Aldar Properties
Annual Report 2022

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BOARD OF DIRECTORS

MOHAMED KHALIFA AL MUBARAK
CHAIRMAN

H.E. Mohamed Khalifa Al Mubarak is Chairman of Aldar Properties PJSC. Formerly the Chief Executive Officer and Chief Portfolio Management Officer at Aldar, Mr. Al Mubarak has been integral to the development of Aldar's operational businesses, as well as to the organisation's fast-growing sales and leasing, property and asset management, and facilities management units. Before joining Aldar, Mr. Al Mubarak worked with the corporate and investment bank Barclays Capital in London, focusing on investment and finance in the MENA region. He is a member of the Executive Council of the Emirate of Abu Dhabi and is the Chairman of numerous public and private sector organisations, including the Department of Culture & Tourism of Abu Dhabi, Miral Properties Asset Management LLC, Image Nation & Aldar Academies LLC.

He holds a dual specialisation in economics and political science from North Eastern University, USA.

WALEED AHMED ALMOKARRAB AL MUHAIRI
FIRST VICE-CHAIRMAN

Waleed Al Muhairi is the Deputy Group CEO of the Mubadala Investment Company and has strategic oversight of the company's broad investment portfolio. He is also the Chief Executive Officer of the alternative investments and infrastructure platform, and leads Mubadala's healthcare, real estate and infrastructure, and capital investment portfolios. Al Muhairi currently serves as Chairman of Cleveland Clinic Abu Dhabi and is a member of the Board of Trustees of Cleveland Clinic in the United States. He is also the Chairman of Waha Capital PJSC and a board member of First Abu Dhabi Bank PJSC, Tamkeen Abu Dhabi Company, Noon.com Company, Investcorp Holding and Hub71 Platform.

He holds a Master's degree in Public Policy from Harvard University, USA, and a BSc in Foreign Service from Georgetown University, USA.

MOHAMED HASSAN AL SUWAIDI
SECOND VICE- CHAIRMAN

H.E. Mohamed Hassan Al Suwaidi is the Managing Director and Chief Executive Officer at Abu Dhabi Developmental Holding Company PJSC (ADQ). He also holds the positions of Chairman of Abu Dhabi National Energy Company (TAQA) PJSC and Vice Chairman of both Abu Dhabi Airports Company PJSC (ADAC) and Etihad Aviation Group PJSC. He. is a member of the Board of Directors at ADNOC Distribution PJSC, and ADC Acquisition Corporation PJSC., Emirates Nuclear Energy Corporation (ENEC).

He holds a bachelor's degree in Accounting from United Arab Emirates University.

SOFIA ABDELLATIF LASKY
BOARD MEMBER

Ms. Sofia Abdellatif Lasky is a Board member of International Holding Company (IHC) PJSC. Sofia Lasky has been with IHC since April 2020, and brings considerable experience in asset management, mergers and acquisitions, private equity, portfolio management, alternative investments, funds, valuation, financing, capital markets and corporate structuring through her 16-year tenure at Royal Group. Sofia has held and continues to occupy a position on the Board of Directors of a number of companies, including Alpha Dhabi Holding PJSC (ADH).

She holds a bachelor's degree in Management Information Technology from the United Kingdom.

KHALIFA ABDULLA AL ROMAITHI
BOARD MEMBER

Khalifa Al Romaithi is an Executive Director leading the UAE Real Estate sector at Mubadala Investment Company. In his role, Khalifa is responsible for a number of UAE real estate, infrastructure, and financial assets, such as First Abu Dhabi Bank, Al Dar, Al Maryah Island and ADGM Square.

Mr. Al Romaithi has 20 years of experience representing Mubadala's interest for a number of its companies, which include the Chairman of the Board of Directors of Emirates Driving School Company PJSC and Director & member of the Investment committee of Gulf Energy Maritime (GEM) PJSC (UAE). Mr. Al Romaithi is also a Member of the Board of Directors of Aabar Petroleum Investment Company PJSC, Abu Dhabi National Takaful Co. PJSC (Takaful) and other UAE listed companies.

He holds a bachelor's degree in Business Administration with a major in Finance from the University of Portland, United States.

ALI SAEED ABDULLA SULAYEM AL FALASI
BOARD MEMBER

Ali Saeed Abdulla Sulayem Al Falasi has been Chief Executive Officer of Hydra Properties since 2009. He previously worked as under-secretary of the operations of the Private Department of Sheikh Zayed Bin Sultan Al Nahyan, supervising all department activities. Mr. Al Falasi is a board member of Risco LLC, Sorouh Real Estate PJSC and The International Commercial Bank, as well as numerous other companies in the industrial, real estate, finance, and trading fields. He is a member of the audit committee of the Royal Group.

He holds a Master's degree in business administration from the University of Sharjah, a BSc in Production and Operations Management from California State University, USA, and a BA in Accounting from UAE University.

HAMAD SALEM MOHAMED AL AMERI
BOARD MEMBER

Hamad Salem Al Ameri is the Managing Director & Chief Executive Officer of Alpha Dhabi Holding PJSC. He brings significant experience from the construction industry and the fields of business growth and management. Mr. Al Ameri is currently the Vice-Chairperson of the Board of Directors of National Marine Dredging Company PJSC and a Member of the Board of Directors of both ADC Acquisition Corporation PJSC & Mawarid Holding L.L.C.

He is a graduate of Civil Engineering from the American University in Dubai, and also holds a Master's degree in Business Administration from the Canadian University.

Aldar Properties PJSC

Corporate Governance Report for the year ended on December 31, 2022

Aldar Properties PJSC – Corporate Governance Report for the year ended on December 31, 2022

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Corporate Governance Report for the year ended on December 31, 2022

Introduction:

I Aldar Properties PJSC (or the Company) is committed to adhering to the decision of the Chairman of the Authority No. (03/RM) of 2020 on the standards of the Corporate Governance Manual of the Public Joint Stock Companies. The Company annually issues a Corporate Governance Report, which reflects the Company's commitment on the effective and proper application of governance rules, and clearly demonstrates the joint efforts and synergy by the Company's Board of Directors, Executive Management and employees.

The Board of Directors considers that the existence of a strong governance system as one of the cornerstones of the Company's sustainable and long-term growth. The Board is committed to enhance the value of the Company for its shareholders, taking into account the interests of all stakeholders, employees, suppliers, customers, business partners, as well as the communities in which the company operates.

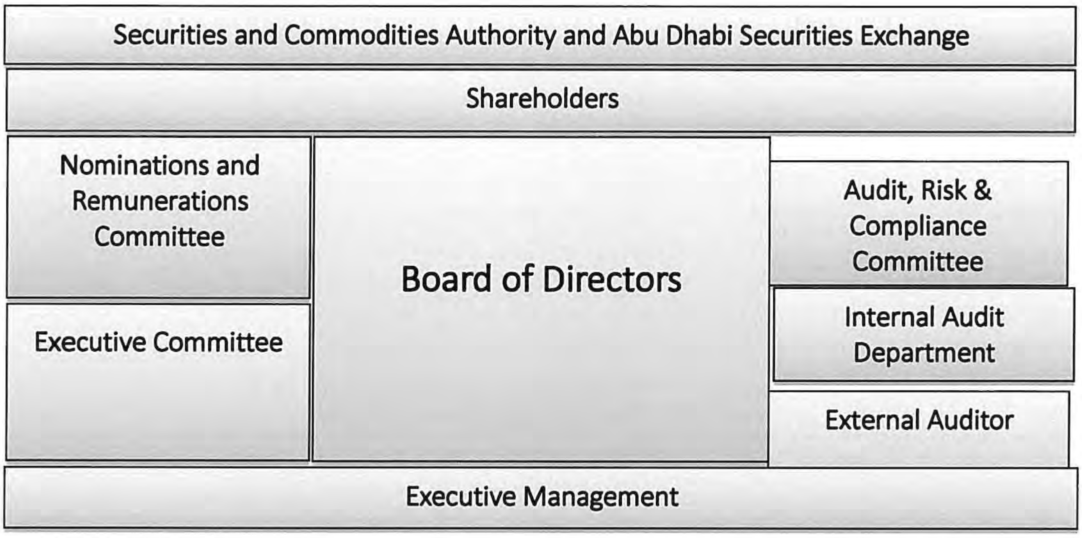
Shareholders represent the highest levels of governance, and the Company's Articles of Association define the framework through which Aldar Properties PJSC shall operate as a public joint stock company. The Company's governance framework takes into consideration the application of the principles and standards set by both: the Securities and Commodities Authority and Abu Dhabi Securities Exchange, as well as the Federal Law No. (02) of 2015 on commercial companies, as amended, in order to develop the company's policy, requirements and aspirations.

