588**	**9,260,927**
Net book value at 31 December 2021		**1,995,077**	**5,629,031**	**3,365,210**	**2,378,842**	**13,368,160**

*Effective from 1 January 2022, the Group has revised its estimated provision for infrastructure cost measured at the present value of the expected cash outflows [Note 4(a)]. The change in estimate decreased the carrying value of investment property by AED 1,262,622,000.

The capital work-in-progress includes buildings under construction, land and infrastructure under construction for investment property.

The depreciation charge for the year is recognised under direct costs amounting to AED 357,876,000 (for the year ended 31 December 2021: AED 351,687,000).

6. INVESTMENT PROPERTY (CONTINUED)

As at 31 December 2022, no investment property have been pledged as security against loan facilities obtained by the Group (2021: certain investment property having a net book value of AED 993,208,000 was pledged as security against the previous loan facilities of the Group) [Note 14].

The following amounts have been recognised in the consolidated statement of income in respect of investment property:

	Notes	2022 AED'000	2021 AED'000
Operating lease income	21	1,751,663	1,610,458
Direct costs (including depreciation) arising from investment property that generated operating lease income		662,210	647,600

Valuation techniques underlying management's estimation of fair value

The 'Income capitalisation method' has been applied for the fair valuation of income generating properties.

The sales comparison and residual price methods have been applied for the valuation of land held by the Group.

'Income capitalisation method' is a growth implicit valuation technique. The term (current/passing) income is based on the gross income generated from the contracted lease agreement(s) in place (including any anticipated changes at future rent reviews) and the reversionary income stream is based on the estimated market rent of the property at the valuation date. The hypothetical purchaser's operating costs associated with ownership of the property (including current and future anticipated void periods) are deducted to arrive at the term and reversionary net operating income streams ("NOI"). The NOI streams are then capitalised over the term of the lease agreement(s) in place or in perpetuity respectively using a market related yield. The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy using income capitalisation method are stabilised average monthly market rent and capitalisation rate.

'Sales comparison method' involves determination of the value of the investment property with reference to comparable market transactions for properties in close proximity. These values are adjusted for differences in key attributes such as size, gross floor area and location. The valuation method adopted for these properties fall under level 3. The significant unobservable input used in the fair value measurement categorised within level 3 of the fair value hierarchy using sales comparison method is sales rate per Gross Floor Area ("GFA").

'Residual price method' involves determination of the estimated selling price of a project development on the respective plots of land; reduced by the estimated construction and other costs to completion that would be incurred by a market participant and an estimated profit margin that a market participant would require to hold and develop the plots to completion. The significant inputs into this valuation approach are the estimated selling prices, costs to complete and developers' margins. The significant inputs into this valuation approach are the estimated selling prices, costs to complete and developers' margins. The valuation method adopted for these land plots fall under level 3.

There were no changes to the valuation techniques during the years presented.

For all investment properties, their current use approximately equates to the highest and best use.

As at 31 December 2022, the estimated fair value of the Group's investment property is AED 21,289,000,000 (2021: AED19,132,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

7. DERIVATIVE FINANCIAL INSTRUMENTS

	Notional amount AED'000	Asset AED'000	Liabilities AED'000
At 31 December 2022			
Designated as cash flow hedges			
Interest rate swap contracts	4,907,871	315,519	2,817
Total	**4,907,871**	**315,519**	**2,817**
At 31 December 2021			
Derivatives held for trading			
Interest rate swap contracts	545,000	-	23,944
Designated as cash flow hedges			
Interest rate swap contracts	5,793,837	73,116	65,676
Total	**6,338,837**	**73,116**	**89,620**

The Group uses derivatives only for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria under IFRS, they are classified as 'held for trading' for accounting purposes as required by IFRS. In particular, the Group uses interest rate swaps to minimise the effect of interest rate fluctuations on its borrowings. The contracts entered into by the Group are principally denominated in AED. The fair values of these contracts are recorded in the consolidated balance sheet and is determined by reference to valuations by reputable external financial institutions.

