



TECOM GROUP PJSC AND ITS SUBSIDIARIES

REVIEW REPORT AND CONDENSED
INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH
PERIOD ENDED

31 MARCH 2023

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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REVIEW REPORT ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders of TECOM Group PJSC

Introduction

We have reviewed the accompanying condensed interim consolidated balance sheet of TECOM Group PJSC (the “Company”) and its subsidiaries (together, the “Group”) as at 31 March 2023, and the related condensed interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’ (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Akbar Ahmad
Registration No.: 1141
2 May 2023
Dubai
United Arab Emirates

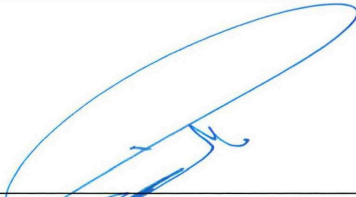
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023**

	Notes	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	95,877	96,995
Intangible assets		17,639	18,944
Investment property	6	11,856,195	11,873,927
Derivative financial instruments	7	273,523	315,519
Other receivables	8	16,827	17,024
Trade and unbilled receivables	9	749,218	726,421
		13,009,279	13,048,830
Current assets			
Other receivables	8	80,759	65,575
Trade receivables	9	129,972	150,515
Due from related parties	10	28,198	29,899
Cash and bank balances	11	1,367,435	1,260,514
		1,606,364	1,506,503
Total assets		14,615,643	14,555,333

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023 (CONTINUED)**

	Notes	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	12	500,000	500,000
Legal reserve	13	436,321	436,321
Hedge reserve		293,679	336,647
Retained earnings		4,750,549	4,695,416
Total equity		5,980,549	5,968,384
LIABILITIES			
Non-current liabilities			
Borrowings	14	4,345,498	4,341,982
Advances from customers	15	636,609	645,326
Other liabilities	16	880,360	869,271
Derivative financial instruments	7	3,789	2,817
Employees' end of service benefits		44,758	43,909
Provision for other liabilities and charges	17	881,124	881,124
		6,792,138	6,784,429
Current liabilities			
Trade and other payables	18	354,412	410,036
Dividend payable	19	25,000	-
Advances from customers	15	794,715	767,207
Other liabilities	16	412,162	401,047
Due to related parties	10	236,128	203,691
Provisions for other liabilities and charges	17	20,539	20,539
		1,842,956	1,802,520
Total liabilities		8,635,094	8,586,949
Total equity and liabilities		14,615,643	14,555,333

These condensed interim consolidated financial statements were approved by the Board of Directors on 2 May 2023 and were signed on its behalf by:



Malek Sultan Rashed Almalek
Chairman



Abdulla Belhouli
Chief Executive Officer



Michael Wunderbaldinger
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

	Notes	Three-month period ended 31 March	
		2023 AED'000 (Reviewed)	2022 AED'000 (Reviewed)
Revenue	20	513,784	485,111
Direct costs		(171,181)	(188,290)
Gross profit		342,603	296,821
Other operating income		3,325	11,705
		345,928	308,526
Expenses			
General and administrative		(37,982)	(54,255)
Marketing and selling		(6,662)	(6,843)
		(44,644)	(61,098)
Operating profit		301,284	247,428
Finance income		11,870	60,950
Finance costs		(58,021)	(118,116)
Finance costs - net		(46,151)	(57,166)
Profit for the period		255,133	190,262
Earnings per share attributable to the Owners of the Company			
Basic and diluted (AED)	21	0.05	0.04

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

	Three-month period ended 31 March	
	2023	2022
	AED'000	AED'000
	(Reviewed)	(Reviewed)
Profit for the period	255,133	190,262
<i>Items that may be subsequently reclassified to profit or loss</i>		
Fair value (loss)/gain on cash flow hedges	(42,968)	154,157
Less: Cumulative gain arising on cash flow hedges reclassified to profit and loss	-	(44,008)
Other comprehensive (loss)/income for the period	(42,968)	110,149
Total comprehensive income for the period	212,165	300,411