1. 0 Governance Application in Aldar Properties

The Board of Directors is accountable to the shareholders for ensuring that the Company's objectives are in line with the shareholders' expectations and aspirations. In addition, they are responsible for ensuring the effectiveness of the businesses of the Company's management, with the emphasis that the Company's objectives are consistent with the statutory requirements and the professional codes of conduct defined by both Securities and Commodities Authority and Abu Dhabi Securities Exchange.

The first step in implementing an effective governance system was the preparation and development of the governance framework and ensuring its effective implementation. In the context of constant monitoring to measure the effectiveness of the application of the governance system, the Board of Directors periodically reviews the governance framework and amends its elements (where necessary) to ensure its consistency with the regulatory controls and changing business environment.

The following diagram illustrates the governance framework and the key elements resulting from the application of the Company's governance system:



As indicated above, the application of the governance system involves different levels, including: Board of Directors, Executive Management, and the Internal Control System.

The Board of Directors performs periodic reviews regarding the application of standards and systems of governance in the Company, taking into consideration the legal and regulatory requirements and controls of these systems, and the application of the highest international standards in this field. The following is an overview of the governance elements at the levels of Board of Directors, Executive Management, Internal Control System and Compliance Officer.

1.1 Governance elements related to the Board of Directors

Key elements of the Company's governance at the Board's level include a set of regulations that define the overall framework for the objectives, responsibilities and framework of the Board and its Committees, which elements include the following:

- Charter of the Board of Directors.
- Charter of the Audit, Risk & Compliance Committee.
- Charter of the Nominations and Remunerations Committee.
- Charter of the Executive Committee.
- Code of Business Conduct.
- Delegations of Authority.

1.2 Governance Elements related to the Executive Management

The Executive Management shall implement the Company's strategy and conduct its day-to-day business in accordance with the business plan developed by the Board of Directors. The Executive Management shall have the authority to manage the affairs and business of the Company, taking into consideration the protection of the interests of shareholders, the application of the best international practices and meeting the needs of daily operations practically. In addition to the Delegations of Authority, the key elements of governance at the Executive Management level include a set of regulations that define the overall framework for the objectives, responsibilities and tasks assigned thereto, as follows:

- Charter of the Executive Management Committee.
- Charter of the Tender Committees.
- Charter of the Risks Management Committee.
- Code of Business Conduct.

1.3 Governance elements related to the Internal Control System

The Company's Board of Directors has developed the rules and regulations of the Company's business in such a way that renders all employees fully aware of the importance of the internal control system, contributing to their participation in ensuring the continuity of this system to be highly effective.

The key elements of the internal control system include:

- Development and approval of policies, charters and regulations that regulate the company's activities and works at all department and division levels, in coordination with the company's Center of Excellence.
- External Auditor and the Internal Audit Department.
- Shareholders of the Company and the General Assembly.
- Company's Social Responsibility.
- Whistleblower Policy.
- Continuous market disclosure.

2. Transactions and Tradings of the Company's Directors and their First-Degree Relatives in the Company's Shares during 2022

The Board of Directors (along with all employees and insiders of the Company) firmly believes in the importance and necessity of compliance with the rules and regulations controlling their transactions and tradings in the shares and securities of the Company. In addition to their timely declarations and disclosures, based on the adoption of the principles of equal opportunities, they are also prohibited to use any undisclosed internal information for personal interest or to remove a harm that may affect them as a result of any undisclosed material information. This enhances the confidence of investors and shareholders, and encourages them to further consider and study the Company's projects and invest in its shares, assets, current and future projects.

Based on the foregoing, and in the light of the disclosures made by the Board of Directors, the following table shows the shares and securities owned by the Directors and their first-degree relatives (their spouses and children) in the Company's share capital as of December 31, 2022, and the Tradings in the Company's Shares carried out by them during the year 2022:

Name	Position / Relationship	Shares owned as of December 31, 2022 (Share)	Shares owned by first-degree relatives in the capital of the company (Share)	Total Sales Transactions (Share)	Total Purchases Transactions (Share)
H.E. Mohamed Khalifa Al Mubarak	Chairman of the Board of Directors	1,275	-	-	-
Mr. Waleed Ahmed Almokarrab Al Muhairi	First Vice Chairman of the Board of	431,466	-	-	-

	Directors				
Mr. Mohamed Hassan Al Suwaidi	Second Vice Chairman of the Board of Directors	-	-	-	-
Mr. Khalifa Abdulla Khamis Al Romaithi	Member	-	-	-	-
Mr. Hamad Salem Mohamed Al Ameri	Member	1,665	-	-	-
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Member	211,580	-	-	-
Mrs. Sofia Abdelatiff Lasky	Member	-	-	-	-

3. Board of Directors

The role of the Board of Directors is to supervise the Company's business affairs. The Board of Directors is responsible for monitoring the effectiveness of the governance framework, controlling and supervising the management and controls applied in the Company. The Board has delegated some of its authorities to its Committees (Audit, Risk & Compliance Committee, Nomination and Remunerations Committee, Executive Committee - as stated below -), which operate according to the Charters and Regulations approved by it.

The Board has also delegated the tasks of the day-to-day management of the Company to the Group Chief Executive Officer, in accordance with its specific authority in this regard, for a renewable three-year term. These mandates shall be documented in the Delegations of Authority, which in turn is subject to periodic review to ensure balance and suitability between the level of control and the risks management and work requirements within the Company with regard to its developments and changes in its activities and operations. A comprehensive and material review was conducted to the Delegations of Authority, which was approved by the Board of Directors at its Meeting No. (05/2018) held on May 14, 2018. In addition, some partial amendments and revisions were conducted to the items on the Delegations of Authority by the Board of Directors and its Executive Committee during the meetings held from time to time, the latest of which was the partial review of the delegations that was approved by the Executive Committee in its meeting No. (07/2022), which was held on November 25, 2022, according to the requirements and business progress interests of the Company.

3.1 Chairman

H.E. Mohamed Khalifa Al Mubarak undertakes the position of Chairman of the Board of Directors of Aldar Properties PJSC according to the Board of Directors' resolution at its Meeting No. (03/2022) held on April 11, 2022, following the process of re-election and formation of the Board of Directors of the Company under the resolution issued by the shareholders in the General Assembly meeting that was held on April 11, 2022. The Chairman of the Board shall be responsible for leading the Board and ensuring that it carries out its responsibilities and duties effectively, and the Chairman of the Board shall be considered a key link between the Board and the Executive Management. He continuously works with the Executive Management of the Company. In particular, the Chairman has the following tasks and responsibilities:

- Ensure that the Board works effectively, fulfills its responsibilities and discusses all key and proper issues on time.
- Develop and approve the agendas of all meetings of the Board of Directors, taking into account any issues which the Directors propose to be included in the agenda.
- Encourage all Directors to fully and effectively participate in order to ensure that the Board acts in a manner that guarantees the achievement of the Company's interests, and to ensure that the members of the Board of Directors perform their duties to achieve the interests of the Company.

- Take appropriate actions to ensure effective communication with shareholders and communicate their views to the Board of Directors.
- Hold periodic meetings with non-executive Board Members without the attendance of the Company's Executive Officers.
- Facilitate the effective contribution of the Board's Members (specially the non-executive Directors),and create constructive relationships between the executive and non-executive members, and to create a culture encouraging the constructive criticism.
- Ensure that the Directors receive all required information which are clear, accurate and not misleading, so that they can perform their duties.
- Ensure that the Board is subject to an annual assessment.
- Ensure that the performance of the management team and the directors is assessed at least once a year.
- Ensure that the directors participate in an introduction program upon their appointment.
- Ensure that the Directors participate in training programs.
- Ensure that the Directors take enough time for consultation and decision making.
- Represent the company before third parties according to the provisions of the Commercial Companies Law and the Company's bylaws.
- Take into consideration any matters raised by the directors or the external auditor, consult the directors and the CEO upon preparation of the Board agenda, and ensure keeping special records of meetings minutes.
- Ensure that the Board and its committees are working appropriately according to the applicable laws and regulations.
- Ensure that the directors obtain an approval from the Board for trading in the Company's shares according to the applicable regulations, laws and policies.
- Ensure that the Board elects a vice-chairperson.
- Ensure that each director receives a conflict-of-interest acknowledgement at each meeting to avoid conflict of interests.
- Ensure that the directors disclose information and acts to be disclosed according to the applicable laws of the financial markets
- Notify the General Assembly during the meeting of the business and contracts in which any director has a direct or indirect interest.
- Support and encourage the corporate governance standards and the code of business conduct at both the Board and company levels.
- Ensure that there are effective communication channels between the shareholders and the stakeholders.