Interest rate swaps are commitments to exchange one set of cash flows for another. The swaps result in an economic exchange of interest rates, no exchange of principal takes place. These swap transactions entitle the Group to receive or pay amounts derived from interest rate differentials between an agreed fixed interest rate and the applicable floating rate prevailing at the beginning of each interest period.

At 31 December 2022, the fixed interest rates vary from 1.52% to 4.37% per annum (2021: 0.57% to 4.32% per annum). The floating rates are linked to Emirates Interbank Offered Rate ("EIBOR").

Changes in the fair market values of interest rate swaps that are considered effective and designated as cash flow hedges are recognised in the hedge reserve in other comprehensive income. Amounts are reclassified to the consolidated statement of income when the associated hedged transaction affects the consolidated statement of income. There was no ineffectiveness to be recorded from the cash flow hedges. The change in fair values of interest rate swaps designated as cash flow hedges for the year ended 31 December 2022 amounted to a gain of AED 329,206,000 (for the year ended 31 December 2021: AED 116,003,000).

During the year, certain derivatives designated as hedging instruments were settled, and therefore hedge accounting is discontinued prospectively on these items. The amount of AED 59,413,000 had been accumulated in the hedge reserve has been recycled through consolidated statement of income (Note 27).

Changes in the fair market values of other interest rate swaps which have not been designated and do not qualify as cash flow hedges are recorded in the consolidated statement of income. During the year, the fair value gain on derivatives recognised in 'Finance income' amounted to AED NIL (for the year ended 31 December 2021: AED 22,188,000) [Note 27].

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

8. TRADE AND UNBILLED RECEIVABLES

	2022 AED'000	2021 AED'000
Trade receivables	270,298	355,551
Less: loss allowance	(119,783)	(153,353)
	150,515	**202,198**
Less: non-current	-	-
Current	**150,515**	**202,198**
Unbilled receivables - operating leases	893,186	985,408
Less: loss allowance	(166,765)	(261,805)
	726,421	**723,603**
Less: non-current	(726,421)	(723,603)
Current	**-**	**-**
Trade and unbilled receivables		
Current	150,515	202,198
Non-current	726,421	723,603
	876,936	**925,801**

The fair values of trade and unbilled receivables approximate their carrying amounts.

Unbilled receivables arise on revenue recognition based on straight lining which is mainly driven by rent free periods and rent escalation as per the contracts.

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 31 December 2022 and 2021.The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

	2022 AED'000	2021 AED'000
Trade receivables and unbilled receivables		
Not past due	898,438	984,344
Up to 3 months	89,392	119,042
3 to 6 months	42,378	36,083
Over 6 months	133,276	201,490
	1,163,484	**1,340,959**

	2022 AED'000	2021 AED'000
Loss allowance against trade receivables and unbilled receivables		
Not past due	166,931	261,805
Up to 3 months	19,259	20,453
3 to 6 months	14,434	13,369
Over 6 months	85,924	119,531
	286,548	**415,158**

The provision against not past due receivables reflects loss allowance against specific customers considered having a higher probability of default.

8. TRADE AND UNBILLED RECEIVABLES (CONTINUED)

The movement in the Group's loss allowance on trade receivables is as follows:

	2022 AED'000	2021 AED'000
At 1 January	**153,353**	**145,427**
Loss allowance	5,760	7,926
Transfer to the Parent Company	(39,330)	-
At 31 December	**119,783**	**153,353**

The creation and release of the loss allowance on receivables have been included in the consolidated statement of income under general and administrative expenses. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The majority of the Group's trade and unbilled receivables are denominated in AED.

The movement in the Group's loss allowance on unbilled receivables is as follows:

	2022 AED'000	2021 AED'000
At 1 January	**261,805**	**227,283**
Loss allowance	51,874	54,873
Receivables written off	-	(20,351)
Transfer to the Parent Company	(146,914)	-
At 31 December	**166,765**	**261,805**

9. OTHER RECEIVABLES

	2022 AED'000	2021 AED'000
Advances to contractors	25,730	28,180
Finance lease receivables	21,146	24,111
Prepayments	22,837	13,206
Other receivables	12,886	15,486
	82,599	**80,983**
Less: non-current	(17,024)	(19,990)
Current	**65,575**	**60,993**

Finance lease receivables relate to property leases with a lease term of up to 50 years. The lease term generally provides an option to lessees to buy the properties after initial period (usually 10 years). The leases carry interest rate linked to LIBOR.