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

	Notes	Attributable to owners of the Company				Total equity AED'000
		Share capital AED'000	Legal reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	
At 1 January 2022 (audited)		300	171,518	7,441	5,434,003	5,613,262
Profit for the period		-	-	-	190,262	190,262
Other comprehensive income for the period		-	-	110,149	-	110,149
Total comprehensive income for the period		-	-	110,149	190,262	300,411
Transactions with owners:						
Increase in share capital		499,700	-	-	(499,700)	-
Capital contribution	10(d)	-	-	-	404,293	404,293
Dividends declared	19	-	-	-	(53,997)	(53,997)
		499,700	-	-	(149,404)	350,296
At 31 March 2022 (reviewed)		500,000	171,518	117,590	5,474,861	6,263,969
At 1 January 2023 (audited)		500,000	436,321	336,647	4,695,416	5,968,384
Profit for the period		-	-	-	255,133	255,133
Other comprehensive loss for the period		-	-	(42,968)	-	(42,968)
Total comprehensive income for the period		-	-	(42,968)	255,133	212,165
Transactions with owners:						
Dividends declared	19	-	-	-	(200,000)	(200,000)
		-	-	-	(200,000)	(200,000)
At 31 March 2023 (reviewed)		500,000	436,321	293,679	4,750,549	5,980,549

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

	Notes	Three-month period ended 31 March	
		2023 AED'000 (Reviewed)	2022 AED'000 (Reviewed)
Cash flows from operating activities			
Cash generated from operations	22	352,608	329,211
Payment of employees' end of service benefits		(279)	-
Net cash generated from operating activities		352,329	329,211
Cash flows from investing activities			
Purchase of property and equipment	5	(1,042)	(9,275)
Payments for investment property, net of project and retention payables		(52,809)	(294,895)
Purchase of intangible assets		(1,536)	-
Due to a related party		(150,000)	-
Movement in fixed deposits with maturities greater than three months	11	120,000	256,087
Interest received		6,186	1,537
Net cash used in investing activities		(79,201)	(46,546)
Cash flows from financing activities			
Interest paid		(46,207)	(128,972)
Net proceeds from borrowings		-	77,116
Dividends paid		-	(53,997)
Funds transferred to Parent Company	11	-	(150,000)
Net cash used in financing activities		(46,207)	(255,853)
Net increase in cash and cash equivalents		226,921	26,812
Cash and cash equivalents, beginning of the period	11	276,666	768,183
Cash and cash equivalents, end of the period	11	503,587	794,995

Significant non-cash transaction during the period includes:

- Settlement of dividend declared of AED 200,000,000 against payable balance to the Parent Company [Note 10(c)] and Dividend payable.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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

The parent company is DHAM LLC (the “Parent Company”) and the ultimate parent company is Dubai Holding LLC (the “Ultimate Parent Company”). The “Ultimate Shareholder” of the Company was His Highness Sheikh Mohammed Bin Rashid Al Maktoum till 8 January 2023. On 8 January 2023, the Ultimate Shareholder and Ruler of Dubai issued Law No. 1 of 2023, transferring his direct ownership in the Ultimate Parent Company to the Government of Dubai. The Company and its subsidiaries are collectively referred to as the Group (the “Group”).

The Group consolidates investments in the following principal subsidiaries:

Name of the entity	Nature of business	Ownership %	
		2023	2022
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.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE.

The Law was previously gazetted on 10 October 2022, becoming law 15 days later. The Corporate Tax regime will become effective for accounting periods beginning on or after 1 June 2023. Following the publication of the Cabinet Decision on 16 January 2023, the Group will be subject to a 9% corporate tax rate on taxable income above a threshold of AED 375,000 for periods beginning on or after 1 June 2023. The Group is currently in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The condensed interim consolidated financial statements of the Group have been prepared in accordance with the requirements of International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") and comply with the applicable requirements of the laws in the UAE.

No income of a seasonal nature was recorded in the condensed interim consolidated financial statements for the three-month period ended 31 March 2023. In addition, the results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 Basis of preparation

The condensed interim 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 condensed interim 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 condensed interim 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 condensed interim consolidated financial statements are disclosed in Note 4.

The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements, except for the new standards and amendments adopted during the current period.