3.2 Board Competencies:

The Board prepared a list of the matters that are under its control (along with the duties and obligations stated in the company's Memorandum and Articles of Association, the Federal Law-Decree No. (32) of 2021 concerning the Commercial Companies, as amended, and the Decision of the Authority's Chairman No. (03/ر.م) of 2020 on adoption of the Guidelines for Governance of Public Joint Stock Companies), which are of strategic nature, highly critical and beyond the authority delegated to the Executive Management of the Company.

These matters include:

- Taking the necessary actions to ensure compliance with the provisions of the applicable laws, regulations and decisions and the requirements of the regulators.

- Adopt, and supervising the implementation of, the strategic directions and main objects of the Company, including: (1) developing and regularly reviewing the overall strategy of the Company and main business plans, (2) developing and regularly reviewing the risk management policy, (3) identifying the ideal capital structure, strategy and financial objects of the Company, (4) approving the annual budgets. (5) supervising the Company's main capital expenditures, ownership and disposal of assets, (6) developing KPIs and monitoring the implementation and overall performance of the Company, (7) periodically reviewing and approving the organizational and functional structures of the Company.

- Taking the necessary procedures to ensure appropriate review of the Company's progress, including the development of a clear policy adopted by the Board for implementing the internal audit, and developing detailed written policy and procedures for the reviewing Company's progress specifying the duties and obligations in accordance with the approved policy and the general requirements and objectives specified in the pplicable laws.

- Establishing an internal audit department to ensure compliance with the applicable laws, regulations and decisions and the requirements of the regulators, and the internal policy, regulations and procedures established by the Board.

- Developing written procedures to manage and address conflict of interests for directors, senior executive management members and shareholders, and procedures to be taken in case of abuse of the Company's assets and facilities and misconduct resulting from the dealings with the related parties.

- Ensuring the soundness of the administrative, financial and accounting policy, including the regulations regarding the preparation of financial reports.

- Ensuring the use of appropriate systems for risk management by identifying the and transparently presenting overall perception of risks faced by the Company.

- Establishing a clear delegation of authority for the company, which specifies the authorized persons and their authorities.

- Setting a policy regulating the relationship between the stakeholders to ensure the implementation of the Company's obligations towards them, maintain their rights, provide them with the necessary information and establish good relationship with them.

- Establishing the code of business conduct for the Company's directors, employees and auditors and persons entrusted with some of the Company's tasks.

- Developing procedures for implementing the rules of corporate governance, and annually review them and assess the compliance therewith.

- Establishing appropriate development programs for all directors in order to develop and update their knowledge and skills and to ensure their effective participation in the Board, and to ensure the implementation of any training or qualifying programs established by the Authority or the Market.

- Training and familiarizing the new directors to all departments and divisions of the Company, and provide them with all information necessary to ensure adequate understanding of the Company's business and requirements, full awareness of their responsibilities, and all what enables them to do their work to the fullest, according to the Company's requirements and applicable regulations.

- Establishing procedures to prevent the insiders in the Company from using the confidential information for personal gains.

- Establishing a mechanism to receive shareholders' complaints and proposals including their proposals to add certain subjects in the agenda of the general assembly, in a way that ensures the consideration thereof and taking appropriate decision thereon.

- Adopting criteria for granting incentives, bonus and benefits of the directors and senior executive management members, which helps to achieve the Company's interest, goals and strategic objectives.
- Establishing a policy for disclosure and transparency, and monitor the implementation thereof according to the requirements of the regulators.
- Establishing a policy for distribution of Company's profit that serves the interests of both the shareholders and the Company, and to obtain the necessary approvals thereof in accordance with the legal requirements.
- Ensuring the availability of required resources for achieving the Company's goals.
- Ensure the protection of the shareholder's interests and the Company's assets.
- Ensuring the establishment of compliance function to monitor the compliance with the applicable laws, regulations and decisions, as well as the requirements of the regulators, the internal policy and regulations and procedures established by the Board.
- Determining the Company-wide risk appetite including the specific targets or thresholds, or the indicators related to the risk appetite.
- Supervising the Human Resource policies.
- Ensuring the accuracy and validity of data and information according to the applicable policies and regulations in relation to disclosure and transparency.
- Determining and recommending potential new Directors to be nominated and authorized by the shareholders.
- Recommending the remuneration policy of the Board for approval by the shareholders.
- Evaluating the overall performance of the Board and its committees and members and their effectiveness, and to take corrective actions as necessary.
- Ensuring that the Board communicates with the stakeholders through the investor relationship department.
- Forming specialized committees under the Board of Directors in accordance with the decisions that set the duration of these committees, their powers, tasks and responsibilities, as well as the method that the Board of Directors follows in monitoring these committees.
- Evaluating the performance and work of the Board's committees and members.

3.3 Formation of the Board of Directors

The Board of Directors of Aldar Properties currently includes seven Members, namely:

SN	Members	Position
1	H.E. Mohamed Khalifa Al Mubarak	Chairman
2	Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	First Vice-Chairperson

3	Mr. Mohamed Hassan Al Suwaidi	Second Vice-Chairperson
4	Mr. Khalifa Abdulla Khamis Al Romaithi	Member
5	Mr. Hamad Salem Mohamed Al Ameri	Member
6	Mr. Ali Saeed Abdullah Sulayem Al Falasi	Member
7	Mrs. Sofia Abdellatif Lasky	Member

Notes:

- The current Board of Directors assumed its duties and responsibilities in accordance with the decision issued by the General Assembly meeting of the Company held on April 11, 2022
- The company's board of directors included in its membership until April 11, 2022 seven members: His Excellency, Mr. "Mohamed Khalifa Al Mubarak", chairperson, "Maryam Saeed Ahmed Ghobash, Vice-Chairman of the Board, Mr. / Waleed Ahmed Salem Almokarrab Al Muhairi, member, and Mr. / Hamad Salem Mohamed Al Ameri, Member, Mr. Khalifa Abdulla Khamis Al Romaithi, Member, Mr. Ali Saeed Abdullah Sulayem Al Falasi, Member and Mr. Martin Lee Edelman, Member
- H.E. Mohamed Khalifa Al Mubarak was elected as Chairman by virtue of the Board of Directors' decision at its meeting No. (03/2022) held on April 11, 2022, by secret voting, and that is after the process of electing the company's board of directors according to the decision issued by the general assembly meeting of the company's shareholders that was held on April 11, 2022
- Mr. Waleed Ahmed Salem Almokarrab Al Muhairi was elected as First Vice-Chairperson and Mr. Mohamed Hassan Al Suwaidi as Second Vice-Chairperson by virtue of the Board of Directors' decision in its meeting held on April 11, 2022 by secret voting, and that is after the process of electing the company's board of directors according to the decision issued by the general assembly meeting of the company's shareholders that was held on April 11, 2022

In this regard, it should be noted that the membership of the Board of Directors consisted mostly of the independent members since the establishment of the Company according to the decision of the Chairman of the Authority No. (03/ر.م) of 2020 on the adoption of the Corporate Governance Manual of Public Joint Stock Companies, and the Charter of the Board of Directors approved by the Board of Directors.

All Members of the Board are non-executive and independent. The Board has adopted a policy on the independency of Members, under which the independence of each Member is assessed annually, which falls within scope of the responsibilities of the Nominations and Remunerations Committee, according to the decision of the Chairman of the Authority No. (03/ر.م) of 2020 on the adoption of the Corporate Governance Manual of Public Joint Stock Companies. Accordingly, the conflict of interests and the emergence of relationships that may arise on independent members, which in turn may lead to a breach of independence, shall be reported and the relevant procedures shall be taken into account if the Board finds any defect or a decline in the capacity of their independence.