9. OTHER RECEIVABLES (CONTINUED)

A summary of the gross repayment schedule for the finance lease receivable is presented below:

	2022 AED'000	2021 AED'000
Within one year	4,121	4,121
After one year but not more than five years	17,335	20,340
	21,456	**24,461**
Unearned future finance income on finance leases	(310)	(350)
Net investment in finance leases	**21,146**	**24,111**

Fair value of long-term finance receivables has been estimated by discounting the gross value of finance lease receivables using a borrowing rate of 6% (2021: 6%).

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties comprise shareholders, ultimate parent company, parent company and key management personnel and businesses which are controlled directly, by the shareholders or key management personnel.

(a) Due from related parties

	2022 AED'000	2021 AED'000
Intermediate Parent Company	-	78,192
Parent Company	-	254,086
Other subsidiaries of the Parent Company	925	108,080
Other related parties	28,974	86,696
	29,899	**527,054**

The due from related parties as at 31 December 2022 and 2021 is classified as current in the consolidated balance sheet. The receivables are unsecured in nature and bear no interest. The maximum exposure to credit risk at the reporting date is the fair value of each of the amount receivable from related parties. The intermediate parent company is Dubai Holding Commercial Operations Group.

During the year, a dividend of AED 53,995,000 (2021: AED NIL) has been adjusted against the balance receivable from the Parent Company (Note 20).

The fair values of due from related parties approximate their carrying amounts and are fully performing at 31 December 2022 and 2021.

Due from and due to related party balances are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the due from and due to balances simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(b) Due to related parties

	2022 AED'000	2021 AED'000
Ultimate Parent Company	7,358	146,757
Parent Company	149,368	-
Other subsidiaries of the Parent Company	11,108	948,239
Other related parties	35,857	35
	203,691	**1,095,031**

The payables to related parties arise mainly from purchase transactions and are non-interest bearing.

(c) Related party transactions

Break up of other significant transactions with related parties in the normal course of the business is as follows:

	2022 AED'000	2021 AED'000
Transactions between related parties:		
Dividends declared to the Parent Company	1,078,995	-
Capital contribution	404,293	-
Transfer of investment property to/from Parent Company	383,392	6,520
Transfer of end of service benefits	37,513	9,444
Transfer of trade receivable from customers (net of provisions)	30,940	-
	1,935,133	**15,964**
Services provided to related parties included in revenue:		
Operating lease income from fellow subsidiaries and others	22,338	30,728
Cost recovery income	19,614	32,770
Services income from the Parent Company and fellow subsidiaries	2,930	17,856
	44,882	**81,354**
Services provided by related parties included in expenses:		
Direct costs – operation and maintenance costs		
- Entities under common control	100,303	94,279
- Ultimate Parent Company	6,200	8,600
- Other related parties	52,054	57,238
General and administrative expenses – cost recharged		
- Ultimate Parent Company	22,256	23,833
- Parent Company	17,974	-
	198,787	**183,950**

The Group has incurred cost related to shared services and has been recharged to its related parties.

(d) Capital contribution

Capital contribution during the year ended 31 December 2022 amounting to AED 404,293,000 represents dividends declared from entities outside the IPO perimeter and are adjusted against balance payable to the related parties.

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(e) Remuneration of key management personnel

The compensation to key management personnel for employee services is shown below:

	2022 AED'000	2021 AED'000
Salaries and other short-term employee benefits	15,702	7,738
End of service, termination and other post-employment	2,971	1,476
Board of Directors' remuneration	5,000	-
	23,673	**9,214**

Board of Directors' remuneration for the year ended 31 December 2022 is recorded in Accrued expenses under 'Trade and other payables' in the consolidated financial statements and will be approved in the next Annual General Meeting.