Certain comparative amounts have been reclassified to conform to the presentation used in these condensed interim consolidated financial statements.

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

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

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these 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 8 *Accounting policies, Changes in Accounting Estimates and Errors*
- Amendments to IAS 1 *Presentation of Financial Statements* relating to classification of liabilities as current or non-current
- Amendment to IFRS 17 *Insurance contracts*
- Amendments to IFRS 4 *Insurance Contracts* relating to extension of the temporary exemption from applying IFRS 9
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2
- Amendments to IAS 12 *Income Taxes* relating to deferred tax related to assets and liabilities arising from a single transaction

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

(b) New and revised IFRSs 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 IFRS 16 <i>Leases</i>	1 January 2024
Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Statement 2	1 January 2024
Amendment to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> relating to treatment of sale or contribution of assets from investors	Effective deferred indefinitely.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s condensed interim 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 condensed interim consolidated financial statements of the Group in the period of initial application.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group’s operations and borrowings expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements.

3.2 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2023:

	Level 2 AED'000 (Reviewed)
Assets	
Derivatives designated as cash flow hedges	273,523
Liabilities	
Derivatives designated as cash flow hedges	3,789

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim consolidated financial statements, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2022.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)

5. PROPERTY AND EQUIPMENT

	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
2023							
Cost							
At 1 January 2023 (audited)	137,840	124,873	45,415	1,364	14,137	390	324,019
Additions	-	922	89	3	28	-	1,042
Transfers from investment property (Note 6)	-	1,664	-	-	-	-	1,664
Transfers to related parties	-	-	(18)	-	-	-	(18)
At 31 March 2023 (reviewed)	137,840	127,459	45,486	1,367	14,165	390	326,707
Accumulated depreciation							
At 1 January 2023 (audited)	52,115	118,611	43,997	456	11,845	-	227,024
Depreciation charge for the period	875	735	136	134	267	-	2,147
Transfers from investment property (Note 6)	-	1,664	-	-	-	-	1,664
Transfers to related parties	-	-	(5)	-	-	-	(5)
At 31 March 2023 (reviewed)	52,990	121,010	44,128	590	12,112	-	230,830
Net book value at 31 March 2023 (reviewed)	84,850	6,449	1,358	777	2,053	390	95,877

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)

5. PROPERTY AND EQUIPMENT (CONTINUED)

	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 (audited)	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 (Note 6)	-	(74)	-	-	-	(10,693)	(10,767)
Reclassifications	2,784	(5,927)	(148)	(15)	3,306	-	-
At 31 December 2022 (audited)	137,840	124,873	45,415	1,364	14,137	390	324,019
Accumulated depreciation							
At 1 January 2022 (audited)	46,631	119,764	41,834	469	8,521	-	217,219
Depreciation charge for the period	2,700	4,774	2,311	2	18	-	9,805
Reclassifications	2,784	(5,927)	(148)	(15)	3,306	-	-
At 31 December 2022 (audited)	52,115	118,611	43,997	456	11,845	-	227,024
Net book value at 31 December 2022 (audited)	85,725	6,262	1,418	908	2,292	390	96,995

The depreciation charge for the period is recognised under general and administrative expenses amounting to AED 2,147,000 (for the three-month period ended 31 March 2022: AED 2,310,000).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)

6. INVESTMENT PROPERTY

	Notes	Land AED'000	Buildings AED'000	Infrastructure AED'000	Capital work- in progress AED'000	Total AED'000
2023						
Cost						
At 1 January 2023 (audited)		3,687,468	10,355,799	3,244,663	3,405,743	20,693,673
Additions		-	-	-	75,013	75,013
Transfers to property and equipment	5	-	(1,664)	-	-	(1,664)
Transfers within other captions of investment property		-	42,683	20	(42,703)	-
At 31 March 2023 (reviewed)		3,687,468	10,396,818	3,244,683	3,438,053	20,767,022
Accumulated depreciation and impairment						
At 1 January 2023 (audited)		1,946,344	4,303,841	1,043,833	1,525,728	8,819,746
Depreciation charge for the period		-	78,225	14,520	-	92,745
Transfers to property and equipment	5	-	(1,664)	-	-	(1,664)
At 31 March 2023 (reviewed)		1,946,344	4,380,402	1,058,353	1,525,728	8,910,827
Net book value at 31 March 2023 (reviewed)		1,741,124	6,016,416	2,186,330	1,912,325	11,856,195