The following table shows the classification of the Board's Member (executive / non-executive / independent / non-independent) and the year of appointment for each Member:

Members	Position	Status		Year of Appointment
		Independent	Executive	
H.E. Mohamed Khalifa Al Mubarak	Chairman	Yes	No	2017
Mr. Waleed Ahmed Almokarrab Al Muhairi	First Vice Chairman of the Board of Directors	Yes	No	2016
Mr. Mohamed Hassan Al Suwaidi	Second Vice Chairman of the Board of Directors	Yes	No	2022
Mr. Khalifa Abdulla Khamis Al Romaithi	Member	Yes	No	2021

Mr. Hamad Salem Mohamed Al Ameri	Member	No	No	2015
Mr. Ali Saeed Abdullah Sulayem Al Falasi	Member	No	No	2013
Mrs. Sofia Abdellatif Lasky	Member	Yes	No	2022

Notes:

- H.E. Mohamed Khalifa Al Mubarak was elected as Chairman by virtue of the Board of Directors' decision at its meeting No. (03/2022) held on April 11, 2022, by secret voting, and that is after the process of electing the company's board of directors according to the decision issued by the general assembly meeting of the company's shareholders that was held on April 11, 2022
- Mr. Waleed Ahmed Salem Almokarrab Al Muhairi was elected as First Vice-Chairperson and Mr. Mohamed Hassan Al Suwaidi as Second Vice-Chairperson by virtue of the Board of Directors' decision in its meeting held on April 11, 2022 by secret voting, and that is after the process of electing the company's board of directors according to the decision issued by the general assembly meeting of the company's shareholders that was held on April 11, 2022

3.4 Membership of the Directors in other Companies and Corporations

The following table shows the membership of the Board's Members in other public bodies and companies, and their current positions in the supervisory, governmental, economic and commercial bodies, as on December 31, 2022:

Member	Company / Body	Position/Job
H.E. Mohamed Khalifa Al Mubarak (Chairman)	Executive Council of Abu Dhabi Emirate	Member of the Executive Council
	Department of Culture & Tourism - Abu Dhabi	Chairman of the Board of Directors
	Miral Properties Management	Chairman of the Board of Directors
	Aldar Education – Sole Proprietorship LLC.	Chairman of the Board of Directors
	Image Nation Company	Chairman of the Board of Directors
	Higher Committee for Human Fraternity	Member
	Emirates Foundation for School Education	Member of the Board of Directors
	ALIPH - The International Coalition for the Protection of Heritage in Conflict Areas	Vice-Chairman
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi (First Vice-Chairman)	Mubadala Investment Company PJSC	Deputy Group CEO
	Waha Capital Company PJSC	Chairman of the Board of Directors
	Cleveland Clinic Hospital - Abu Dhabi	Chairman of the Board of Directors
	Cleveland Clinic Hospital – USA	Member of the Board of Trustees
	Global Institute for Disease Elimination: GLIDE	Chairman of the Board of Directors

	Mubadala Healthcare	Chairman of the Board of Directors
	Hub71 Platform	Member of the Board of Directors
	Investcorp Bank	Member of the Board of Directors
	Tamkeen Abu Dhabi Company	Member of the Board of Directors
	Ellipses Pharma Limited	Member of the Board of Directors
	Noon.com Company	Member of the Board of Directors
	Abu Dhabi Investment Counsel	Member of the Board of Directors
	First Abu Dhabi Bank	Member of the Board of Directors
Mr. Mohamed Hassan Al Suwaidi (Second Vice-Chairman)	Abu Dhabi Developmental Holding Company (ADQ)	Managing Director & CEO
	Abu Dhabi National Energy Company PJSC (TAQA)	Chairman of the Board of Directors
	Abu Dhabi Airports Company PJSC.	Vice - Chairman of the Board of Directors
	Abu Dhabi National Oil Company for Distribution PJSC.	Member of the Board of Directors
	Emirates Nuclear Energy Corporation PJSC.	Member of the Board of Directors
	Etihad Aviation Group PJSC.	Vice - Chairman of the Board of Directors
	ADC Acquisition Corporation PJSC.	Member of the Board of Directors
Mr. Hamad Salem Mohamed Al Ameri (Member)	ADC Acquisition Corporation PJSC.	Member of the Board of Directors
	Alpha Dhabi Holding PJSC	Managing Director & CEO
	Mawarid Holding L.L.C	Member of the Board of Directors
	National Marine Dredging Company PJSC	Vice-Chairperson of the Board of Directors
Mr. Khalifa Abdulla Khamis Al Romaithi (Member)	Mubadala Investment PJSC	Executive Director – UAE Real Estate
	Aabar Petroleum Investment Company PJSC	Member of the Board of Directors
	Abu Dhabi National Takaful Co. PJSC ('Takaful')	Member of the Board of Directors
	Emirates Driving Company PJSC	Chairman of the Board of Directors
	Gulf Energy Maritime	Member of the Board of Directors
Mr. Ali Saeed Abdulla Sulayem Al Falasi (Member)	Resco Company LLC	Member of the Board of Directors
	Hydra Properties L.L.C	Chief Executive Officer
	Emirates Stallions Group (ESG)	Vice-Chairperson of the Board of Directors
	Royal Group	Member of the Audit Committee

Mrs. Sofia Abdellatif Lasky (Member)	Royal Group	Group Head Office Manager
	International Holding Company PJSC	Member of the Board of Directors
	Alpha Abu Dhabi Holding Company PJSC	Member of the Board of Directors
Note: • This information is based on the disclosures made by the Board's Members as on December 31, 2022.		

According to the Charter of the Board of Directors, all Members have wide experience in business and management, particularly in the Real Estate Sector. The following table shows the educational qualifications and experiences of the Board's Members:

Members	Educational Qualifications	Experience period in the Field of Business and Management (in years)	Experience Field						
			Real Estate and Constructions	Oil, Energy and Facilities	Banks, Finance and Insurance	Telecommunications	Government and nonprofit, public and other organizations	Healthcare and Pharmaceutical Industries	Media
H.E. Mohamed Khalifa Al Mubarak	• Dual specialization in Economics and Political Science from Northeastern University, USA.	16+	✓		✓		✓		✓
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	• Master of Public Policy with a specialization in Business Administration and Government from Harvard University, USA. • Bachelor of Science in International Affairs from Georgetown University, USA.	20+	✓	✓	✓	✓	✓	✓	
Mr. Mohamed Hassan Al Suwaidi	• Bachelor's degree in Accounting from United Arab Emirates University	16+	✓		✓		✓		✓
Mr. Hamad Salem Mohamed Al Ameri	• MBA from the Canadian University. • Bachelor of Civil Engineering from the American University in Dubai (AUD).	18+	✓	✓	✓		✓		
Mr. Khalifa Abdulla Khamis Al Romaithi	• Bachelor's in business	20+	✓	✓	✓		✓		

	administration with a major in Finance from the University of Portland – USA								
Mr. Ali Saeed Abdullah Sulayem Al Falasi	• MBA from the University of Sharjah. • Bachelor of Science - Production and Operations Management from the California State University. • Bachelor of - Accounting from UAE University	27+	✓		✓		✓		
Mrs. Sofia Abdellatif Lasky	• Bachelor of Management Information Technology from the United Kingdom								

3.5 Women Representation in the Board of Directors during 2021

In its current formation, the Board of Directors includes one woman (one member), which is equivalent to 14.28% of the composition of the Board of Directors represented in the joining of Mrs. Sofia Abdellatif Lasky to the Company's Board of Directors, through the process and procedures for re-election and formation of the Company's Board of Directors in accordance with the decision issued by the company's shareholders at the General Assembly held on April 11, 2022.

3.6 Orientation Program

The new Directors are subject to an orientation program, during which their rights, duties and responsibilities are defined as Directors. The orientation program aims to impart comprehensive information from the Management and to conduct field visits to the Company's sites. In addition, the Company has provided all tools and means of communication that would provide the Directors with comprehensive information regarding the Company and its activities, so that the Directors can properly perform their responsibilities, as well as provide them with the latest developments communicated by the Executive Management during the Board's meetings. The Directors also receive periodic information from specialists inside and outside the Company regarding major business, sector developments and core issues associated with their functions as Directors.

3.7 Eligibility to obtain an Independent Consultations

According to the Charter of the Board of Directors, each Director shall be entitled to seek an independent external consultation based on non-conflict of interests after consultation with the Board or its Committees. The cost of such external consultations shall be borne by the Company as determined by the Board or its Committees.

3.8 Remunerations of the Directors and Allowances of Attendance at the Meetings of the Board and its Committees

Article (28) of the Articles of Association of Aldar Properties provides that:

"The remunerations of the Directors shall be a percentage of the net profit of the Company, provided that it shall not exceed 10% of such profits for the fiscal year. The Company may pay additional expenses, fees or remunerations or monthly salary determined by the Board of Directors to any of its members if such Member works in any Committee, makes special efforts or performs additional works to serve the Company above his normal duties as a director.

Fines imposed on the Company due to violations by the Board of Directors of the Law or the Company's Articles of Association during the ended fiscal year shall be deducted from the remunerations of the Board. The General Assembly may not deduct such fines if it knew that such fines were not resulting from a default or omission by the Board of Directors."

Article (48) of the Articles of Association defines the distribution method of net profits. The net annual profits of the Company are distributed after deduction of all general expenses and other costs as follows:

- Ten percent (10%) shall be deducted and allocated to the legal reserve. This deduction shall be stopped when the total reserve amounts to 50% of the Company's paid-up capital. If the reserve decreased, the deduction shall be resumed. The legal reserve may not be distributed to the shareholders. If the reserve exceeded 50% of the Company's paid-up capital, such excess may be used to distribute profits to the shareholders in the years when the Company does not achieve sufficient net profits.