11. CASH AND BANK BALANCES

	2022 AED'000	2021 AED'000
Cash on hand	650	871
Cash at banks		
- Current account	336,016	686,829
- Fixed deposits	923,848	558,699
	1,260,514	**1,246,399**

Cash and cash equivalents include the following for the purposes of the consolidated statement of cashflows:

	2022 AED'000	2021 AED'000
Cash and bank balances	1,260,514	1,246,399
Fixed deposits with maturities greater than 3 months	(923,848)	(478,216)
Restricted cash against a bank facility	(60,000)	-
	276,666	**768,183**

Bank accounts are held with locally incorporated banks and branches of international banks. Fixed deposits carry interest in the range of 0.85% to 5.25% (2021: 0.30% to 1.25%) per annum.

Restricted cash against a bank facility is held in a current account.

12. SHARE CAPITAL

On 31 March 2022, the total recognizsed and issued share capital of the Company was increased to 5,000,000,000 shares (2021: 300 shares) of AED 0.1 (2021: AED 1,000) each. All shares were fully paid-up. This increase was realised by capitalising retained earnings of the Group amounting to AED 499,700,000 (2021: NIL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

13. LEGAL RESERVE

In accordance with the UAE Federal Law No. (32) of 2021 and Articles of Association, 10% of the profit for the year of the public joint stock company and 5% of the profit for the year of each UAE limited liability registered company are transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid-up share capital of the respective companies. Transfers to the legal reserve have accordingly been made by the individual entities within the Group.

As at 31 December 2022, legal reserve of the Company amounted to AED 250,000,000 (2021: AED 150,000). The remaining amount pertains to the subsidiaries of the Group.

14. BORROWINGS

	2022 AED'000	2021 AED'000
Bank borrowings	4,400,000	4,022,884
Unamortised transaction costs	(58,018)	(57,764)
Carrying amount	**4,341,982**	**3,965,120**
Less: non-current	(4,341,982)	(3,663,105)
Current	**-**	**302,015**

On 30 March 2022, the Group refinanced and consolidated its existing bank facilities through a new facility aggregating to AED 7,600,000,000 with multiple tranches from consortium of banks, in exchange of settlement of existing obligation, referred above. On account of the settlement, the Group has derecognised the existing liability which has resulted in the release of unamortised issue costs of AED 57,764,000 in finance cost. The transaction costs incurred on the new facility is AED 69,798,000, of which the unamortised portion is AED 58,018,000.

The purpose of the new loan facility is to repay existing facilities and for general corporate purposes of the Group. The new facility is repayable over two instalments in 2026 and 2027.

As at 31 December 2022, the Group has undrawn floating rate borrowing amounting to AED 3,200,000,000 from the above facility (31 December 2021: AED 3,500,000,000).

The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments as at 31 December 2022 and 2021.

Below are major financial covenants as required by the terms of the facility:

i) Leverage for each period not to exceed certain ratios as specified in the facility agreement.

ii) Debt Service Cover Ratio not to be less than 1.20:1.

iii) Minimum Net Worth in respect of any relevant period not to be less than AED 3,673,000,000 (or its equivalent in any other currency).

iv) Maintenance of minimum balance in the bank account of the Group held for the purposes of the facility.

The Group has complied with all covenants in line with the borrowing facility agreements at each reporting period. The Group has not had any defaults of principal, interest or redemption amounts during the period on its borrowed funds. Interest rates on the above bank borrowings ranged from 2.74% to 6.39% (31 December 2021: 2.27% to 3.39%) per annum.

Total borrowings of AED 4,400,000,000 (2021: AED 3,965,120,000) are subject to re-pricing within three months of the consolidated balance sheet date.

14. BORROWINGS (CONTINUED)

The maturity profile of the borrowings is as follows:

	2022 AED'000	2021 AED'000
Within one year	-	302,015
After one year but not more than five years	4,400,000	3,647,266
More than five years	-	73,603
	4,400,000	**4,022,884**

The fair value of borrowings payable within 12 months equals their carrying amount, as the impact of discounting is not significant.