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)

6. INVESTMENT PROPERTY (CONTINUED)

	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 (audited)		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 (audited)		3,687,468	10,355,799	3,244,663	3,405,743	20,693,673
Accumulated depreciation and impairment						
At 1 January 2022 (audited)		1,946,344	4,006,242	1,321,753	1,986,588	9,260,927
Depreciation charge for the period		-	297,599	60,277	-	357,876
Transfers to related parties	10	-	-	(338,197)	(460,860)	(799,057)
At 31 December 2022 (audited)		1,946,344	4,303,841	1,043,833	1,525,728	8,819,746
Net book value at 31 December 2022 (audited)		1,741,124	6,051,958	2,200,830	1,880,015	11,873,927

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

The depreciation charge for the period is recognised under direct costs amounting to AED 92,745,000 (for the three-month period ended 31 March 2022: AED 93,733,000).

As at 31 March 2023, the estimated fair value of the Group's investment property is AED 21,289,000,000 (31 December 2022: AED 21,289,000,000)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023** (continued)

6. INVESTMENT PROPERTY (CONTINUED)

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

	Three-month period ended 31 March	
	2023	2022
	AED'000	AED'000
	(Reviewed)	(Reviewed)
Operating lease income (Note 20)	456,984	427,945
Direct costs (including depreciation) arising from investment property that generated operating lease income	152,198	159,066

7. DERIVATIVE FINANCIAL INSTRUMENTS

	Notional amount	Asset	Liabilities
	AED'000	AED'000	AED'000
At 31 March 2023 (Reviewed)			
Designated as cash flow hedges			
Interest rate swap contracts	4,826,322	273,523	3,789
At 31 December 2022 (Audited)			
Designated as cash flow hedges			
Interest rate swap contracts	4,907,871	315,519	2,817

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 condensed interim 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 March 2023, the fixed interest rates vary from 1.52% to 4.37% per annum (31 December 2022: 1.52% to 4.37% 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 profit or loss when the associated hedged transaction affects profit or loss. 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 three-month period ended 31 March 2023 amounted to a loss of AED 42,968,000 (for the three-month period ended 31 March 2022: gain of AED 154,157,000).

In prior period, 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 condensed interim consolidated statement of income.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)**
8. OTHER RECEIVABLES

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Advances to contractors	32,016	25,730
Finance lease receivables	20,948	21,146
Prepayments	26,124	22,837
Other receivables	18,498	12,886
	97,586	82,599
Less: non-current	(16,827)	(17,024)
Current	80,759	65,575

9. TRADE AND UNBILLED RECEIVABLES

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Trade receivables	242,871	270,298
Less: loss allowance	(112,899)	(119,783)
	129,972	150,515
Less: non-current	-	-
Current	129,972	150,515
Unbilled receivables - operating leases	920,935	893,186
Less: loss allowance	(171,717)	(166,765)
	749,218	726,421
Less: non-current	(749,218)	(726,421)
Current	-	-
Trade and unbilled receivables		
Current	129,972	150,515
Non-current	749,218	726,421
	879,190	876,936

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 March 2023 and 2022. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

The provision against not past due receivables reflects loss allowance against specific customers considered having a higher probability of default. The creation and release of the loss allowance on receivables have been included in the condensed interim 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.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023** (continued)

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

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Other subsidiaries of the Parent Company	6,825	925
Other related parties	21,373	28,974
	28,198	29,899

The due from related parties as of 31 March 2023 and 31 December 2022 is classified as current in the condensed interim 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 fair values of due from related parties approximate their carrying amounts and are fully performing at 31 March 2023 and 31 December 2022.

Due from and due to related party balances are offset and the net amount is reported in the condensed interim 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.