- The General Assembly shall determine the percentage of the net profit to be distributed to the shareholders after deduction of the legal reserve, provided that if the net profits in a year are not enough for distribution, such profits may not be claimed from profits of subsequent years.

- The Directors shall receive a remuneration to be determined by the General Assembly annually, provided that such remunerations shall not exceed 10% of the net profit of the financial year ended after deducting both depreciation and legal reserve.

- The remainder of the net profit or any part thereof shall be distributed to the shareholders, carried out to the next year or allocated for the establishment of an optional reserve as determined by the Board.

- The Company may distribute annual, semi-annual or quarterly profits to the shareholders in accordance with the policy and/or decisions of profit distributions proposed by the Board of Directors and approved by the General Assembly.

- **Total Remunerations of the Members of the Board of Directors for the year 2021.**

  Based on the decision issued by the General Assembly of the company at its meeting held on April 11, 2022, the total remuneration received by the members of the Company's Board of Directors for the fiscal year ending on December 31, 2021 amounted to AED 28,875,000.00 (Twenty Eight Million Eight Hundred Seventy Five Thousand Dirhams). This amount includes the fees for attending the meetings of the committees emanating from the Board of Directors during the year 2021, which total amount of AED 975,000.00 (AED Nine Hundred Seventy Five Thousand)

- **Total proposed remunerations of the Directors for 2022.**

The remuneration to be received by the members of the Board of Directors of the company for the fiscal year ending on December 31, 2022 has not yet been determined. and the report shall be updated as soon as such remuneration is determined and approved by the shareholders in the General Assembly to be held in March 2023.

- **Allowances of Attendance at the Meetings of the Board and its Committees for 2022**

No allowances or remunerations have been released to the members of boards against attendance of the Board's Meeting during 2022. With relation to the allowances for attending the Board Committees' meetings during 2022, the following table indicates the allowances received by the Members of Board against their attendance of the Board Committees' Meetings during 2022 totaling AED 1,150,000.00 (AED One Million One Hundred Fifty Thousand):

Name	Allowances of Attendance at the Meetings of the Board Committees for 2022		
	Committee Name	Number of Meetings	Allowance Value
H.E. Mohamed Khalifa Al Mubarak	Executive Committee	4	200,000.00
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	Executive Committee	7	100,000.00
Mr. Mohamed Hassan Al Suwaidi	Executive Committee	3	75,000.00
Mr. Hamad Salem Mohamed Al Ameri	Executive Committee	3	75,000.00
	Audit, Risk Management & Compliance Committee	2	50,000.00
	Nominations & Remunerations Committee	1	25,000.00
Mr. Khalifa Abdulla Al Romaithi	Audit, Risk Management & Compliance Committee	8	100,000.00
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Audit, Risk Management & Compliance Committee	8	100,000.00
	Nominations & Remunerations Committee	2	50,000.00
Mrs. Sofia Abdellatif Lasky	Audit, Risk Management & Compliance Committee	6	200,000.00
	Nominations & Remunerations Committee	1	25,000.00
Mr. Martin Lee Edelman	Nominations & Remunerations Committee	3	150,000.00
Total			**1,150,000.00**

Remarks:

- Mr. "Hamad Salem Mohamed Al Ameri" acted as a member of the Executive Committee and the Audit, Risk Management and Compliance Committee until April 11, 2022. Whereas, the committees of the Board of Directors were reconfigured according to the resolution issued by the Board of Directors of the company in its meeting No. (03/2022) that was held on April 11, 2022, after the process of electing the Board of Directors of the company according to the resolution issued by the shareholders in the General Assembly that was held on April 11, 2022.

- Mr. "Ali Saeed Abdulla Sulayem Al Falasi" acted as a member of the Nominations and Remuneration Committee until April 11, 2022. Whereas, the committees of the Board of Directors were reconfigured according to the resolution issued by the Board of Directors of

the company in its meeting No. (03/2022) that was held on April 11, 2022, after the process of electing the Board of Directors of the company according to the resolution issued by the shareholders in the General Assembly that was held on April 11, 2022.

- **Allowances, salaries or additional fees that a member of the Board has received other than the committees' attendance allowances and their reasons during the year 2022.**

  The Directors did not receive any additional allowances or salaries during the year 2022.

3.9 Meetings of the Board of Directors

The Board held nine (9) meetings during 2022 to discuss strategic and operational matters related to the Company and to take the necessary decisions thereon. The following table shows the dates of holding these meetings:

Meeting	Date Held
01/2022	09 February 2022
02/2022	08 March 2022
03/2022	11 April 2022
04/2022	27 April 2022
05/2022	16 June 2022
06/2022	29 July 2022
07/2022	07 October 2022
08/2022	27 October 2022
09/2022	14 December 2022

Note:

- In addition to the Board's meetings, the Executive Committee held seven (7) meetings during 2022 to discuss the strategic and operational matters and to submit recommendation thereon to the Board (See clause 6.3 for more information on the Executive Committee). In addition, some decisions were passed by the Board by circulation (see clause 3.10 which explains that).

Attendance of the above-mentioned meetings was as follows:

Director	Meeting 01/2022	Meeting 02/2022	Meeting 03/2022	Meeting 04/2022	Meeting 05/2022	Meeting 06/2022	Meeting 07/2022	Meeting 08/2022	Meeting 09/2022	No. of Personal Attendances
H.E. Mohamed Khalifa Al Mubarak	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Waleed Ahmed Salem Al Moqarrab Al Mehairi	-	✓	✓	✓	✓	-	✓	✓	✓	7
Mr. Mohamed Hassan Al Suwaidi			✓	✓	✓	✓	✓	✓	✓	7
Mr. Khalifa Abdulla Khamis Al Romaithi	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Hamad Salem Mohamed Al Ameri	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Ali Saeed Abdulla	✓	✓	✓	✓	✓	✓	✓	✓	✓	9

Al Falasi										
Mrs. Sofia Abdellatif Lasky			✓	✓	✓	✓	✓	✓	✓	7

Notes:

- Mrs. Maryam Saeed Ahmed Ghobash attended the company's Board of Directors meetings No. (01/2022) and No. (02/2022), which were held on February 09, 2022 and March 08, 2022, respectively, as she was a member of the Board of Directors at that time, and she did not join the membership of the Board of Directors according to the decision issued by the General Assembly meeting of the company's shareholders, which was held on April 11, 2022.
- Mr. "Martin Lee Edelman" attended the company's Board of Directors meetings No. (01/2022) and No. (02/2022), which were held on February 09, 2022 and March 08, 2022, respectively, as he was a member of the Board of Directors at that time, and he did not join the membership The Board of Directors in accordance with the decision issued by the General Assembly meeting of the company's shareholders, which was held on April 11, 2022.
- Mr. "Mohamed Hassan Al Suwaidi" did not attend the company's Board of Directors meetings No. (01/2022) and No. (02/2022), which were held on February 09, 2022 and March 08, 2022, respectively, as he was not a member of the company's board of directors at that time.
- Mrs. "Sofia Abdellatif Lasky" did not attend the company's Board of Directors meetings No. (01/2022) and No. (02/2022), which were held on February 09, 2022 and March 08, 2022, respectively, as she was not a member of the company's board of directors at that time.
- All apologies submitted by the members of the Board for their inability to attend some meetings are considered and taken into account at the beginning of each meeting in accordance with the company's memorandum of association and articles of association and in line with the laws and regulations in force in this regard.
- The attendance of the Directors at these meetings is represented according to this table by their personal attendance, using the modern means/ visual communication (Microsoft Teams App.).

3.10 Resolutions passed by circulation

During 2022, the Board of Directors passed three (3) resolutions by circulation on April 07, 2022, June 01, 2022, and June 07, 2022, taking into consideration the relevant controls stipulated in Article (24) of the Company's Articles of Association and the decision of the Chairman of the Authority No. (03/ر.م) of 2020 on the adoption of the Corporate Governance Manual of Public Joint Stock Companies, where:

- The majority of the Board of Directors agreed that the cases for which the resolutions were passed are considered emergency.
- The Directors have been given the resolutions in writing, with all necessary documents, for review and approval.
- The resolutions passed by the Board were approved in writing by majority, and were presented at the next meeting of the Board to be included in the minutes of such meeting.
- The passed resolutions by circulation shall not be considered as a meeting of the Board of Directors. Therefore, the minimum number of the Board's meetings specified in the Company's Articles of Associations has been complied with (see clause 3.9 which explains that).