Bank borrowings are denominated in the following currencies:

	2022 AED'000	2021 AED'000
UAE Dirham	4,341,982	3,189,198
US Dollar	-	775,922
	4,341,982	**3,965,120**

Total value of secured borrowings is AED NIL (2021: AED 515,200,000). The nature of securities provided in respect of bank borrowings by the subsidiaries of the Group include the following:

(a) Certain assets having a net book amount of AED NIL (2021: AED 993,208,000) pledged as security (Note 6); and

(b) Assignment of operating lease income from the mortgaged land and associated leases.

15. ADVANCES FROM CUSTOMERS

	2022 AED'000	2021 AED'000
Operating lease advances	1,159,525	1,118,389
Contract advances	35,809	40,823
Refundable deposits	217,199	199,482
	1,412,533	**1,358,694**
Less: non-current	(645,326)	(671,477)
Current	**767,207**	**687,217**

Operating lease advances and contract advances represents amounts collected from customers in advance which are subsequently released to the consolidated statement of income once the revenue recognition criteria are met.

The movement of contract advances follows:

	2022 AED'000	2021 AED'000
At 1 January	**40,823**	**35,745**
Amount billed during the year	132,945	118,100
Revenue recognised during the year	(137,959)	(113,022)
At 31 December	**35,809**	**40,823**

16. OTHER LIABILITIES

	2022 AED'000	2021 AED'000
Project payables	1,159,426	1,214,063
Retentions payable	110,892	149,977
	1,270,318	**1,364,040**
Less: non-current	(869,271)	(920,101)
Current	**401,047**	**443,939**

Project payables includes amount contracted with a government authority to pay its share of costs of roadworks serving the Group's developments with present value of AED 968,099,000 (2021: AED 1,009,832,000). These costs are paid based on agreed annual fixed installments and are recorded at the present value of the expected cash outflows required to settle the obligation.

17. EMPLOYEES' END OF SERVICE BENEFITS

	2022 AED'000	2021 AED'000
At 1 January	**71,990**	**60,355**
Charge for the year	13,116	8,493
Payments	(3,684)	(6,302)
Transfers	(37,513)	9,444
At 31 December	**43,909**	**71,990**

In accordance with the provisions of IAS 19 'Employee Benefits', management has carried out an exercise to assess the present value of its obligations as at 31 December 2022 and 2021, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE labour law. Under this method an assessment has been made of the employee's expected service life with the Group and the expected basic salary at the date of leaving the service.

The principal actuarial assumptions used were as follows:

	2022	2021
Discount rate	3.6%	4%
Salary increases	4%	4%

18. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Notes	2022 AED'000	2021 AED'000
Provision for infrastructure cost	4(a)	881,124	2,404,953
Provision for terminations and legal claims		20,539	22,213
		901,663	**2,427,166**
Less: non-current		(881,124)	(2,404,953)
Current		**20,539**	**22,213**

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19. TRADE AND OTHER PAYABLES

	2022 AED'000	2021 AED'000
Accrued expenses	252,389	227,309
Trade payables	94,309	112,848
Other payables	63,338	39,046
	410,036	**379,203**

20. DIVIDENDS

A dividend of AED 1,400,000,000 was approved by the shareholders of the Company for the year ended 31 December 2021.

On 14 June 2022, the shareholders approved to distribute dividends of AED 903,995,000.

At the general assembly meeting held on 14 November 2022, the shareholders approved the recommendation of the Board of Directors to distribute dividends of AED 200,000,000 (AED 0.04 per share).

On 9 February 2023, the Board of Directors have recommended final dividend payment of AED 200,000,000 (AED 0.04 per share), subject to shareholders approval at proposed Annual General Meeting to be held on 14 March 2023.

21. REVENUE

	Notes	2022 AED'000	2021 AED'000
Operating lease income	6	1,751,663	1,610,458
Service income		221,705	155,171
		1,973,368	**1,765,629**

The payments for service income are received in advance and have no significant financing component.

The aggregate amount of sale price allocated to performance obligations that are unsatisfied/partially satisfied as at 31 December 2022 amounted to AED 35,809,000 (2021: AED 40,823,000). The Group expects to recognise revenue from these unsatisfied performance obligations over a period of 2 years.