(b) Due to related parties

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Ultimate Parent Company	19,062	7,358
Parent Company	174,368	149,368
Other subsidiaries of the Parent Company	22,701	11,108
Other related parties	19,997	35,857
	236,128	203,691

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023** (continued)

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)
(c) Related party transactions

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

	Three-month period ended 31 March	
	2023	2022
	AED'000	AED'000
	(Reviewed)	(Reviewed)
<i>Transactions between related parties:</i>		
Dividends declared to Parent Company (Note 19)	175,000	53,997
Settlement of balances as a result of reorganisation	-	404,293
Transfer of investment property to Parent Company	-	369,835
Transfer of trade receivable from customers (net of provisions)	-	20,481
<i>Services provided to related parties included in revenue:</i>		
Operating lease income from fellow subsidiaries and others	8,265	3,986
Cost recovery income	2,157	2,569
Services income from the Parent Company and fellow subsidiaries	1,356	-
<i>Services provided by related parties included in expenses:</i>		
<i>Direct costs - operation and maintenance costs</i>		
- Entities under common control	25,429	25,183
- Other related parties	9,386	6,438
<i>General and administrative expenses - cost recharged</i>		
- Ultimate Parent Company	1,531	8,606
- Parent Company	11,529	-

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

(d) Capital contribution

Capital contribution in prior period ended 31 March 2022 amounting to AED 404,293,000 represents dividends declared from entities previously under the Group but were transferred out for the purpose of the IPO and are adjusted against balance payable to the related parties.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023** (continued)

11. CASH AND BANK BALANCES

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Cash on hand	650	650
Cash at banks		
- Current account	502,937	336,016
- Fixed deposits	863,848	923,848
	1,367,435	1,260,514

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

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Cash and bank balances	1,367,435	1,260,514
Fixed deposits with maturities greater than 3 months	(803,848)	(923,848)
Restricted cash against a bank facility	(60,000)	(60,000)
	503,587	276,666

Bank accounts are held with locally incorporated banks. Fixed deposits carry interest in the range of 3.15% to 5.25% (31 December 2022: 0.85% to 1.25%) per annum.

12. SHARE CAPITAL

The total authorised and issued share capital of the Company comprises 5,000,000 shares (31 December 2022: 5,000,000 shares) of AED 0.01 each. All shares were fully paid-up.

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.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)**
14. BORROWINGS

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Bank borrowings	4,400,000	4,400,000
Unamortised transaction costs	(54,502)	(58,018)
Carrying amount	4,345,498	4,341,982
Less: non-current	(4,345,498)	(4,341,982)
Current	-	-

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 50,078,000 in finance cost. The unamortised issue costs incurred on the new facility, amounting to AED 69,798,000, of which the unamortised portion is AED 54,502,000.

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 March 2023, the Group has undrawn floating rate borrowing amounting to AED 3,200,000,000 from the above facility (31 December 2022: AED 3,200,000,000).

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 March 2023 and 31 December 2022.

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 periods on its borrowed funds. Interest rates on the above bank borrowings ranged from 6.39% to 6.67% (31 December 2022: 2.74% to 6.39%) per annum.

Total borrowings of AED 4,400,000,000 (31 December 2022: AED 4,400,000,000) are subject to repricing within three months of the condensed interim consolidated balance sheet date.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023** (continued)

15. ADVANCES FROM CUSTOMERS

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Operating lease advances	1,169,444	1,159,525
Contract advances	41,514	35,809
Refundable deposits	220,366	217,199
	1,431,324	1,412,533
Less: non-current	(636,609)	(645,326)
Current	794,715	767,207

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

16. OTHER LIABILITIES

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Project payables	1,179,267	1,159,426
Retentions payable	113,255	110,892
	1,292,522	1,270,318
Less: non-current	(880,360)	(869,271)
Current	412,162	401,047

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 981,621,000 (31 December 2022: AED 968,099,000). These costs are paid based on agreed annual fixed installments and are measured at the present value of the expected cash outflows required to settle the obligation.

17. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Provision for infrastructure cost	881,124	881,124
Provision for terminations and legal claims	20,539	20,539
	901,663	901,663
Less: non-current	(881,124)	(881,124)
Current	20,539	20,539

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023** (continued)

18. TRADE AND OTHER PAYABLES

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Accrued expenses	225,929	252,389
Trade payables	51,695	94,309
Other payables	76,788	63,338
	354,412	410,036

19. DIVIDENDS

At the Annual General Meeting held on 14 March 2023, the shareholders approved the recommendation of the Board of Directors to distribute dividends of AED 200,000,000 (AED 0.04 per share).

On 31 March 2022, the shareholders approved to distribute dividends of AED 53,997,000.

20. REVENUE

	Three-month period ended 31 March	
	2023 AED'000 (Reviewed)	2022 AED'000 (Reviewed)
Operating lease income (Note 6)	456,984	427,945
Service income	56,800	57,166
	513,784	485,111

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 March 2023 amounted to AED 41,514,000 (31 December 2022: AED 41,400,000). The Group expects to recognise revenue from these unsatisfied performance obligations over a period of 2 years.

21. EARNINGS PER SHARE

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023** (continued)

21. EARNINGS PER SHARE (CONTINUED)

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:

	Three-month period ended 31 March	
	2023	2022
	(Reviewed)	(Reviewed)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company) rounded to the nearest AED'000	255,133	190,262
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	5,000,000,000	5,000,000,000
Basic and diluted earnings per share attributable to Owners of the Company rounded to the nearest Fil	0.05	0.04

22. CASH GENERATED FROM OPERATIONS

	Three-month period ended 31 March	
	2023	2022
	AED'000	AED'000
	(Reviewed)	(Reviewed)
Profit for the period	255,133	190,262
Adjustments for:		
Depreciation and amortisation	97,521	102,007
(Reversal)/loss allowance on trade and unbilled receivables	(1,932)	10,555
Provisions for other liabilities and charges	1,128	-
Liabilities written back	(288)	(6,431)
Finance income	(11,870)	(60,950)
Finance cost	58,021	118,116
	397,713	353,559
Changes in operating assets and liabilities:		
Trade and other receivables, before provision and write offs	(9,625)	(867)
Trade and other payables excluding project and retentions payables	(44,843)	48,023
Due from related parties	1,926	296,241
Due to related parties	7,437	(367,745)
Cash generated from operations	352,608	329,211

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023** (continued)

23. COMMITMENTS
(a) Capital commitments

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Property and equipment	3,488	2,094
Intangible assets	8,420	6,377
Investment properties	262,287	289,554

(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:

	31 March 2023 AED'000 (Reviewed)	31 December 2022 AED'000 (Audited)
Later than 5 years	12,481,264	11,767,418
Later than 1 year and not later than 5 years	2,985,337	2,930,035
Not later than 1 year	801,405	858,220
	16,268,006	15,555,673

(c) Letters of credit

Letters of credit of AED 12,145,000 (31 December 2022: AED 20,295,000) issued for construction of certain infrastructure costs.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)

24. 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.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023** (continued)

24. 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 March 2023 (Reviewed)					
Revenue	275,067	111,679	70,238	56,800	513,784
Direct cost	(45,346)	-	(12,844)	(9,935)	(68,125)
Other operating income	3,218	-	76	31	3,325
Other expenses	(35,365)	(6,180)	(4,185)	(4,449)	(50,179)
Segment results before interest and depreciation and amortisation	197,574	105,499	53,285	42,447	398,805
Depreciation and amortisation	(80,007)	-	(16,250)	(1,264)	(97,521)
Unallocated net finance cost	-	-	-	-	(46,151)
Profit for the period	117,567	105,499	37,035	41,183	255,133
31 March 2022 (Reviewed)					
Revenue	252,734	112,175	63,036	57,166	485,111
Direct cost	(55,862)	-	(10,832)	(14,995)	(81,689)
Other operating income	8,867	231	75	2,532	11,705
Other expenses	(30,857)	(19,032)	(13,436)	(2,367)	(65,692)
Segment results before interest and depreciation and amortisation	174,882	93,374	38,843	42,336	349,435
Depreciation and amortisation	(85,324)	-	(15,662)	(1,021)	(102,007)
Unallocated net finance cost	-	-	-	-	(57,166)
Profit for the period	89,558	93,374	23,181	41,315	190,262

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.