3.11 Business Transactions with related Parties

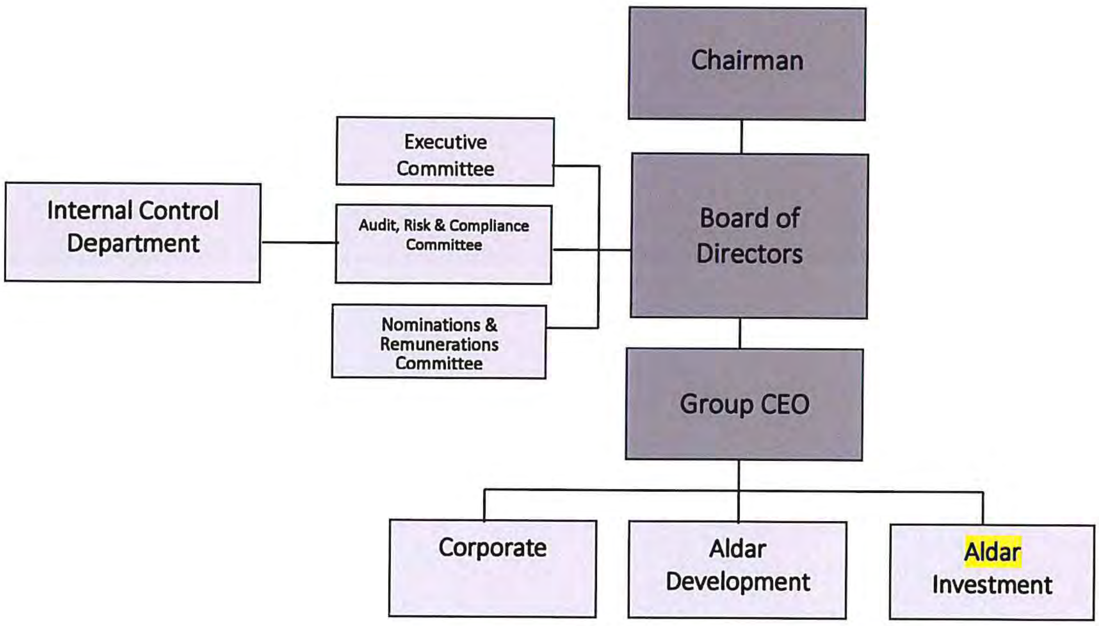
The following table shows the transactions done with related Parties during 2022:

Related Party	Nature (Type) of the Transaction	Transaction Value (in AED Thousand)
Government of Abu Dhabi	Revenue	1,478,909
Government of Abu Dhabi	Other income	11,337
Finance income from project finance	Finance income	7,069
Major shareholder I and its affiliates	Revenue	36,743
Major shareholder I and its affiliates	Other income	-
Finance income from joint ventures:	Finance income	7,553
Banks controlled by the Government	Finance costs	105,432
Banks controlled by the Government	Finance income	52,874

4. Organizational Structure and Executive Management

4.1 Organizational Structure of the Company

Since its inception, Aldar Properties has been developing and implementing an efficient and effective organizational structure at all department and division levels in order to ensure a high-level of coordination and management interaction, and to ensure a high-level of disclosure, transparency and interaction with markets, which is reviewed continuously by the relevant Committees. The following diagram represents the Company's Organizational Structure:



4.2 Executive Management Team

The Executive Management Team (which includes the Group Chief Executive Officer and Executive Officers of its departments and divisions) work according to their authorities specified by the Board of Directors, and within the approved strategic plan. They are responsible for managing the day-to-day operations of the Company and key business issues, in line with the strategic plan framework of the Company. The Chief Executive Officer periodically meets with the Executive Management Team directly. It is worth noted that in the absence of the Group Chief Executive Officer for any reason, the Management Committee shall continue all operations and activities of the Company, as this committee holds its meetings weekly.

The following table shows the Members of the Executive Management Team, their appointment dates, salaries and Remunerations they received during 2022:

Position	Date of Appointment	Total Salaries and Allowances during 2022 (AED)	Annual Remuneration during 2022 (AED)	Entitlement of shares registered for the previous year during 2022 (B)		Any Other Remunerations in cash for 2022 or will be payable in the future (C)
				Employee contribution	Company contribution	
Group Chief Executive Officer	April 15, 2006 (A)	2,738,964.00	Not determined yet	Not determined yet	Not determined yet	Not determined yet
Group Chief Financial & Sustainability Officer	November 1, 2011	2,214,024.00	Not determined yet	Not determined yet	Not determined yet	Not determined yet
Chief Executive Officer - Aldar Investment	April 17, 2016	2,270,952.00	Not determined yet	Not determined yet	Not determined yet	Not determined yet
Chief Executive Officer – Aldar Development	November 01, 2020	2,490,600.00	Not determined yet	Not determined yet	Not determined yet	Not determined yet

Notes:

- A () The Group Chief Executive Officer occupied his position as from November 12, 2017 according to the Board of Directors' decision at its meeting No. (06/2017) held on November 12, 2017, as he was the Chief Development Officer of the Company until that date.
- (B) The report will be updated as soon as a decision is made in this regard.
- (C) The report will be updated as soon as a decision is made in this regard.

4.3 Responsibilities and Authorities of the Executive Management

The Group Chief Executive Officer has the authority to act within the framework of the operational plan and the budget of operating income and expenses discussed and approved by the Board, according to the authorities granted thereto under the Delegations of Authority. The Group Chief Executive Officer may delegate some of his duties to the Executive Management Team, according to the current policies of the Board, Delegations of Authority and legal requirements which determine the powers of such delegation. The validity of responsibilities and duties vested in the Group Chief Executive Officer is three (3) renewable years.

Following are the duties and responsibilities assigned by the Board of Directors to the Group Chief Executive Officer and the Executive Management Members:

A. Leadership, Business Strategy and Management

- Providing integrated management of the Company, including the provision of adequate and comprehensive information about the Company to customers, suppliers, shareholders, financial institutions, employees and media.
- Development of the Company's projects and operations, taking into account the responsibilities of the Company towards its shareholders, customers and employees.
- Raising recommendations to the Board of Directors on the development of performance strategies, operations and day-to-day management.
- Management of the Company in line with the strategies, business plans and policies approved by the Board of Directors.
- Management of operations and daily affairs, taking into consideration the matters on which the Board of Directors reserves the right to decide in respect thereof.
- Ensuring coordination and integration between the Company's divisions and departments, and establishment of institutional culture, Code of Business Conduct, and integrity in the Company, including the matters related to its bids, contracts and other practices.
- Periodic review of the organizational structure of the Company, and making the necessary amendments in this regard.
- Directing the Members of the Executive Management in their daily management tasks, and supervise their performance.
- Consulting the Board of Directors in matters of strategic or sensitive nature, or which are essential matters, to draw the Board's attention to it and take the necessary decisions in respect thereof.

B. Risk Management and Internal Control

- Ensuring compliance by the employees with the Code of Business Conduct.
- Risk Management.
- Effective application and management of all essential aspects of risk management, Internal Control and compliance, to support policies adopted by the Board of Directors.
- Compliance with the legislative and legal requirements of the Securities and Commodities Authority, Abu Dhabi Securities Exchange, and Federal Law-Decree No. (32) of 2021 on commercial companies, as amended.

C. Financial Supervision and Assets Management

- Studying the efficiency and cost effectiveness of all operations of the Company.
- Ensuring the integrity of data, records and financial system.
- Protecting funds and assets managed by the Company, and ensuring the efficient utilization thereof.

- Ensuring the credibility, accuracy and reliability of financial and administrative information related to the Company's activity.

- Development of annual financial statements for approval by the Board of Directors.

- Ensuring that the financial reports of the Company reflect a true and fair financial position of the Company and the results of its businesses and operations.

- Verification of all investments and major expenditure of the Company's capital, and development of appropriate proposals and recommendations thereon and submission thereof to the Audit, Risk & Compliance Committee, the Executive Committee and/or the Board of Directors for approval.