22. DIRECT COSTS

	Notes	2022 AED'000	2021 AED'000
Depreciation	6	357,876	351,687
Operation and maintenance costs		354,749	333,674
Payroll and related costs	24	55,229	45,949
		767,854	**731,310**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

23. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	2022 AED'000	2021 AED'000
Payroll and related costs	24	92,161	137,096
Loss allowance on trade and unbilled receivables	8	57,634	62,799
Management fees and consultancy		48,369	20,619
Depreciation and amortisation		28,328	23,629
Communication		5,431	6,529
Others		13,440	4,276
		245,363	**254,948**

24. PAYROLL AND RELATED COSTS

	2022 AED'000	2021 AED'000
Salaries and allowances	133,459	176,777
End of service benefits and pension	20,475	14,912
	153,934	**191,689**

Payroll and related costs are split as follows:

	Notes	2022 AED'000	2021 AED'000
Direct costs	22	55,229	45,949
General and administrative expenses	23	92,161	137,096
Marketing and selling expenses	25	6,544	8,644
		153,934	**191,689**

25. MARKETING AND SELLING EXPENSES

	Notes	2022 AED'000	2021 AED'000
Promotions		30,817	21,062
Payroll and related costs	24	6,544	8,644
Advertising		4,186	3,232
		41,547	**32,938**

26. OTHER OPERATING INCOME

	2022 AED'000	2021 AED'000
Cost recovery	19,614	32,770
Lease termination and other penalties	11,539	1,086
Liabilities written back	8,138	11,161
Others	2,695	4,618
	41,986	**49,635**

Cost recovery income relates to expenses recharged based on a cost sharing agreement with related parties outside the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

27. FINANCE COSTS - NET

	Notes	2022 AED'000	2021 AED'000
Finance costs on:			
Bank borrowings		(180,454)	(144,984)
Amortisation of transaction costs		(69,726)	(10,856)
Derivative financial instruments		(30,473)	(74,516)
Unwinding of discount on non-current liabilities		(31,532)	(28,557)
		(312,185)	**(258,913)**
Finance income from:			
Gain of settlement on derivatives	7	59,413	-
Short-term bank deposits		9,023	6,549
Fair value gains on derivatives	7	-	22,188
Others		8,777	2,945
		77,213	**31,682**
		(234,972)	**(227,231)**

28. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing consolidated profit for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical. The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2022	2021
Earnings		
Earnings for the purpose of basic and diluted earnings per share (consolidated profit for the year attributable to owners of the Company) rounded to the nearest AED'000	725,618	568,837
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	3,780,821,991	3,780,821,991
Basic and diluted earnings per share attributable to Owners of the Company rounded to the nearest Dirham (AED)	**0.19**	**0.15**

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect the increase of shares through capitalisation of retained earnings during 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

29. CASH GENERATED FROM OPERATIONS

	Notes	2022 AED'000	2021 AED'000
Profit for the year before income tax		725,618	568,837
Adjustments for:			
Depreciation and amortisation		386,204	375,316
Loss allowance on trade and unbilled receivables	8	57,634	62,799
Provisions for other liabilities and charges		11,442	14,910
Liabilities written back	26	(8,138)	(11,161)
Finance income	27	(77,213)	(31,682)
Finance costs	27	312,185	258,913
		1,407,732	**1,237,932**
Changes in operating assets and liabilities:			
Trade and other receivables, before provision and write offs		(33,146)	(18,821)
Trade and other payables excluding project payables		59,482	66,051
Due from related parties		560,365	320,909
Due to related parties		(487,047)	(345,380)
Cash generated from operations		**1,507,386**	**1,260,691**

30. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the following line items:

	Notes	Financial assets at amortised cost AED'000	Financial assets at fair value through other comprehensive income AED'000	Total AED'000
Assets				
31 December 2022				
Derivative financial instruments	7	-	315,519	315,519
Trade and other receivables		898,082	-	898,082
Due from related parties	10	29,899	-	29,899
Cash and cash equivalents	11	1,260,514	-	1,260,514
		2,188,495	**315,519**	**2,504,014**
31 December 2021				
Derivative financial instruments	7	-	73,116	73,116
Trade and other receivables		949,912	-	949,912
Due from related parties	10	527,054	-	527,054
Cash and cash equivalents	11	1,246,399	-	1,246,399
		2,723,365	**73,116**	**2,796,481**

Trade and other receivables exclude advances to contractors, prepayments and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

30. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Notes	Liabilities at fair value through profit and loss AED'000	Derivatives used for hedging AED'000	Other financial liabilities AED'000	Total AED'000
Liabilities					
31 December 2022					
Trade and other payables		-	-	1,897,553	1,897,553
Derivative financial instruments	7	-	2,817	-	2,817
Due to related parties	10	-	-	203,691	203,691
Bank borrowings	14	-	-	4,341,982	4,341,982
		-	**2,817**	**6,443,226**	**6,446,043**
31 December 2021					
Trade and other payables		-	-	1,942,725	1,942,725
Derivative financial instruments	7	23,944	65,676	-	89,620
Due to related parties	10	-	-	1,095,031	1,095,031
Bank borrowings	14	-	-	3,965,120	3,965,120
		23,944	**65,676**	**7,002,876**	**7,092,496**

Trade and other payables exclude operating lease advances and contract advances.

31. NET DEBT RECONCILIATION

	Notes	2022 AED'000	2021 AED'000
Cash and bank balances	11	1,260,514	1,246,399
Borrowings - repayable within one year	14	-	(302,015)
Borrowings - repayable after one year	14	(4,341,982)	(3,663,105)
		(3,081,468)	**(2,718,721)**

	Cash and bank* AED'000	Borrowing due within 1 year AED'000	Borrowing due after 1 year AED'000	Total AED'000
Net debt as at 1 January 2022	**1,246,399**	**(302,015)**	**(3,663,105)**	**(2,718,721)**
Cash flows	14,115	64,215	(371,279)	(292,949)
Other non-cash movement	-	237,800	(307,598)	(69,798)
Net debt as at 31 December 2022	**1,260,514**	**-**	**(4,341,982)**	**(3,081,468)**
Net debt as at 1 January 2021	**2,153,102**	**(15,676)**	**(3,918,074)**	**(1,780,648)**
Cash flows	(906,703)	96,463	(118,861)	(929,101)
Other non-cash movement	-	(382,802)	373,830	(8,972)
Net debt as at 31 December 2021	**1,246,399**	**(302,015)**	**(3,663,105)**	**(2,718,721)**

*The presentation of cash and bank balances within the net debt reconciliation is a voluntary inclusion in addition to the reconciliation of liabilities arising from financing activities as disclosed in the consolidated statement of cashflows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

32. COMMITMENTS

(a) Capital commitments

	2022 AED'000	2021 AED'000
Property and equipment	2,094	2,319
Intangible assets	6,377	8,416
Investment property	289,554	291,037

(b) Operating lease arrangements - the Group as lessor

Operating non-cancellable leases relate to the investment property owned by the Group with lease terms of between 1 to 5 years for building leases and between 20 to 50 years for land leases.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2022 AED'000	2021 AED'000
Later than 5 years	11,767,418	11,877,427
Later than 1 year and not later than 5 years	2,930,035	2,596,967
Not later than 1 year	858,220	816,312
	15,555,673	**15,290,706**

(c) Letter of credit

Letters of credit of AED 20,295,000 (2021: AED 41,265,000) issued for construction of certain infrastructure costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

33. SEGMENT REPORTING

Information regarding the Group's reportable segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's Chief Executive Officer, as the chief operating decision maker, in order to allocate resources to the segment and to assess its performance. Information reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segments only. No information that includes the segments' assets and liabilities are reported to the Group's Chief Executive Officer.