In addition, the Board of Directors instructed to form a number of Management committees, which include a number of Members of the Executive Management Team. The Board has delegated to them a set of authorities and powers that will support and enhance the Executive Management functions, which positively reflects on the daily activities and operations of the Company. Each of these committees shall be subject to a special charter specifying their members and the way of their appointment, their powers, responsibilities, function, the mechanism of action, reporting and periodic performance assessment, etc. Such charters are periodically reviewed by the Board of Directors to ensure the efficiency and effectiveness of these committees. The Board of Directors conducted a comprehensive review of all the charters of these committees at its meeting No. (07/2018) held on November 14, 2018. These committees are as follows:

- **Executive Management Committee**: chaired by the Group Chief Executive Officer and includes in its membership a number of the Members of Executive Management Team. The meetings of the Committee are held on a weekly basis and when necessary. This committee is specialized in ensuring that the Company's practices, business and operational activities comply with the charters and policies adopted by the Board of Directors, and that they are exercised and carried out in a manner that ensures the interest of the related parties, including customers, shareholders, investors, suppliers, employees, etc. In addition, it reviews and follows-up the performance of various divisions, ensures the achievement of key performance indicators and issues the necessary recommendations to the Board and/or its Committees, where necessary, according to the Delegations of Authority, with regard to the framework of governance, Delegations of Authority, policies and procedures applicable in the Company, work plan, the Company's vision, values, objectives, strategy, initiatives and key performance indicators, business environment plans, as well as the Company's needs of human resources and benefits, allowances and incentives granted thereto, in addition to the investment control process adopted by the Company and issues, recommendations and opportunities related thereto, acquisitions and available investment opportunities, matters related to the subsidiaries and joint projects, and other competencies delegated to the Committee from time to time as per the business requirements.

- **Tenders Committees**: It is divided into two committees as follows:

  - **Tenders Committee (A)**: chaired by the Group Chief Executive Officer and includes in its membership a number of the Members of the Executive Management Team. The meetings of the Committee are held on a weekly basis and when necessary.

  - **Tender Committee (B)** is chaired by the Executive Director of Human Resources, Culture and Performance, and it includes in its membership a number of the executive management team, heads of departments and divisions of the company, and the committee holds its meetings on a weekly basis and when necessary

These committees are specialized in following up and considering the activities and practices related to contracts and procurement management and lists of service providers and bidders, making the necessary recommendations regarding the awarding of tenders and commissioning works related to the management of development projects, management of assets and institutional contracts, according to the limits, controls and standards established in the Delegations of Authority, charters and other competencies delegated thereto from time to time as per the business requirements.

- **Investment Committee**: chaired by the Group Chief Executive Officer, and includes in its membership a number of the Members of the Executive Management Team. The meetings of the Committee are held on a weekly basis and when necessary. This committee specializes in the review, approval and/or recommendation (according to the Delegations of Authority) on issues related to the investment control, opportunities and strategic investments of the Company, liquidity issues, and other competencies delegated to the Committee from time to time as per the business requirements.

- **Risk Management Committee**: chaired by the Group Chief Executive Officer, and it includes in its membership a number of the Members of the company's Executive Management Team. The meetings of the Committee are held quarterly and when necessary (see clause 9.0 of this Report for more information on the task and competencies of this Committee).

Members of these committees acknowledge their responsibility for reviewing their work mechanisms and ensuring their effectiveness.

5. External Auditor

Deloitte & Touche was appointed as an external auditor of Aldar Properties for the fiscal year ending on December 31, 2022 under a resolution issued by the Ordinary General Assembly of the Company at its meeting held on April 11, 2022. Deloitte & Touche is considered as one of the leading external audit firms with extensive experience in the field of audit. It is accredited by the Ministry of Economy and operates independently from the Board of Directors and the Executive Management of the Company. Deloitte & Touche has offices in Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah and Fujairah.

The following table shows the services provided by the External Auditor during 2022 and the fees charged for these services:

Name of Audit Firm	Deloitte & Touche
Name of Partner Auditor	Alaa Saleh (Mr. "Alaa Saleh" was appointed as a partner auditor to succeed Mr. George Najem, according to the decision issued by the general assembly of the company's shareholders in its meeting that was held on April 11, 2022.
Name of auditor engagement signing Partner	Mohammad Khamees Al Tah
Number of years spent as an external auditor of the Company	Four Years
Number of years spent by the Partner Auditor in auditing the Company's Accounts	One Year
Total audit fees for the financial statements for the year ended on December 31, 2022 (AED)	792,000.00
Other services provided by the External Auditor during 2022 and fees charged therefore	

Service	Amount (AED)
Audit related services	2,424,518
Other Professional Services	-
Total	2,424,518

In addition, during 2022, Aldar Properties received financial and accounting consultation services conducted by an external auditor other than the appointed external auditor, as follows:

	Company	Amount (in AED Thousand)
1	KPMG Lower Gulf Limited	13,090
2	PWC	10,640
3	BDO	206
4	Ernst & Young	176
5	RAI	122
6	Crowe	8
	Total	**24,241**

The Company's auditor did not submit any reservations regarding the interim and/or annual financial statements of the Company during 2022.

6. Board of Directors Committees

The Board of Directors has formed three (3) Committees to contribute in the implementation of its functions, and has delegated powers and responsibilities to them to ensure the implementation of its decisions. The following are the Board of Directors' Committees:

- Audit, Risk & Compliance Committee.
- Nominations and Remunerations Committee.
- Executive Committee.

Each committee has a charter defining its objectives, responsibilities, structure, framework and reporting mechanism. The charters of these Committees are periodically reviewed, updated and amended to ensure the efficiency and effectiveness of these Committees. The Board has restructured all Committees to ensure the compatibility and alignment of their functions and responsibilities with the decision of the Chairman of the Authority No. (03/ر.م) of 2020 on the adoption of the Corporate Governance Manual of Public Joint Stock Companies. In addition, the Board re-formed these Committees by a resolution issued by the Board of Directors of the company in its meeting No. (03/2022) that was held on April 11, 2022, following the election of the company's board of directors by the shareholders according to the decision issued by the General Assembly in its meeting that was held on April 11, 2022.

6.1 Audit, Risk & Compliance Committee

Mrs. Sofia Abdellatif Lasky, Chairman of the Audit, Risk & Compliance Committee, acknowledges her responsibility for the committee's operational effectiveness and efficiency in accordance with its mandate.

The Audit, Risk & Compliance Committee assists the Board of Directors in discharging its responsibilities with respect to risk management, Internal Control Systems, accounting policies, financial reporting, compliance and internal and external audits. The Audit, Risk & Compliance Committee ensures that the main objectives of the Company are achieved effectively and efficiently, within a tight framework of internal controls, risk management and governance.

The Audit, Risk & Compliance Committee consists of three non-executive independent members. The charter of the Audit, Risk & Compliance Committee requires that all members of the Committee shall be familiar with financial aspects, and at least one of its members shall have experience in accounting and finance. On the other hand, the Chair of the committee shall hold periodic meetings with the Executive Management and the Director of Internal Audit Department to ensure that the members of the Committee are informed of the main issues. The Committee shall also meet with the External Auditor, without the presence of the Members of the Executive Management, as the Committee deems appropriate.

The following are the members of the Audit, Risk & Compliance Committee:

Audit, Risk & Compliance Committee Members	Position
Mrs. Sofia Abdellatif Lasky	Chair of the Committee
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Member
Mr. Khalifa Abdulla Khamis Al Romaithi	Member

Notes:

- The Audit, Risk & Compliance Committee was reconstituted pursuant to the resolution issued by the Board of Directors of the company in its meeting No. (03/2022) that was held on April 11, 2022
- The Audit, Risk and Compliance Committee, in its membership until April 11, 2022, included: Mr. Ali Saeed Abdulla Sulayem Al Falasi, Chair of the committee, Mr. Hamad Salem Mohamed Al Ameri, Member and Mr. Khalifa Abdulla Al Romaithi, Member
- Mrs. Sofia Abdellatif Lasky has been appointed to assume the position of Chairperson of the Audit, Risk and Compliance Committee by a resolution issued by the Board of Directors of the company in its meeting No. (03/2022) that was held on April 11, 2022

The Charter of the Audit, Risk & Compliance Committee defines the responsibilities of the Audit, Risk & Compliance Committee, as follows:

A) Financial Reports

- Considering any significant and unusual items that are or should be included in the annual, semi-annual and quarterly financial reports and statements, paying due attention thereto, discussing them with the Executive Management and the External Auditor, and making recommendations thereon to the Board of Directors for approval.
- Ensuring a mechanism of continuous disclosure to the Securities and Commodities Authority and Abu Dhabi Securities Exchange.
- Ensuring the integrity of the Company's financial statements and reports (annual and quarterly), reviewing them as part of their normal work during the year and focusing in particular on the following:
  - Any changes in accounting policies and practices.
  - Highlighting aspects which are subject to the management's discretion.
  - Significant amendments resulting from the audit.
  - Presumption of business continuity.
  - Compliance with accounting standards established by the Securities and Commodities Authority and Abu Dhabi Securities Exchange.

- Compliance with rules of listing, disclosure and other legal requirements related to financial reporting.

B) Company's Governance

- Supervising and controlling the internal application of the governance framework and ensuring full compliance with the relevant legal and legislative systems.
- Regular periodic review of the Company's management compliance with the governance framework approved and adopted by the Company's Board of Directors.
- Review of the Corporate Governance Report sent annually to the Securities and Commodities Authority and Abu Dhabi Securities Exchange, and making recommendations to the Board of Directors in this regard.