The Group is organised into four reportable segments: (i) commercial leasing, (ii) industrial leasing, (iii) land leasing and (iv) services and others. The following describes the types of properties, products or services that fall within each of our financial segments:

- Commercial leasing consists of built-to-lease and built-to-suit properties. Built to lease properties are our commercial properties which are typically developed for multiple tenants and are leased out to customers, and include office, retail space and business centres (built to lease). Built to suit properties typically represent our commercial properties where we were able to identify customers in advance of developing the property in order to build a single-tenant customised property that meet a customer's specifications, which are then leased out to them upon completion or similar properties (built to suit).
- Industrial leasing consists of warehouses and staff accommodation (housing for businesses to use to accommodate their workers).
- Land leasing consists of land leases. Our land leases represent land available within our business districts that already has or is expected to develop the necessary infrastructure (such as connecting roads, water, electricity and sewage) that allows us to lease the land. We have intentionally retained such land in order to be able to lease it to customers to suit their specific needs, such as manufacturing, commercial, retail, residential or academic purposes.
- Services consist of fees from the services that we provide, including those generated from our AXS platform, venue management services, property management and leasing agreements and our in5 platform.
- Other segments include businesses that individually do not meet the criteria of a reportable segment. These segments include operations and support functions.

The Group operates primarily in United Arab Emirates and accordingly no further geographical analysis of revenue and profit are given. Segment revenue reported represents revenue generated from customers and there were no intersegment sales.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represents the profit earned by each segment before interest, depreciation and amortisation. This is the measure reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance.

33. SEGMENT REPORTING (CONTINUED)

Information regarding these segments are as follows:

	Commercial leasing AED'000	Land leasing AED'000	Industrial leasing AED'000	Services and others AED'000	Total AED'000
31 December 2022					
Revenue	1,056,422	426,877	273,704	216,365	1,973,368
Direct cost	(244,036)	(18)	(56,678)	(54,017)	(354,749)
Other operating income	38,062	-	814	3,110	41,986
Other expenses	(184,911)	(68,923)	(47,642)	(12,335)	(313,811)
Segment results before interest and depreciation and amortisation	**665,537**	**357,936**	**170,198**	**153,123**	**1,346,794**
Depreciation and amortisation	(316,178)	-	(65,045)	(4,981)	(386,204)
Unallocated net finance cost	-	-	-	-	(234,972)
Profit for the year	**349,359**	**357,936**	**105,153**	**148,142**	**725,618**
31 December 2021					
Revenue	900,389	438,798	243,962	182,480	1,765,629
Direct cost	(244,053)	-	(49,734)	(39,887)	(333,674)
Other operating income	48,218	368	577	472	49,635
Other expenses	(184,581)	(71,304)	(25,486)	(28,835)	(310,206)
Segment results before interest and depreciation and amortisation	**519,973**	**367,862**	**169,319**	**114,230**	**1,171,384**
Depreciation and amortisation	(284,421)	-	(84,722)	(6,173)	(375,316)
Unallocated net finance cost	-	-	-	-	(227,231)
Profit for the year	**235,552**	**367,862**	**84,597**	**108,057**	**568,837**

Management primarily relies on net finance cost, not the gross finance income and finance cost in managing all segments and does not allocate to segments. Therefore, unallocated net finance cost is disclosed.

No single customer contributed 10% or more to the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

34. COMPARATIVE RECLASSIFICATIONS

During the year, management of the Group has represented current and non-current classifications of assets and liabilities and disaggregated certain comparative figures on its consolidated balance sheet to conform to the presentation adopted in the current period, as such presentation of information is more relevant to the users.

The following table presents the comparative figures of the disaggregated line items of the consolidated balance sheet that have been represented to conform to current period's presentation in accordance with the requirements of IAS 1 "Presentation of Financial Statements" and are not material and have no impact on the previously reported consolidated profit, equity or cashflows of the Group:

	Notes	Previously presented AED'000	Reclassifications AED'000	As represented AED'000
31 December 2021				
Current and non-current liabilities				
Trade and other payables	19	3,101,937	(2,722,734)	379,203
Advances from customers	15	-	1,358,694	1,358,694
Other liabilities	16	-	1,364,040	1,364,040
		3,101,937	**-**	**3,101,937**