C) Internal Control System and Risks Management

- Appointment of any external party to perform internal audit functions according to the business requirements, determining their fees, considering their resignation and termination applications.
- Periodic review of the Company's Internal Control Systems, to assess their efficiency and effectiveness.
- Discussing the Internal Control System with the Executive Management, evaluating its effectiveness and efficiency in performing its mission and tasks in a manner that contributes to the development of Internal Control Systems of the Company.
- Discussing and reviewing the policies and procedures of the Company with its Executive Management, to ensure performing its mission effectively, in a manner that contributes to the development of such policies and procedures.
- Monitoring and following up the implementation of risk management framework and Internal Control Systems according to its policy and working strategies, assessment and evaluation of efficiency and effectiveness of such policies and strategies by auditing the records and databases, network security and control systems of the operational and strategic units of such departments.
- Reviewing the results of the key audits on Internal Control issues (including fraud cases within the Company).

D) External Auditor

- Development and implementation of the external auditor appointment policy, submission of the report and recommendations to the Board of Directors identifying issues on which it considers necessary to take actions and making recommendations on the steps to be taken.
- Coordinating with the Company's Board of Directors, the Executive Management and the Chief Financial & Sustainability Officer in order to perform its duties. The Committee shall meet with the External Auditor at least once every reporting period.
- Discussing the nature, scope and effectiveness of audits, taking into account their compliance with the approved auditing standards.
- Monitoring and ensuring the independence and objectivity of the External Auditor, and discussing the nature and scope of audits and their effectiveness according to the approved auditing standards.

- Discussing with the External Auditor on the appropriateness of the accounting policies applied in the financial statements.

- Reviewing the performance of the External Auditor, and making recommendations to the Board of Directors in this regard.

- Reviewing the External Auditor's objective and work plan and any essential questions raised by the Auditor to the Board of Directors or the Executive Management on the accounting records, financial accounts or control systems, and ensuring that they have been reviewed and discussed, that the necessary actions were taken thereon, and that responses were timely provided thereon.

- Discussing any problems that the External Auditor may face during his audit, including restrictions that may limit the scope of work or obtaining information needed to complete the work.

- Ensuring coordination between internal and external auditors, availability of resources necessary to manage internal control, and review and control of the efficiency of such management.

E) Internal Audit Department

- Reviewing the activities, resources and organizational structure of the Internal Audit Department, and reviewing and approving its annual audit plan.

- Considering the process of selecting and appointing the Director of Internal Audit Department and the internal audit providers, their resignation or termination.

- Reviewing the reports submitted to the Committee by the Director of the Internal Audit Department and the responses received by the Company's management thereon, ensuring that the findings and recommendations submitted by the Internal Auditor and suggestions and responses issued by the Executive Management have been received and discussed and the necessary actions were taken thereon, and discussing with the Director of the Internal Audit Department on any difficulties encountered in carrying out audit functions such as restrictions on the scope of his work or difficulty in obtaining the information necessary to exercise its responsibilities.

- Evaluating the functioning of Internal audit Department particularly with regard to planning, follow-up and reporting, and evaluating the performance of the Director of the Internal Audit Department and providing him with timely advice and guidance.

- Ensuring that the Internal Audit Department has adequate employees and the appropriate authority and position within the Company.

- Meeting with the Director of Internal Audit Department at least once a year to ensure that there are no outstanding issues.

- Reporting to the Board of Directors on all matters considered by the Committee.

F) Compliance

- Reviewing the employees' compliance with the Code of Business Conduct.

- Managing the appointment, resignation or dismissal of the Compliance Officer.

- Reviewing the appropriateness of practices and procedures for compliance with applicable laws, regulations and systems.

- Reviewing and assessing the:

  - Effectiveness of the compliance system with inclusion and disclosure requirements and other legal and legislative requirements related to the Company's activities (including internal rules, regulations and laws).

  - Developments and updates in legislative and legal systems, which may substantially affect the Company.

  - Efforts made by the Company's Management to ensure compliance with the Code of Business Conduct.

- Obtaining regular updates from the Executive Management (and the General Counsel or the Compliance Officer when required) on compliance matters, as well as investigating and considering issues that affect the integrity of the Company's Executive Management Team, including cases of conflict of interests or violation of the Code of Business Conduct, according to the policies and regulations applicable in the Company.

G) Other Responsibilities and Competencies

- Creating channels of free and open communication between: Audit, Risk & Compliance Committee, External Auditors, Internal Auditors and Company's Management.

- Consideration of any other matters or subjects as directed by the Board of Directors in this regard.

H) Employees' Reports and Disclosures

- Development of policies, procedures and controls that enable the employees to report any potential irregularities in the financial reporting, internal control or other matters in secret, identifying the steps to conduct independent and fair investigations on such irregularities, and conducting periodic reviews of such policies and procedures.

- Assessing the procedures of investigations to ensure the independence and impartiality of investigations.

- Reviewing the investigation procedures taken by the Company's Management in dealing with the reported irregularities, and correcting any deviations therein.

  The Audit, Risk & Compliance Committee, at its meeting No. (04/2013), has reviewed the Company's policy of reporting irregularities, followed up the development and implementation of the relevant regulations to ensure their effectiveness, and submitted a recommendation to the Board of Directors in this regard, which in turn approved it at its meeting No. (06/2013) held on November 6, 2013. This policy is currently reviewed to ensure the application of best standards and practices in this regard.

The Audit, Risk & Compliance Committee held eight (8) meetings during 2022 as follows:

Meeting No.	Date
01/2022	08 February 2022
02/2022	07 March 2022
03/2022	21 April 2022
04/2022	26 April 2022

05/2022	21 July 2022
06/2022	27 July 2022
07/2022	09 September 2022
08/2022	26 October 2022

The above-mentioned meetings' attendees were as follows:

Member	Position	Meeting 01/2022	Meeting 02/2022	Meeting 03/2022	Meeting 04/2022	Meeting 05/2022	Meeting 06/2022	Meeting 07/2022	Meeting 08/2022	No. of Attendances
Mrs. Sofia Abdellatif Lasky	Chair of the committee			✓	✓	✓	✓	✓	✓	6
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Khalifa Abdulla Khamis Al Romaithi	Member	✓	✓	✓	✓	✓	✓	✓	✓	8

Notes:

- Mr. Hamad Salem Mohamed Al Ameri has attended meetings of the Audit, Risk & Compliance Committee No. (01/2022), (02/2022) held on 08 February 2022, and 07 March 2022 respectively, wherein he was a member of such committee at that time.
- Mrs. Sofia Abdellatif Lasky did not attend meetings of the Audit, Risk & Compliance Committee No. (01/2022), (02/2022) held on 08 February 2022, and 07 March 2022 respectively, wherein she was not a member of the Board of Directors or any of its committees at such time.
- All apologies submitted by the committee members for their inability to attend some meetings are considered and taken into account at start of each meeting in accordance with the Company Memorandum and Articles of Association, and in line with the laws and regulations in force in this regard.
- The attendance of the Members at these meetings is represented by their personal attendance, using the modern means/ visual communication (Microsoft Teams App.).

6.2 Nominations and Remunerations Committee

Mr. Martin Lee Edelman, Chairman of the Nomination and Remuneration Committee, acknowledges his responsibility for the committee's system in the company, his review of its work mechanism, and verification of its effectiveness.

The Nominations and Remunerations Committee reports to the Board on human resources management, culture, performance and compensation policies that reflect best practices, and makes recommendations on the succession plans of the Board, taking into account the challenges and opportunities facing the Company and the skills and experiences needed in the future.

The Nominations and Remunerations Committee consists of three (3) independent non-executive members. The Chair of the committee holds periodic meetings with the Executive Management and the Director of Human Resources Department, to ensure that the members of the Committee are familiar with the substantive matters falling within the competencies of the Committee.

The Nominations and Remunerations Committee includes the following members:

Members of Nominations and Remunerations Committee	Position
Mr. Martin Lee Edelman	Chair of the committee
Mrs. Sofia Abdellatif Lasky	Member
Mr. Hamad Salem Mohamed Al Ameri	Member

Notes:

- The Nomination and Remunerations Committee was re-formed pursuant to the resolution issued by the Board of Directors of the company in its meeting No. (03/2022) that was held on April 11, 2022
- The Nominations and Remuneration Committee included in its membership until April 11, 2022: Mr. Martin Lee Edelman as Chair of the committee, Ms. Maryam Saeed Ghobash as a Member, and Mr. Ali Saeed Abdulla Sulayem Al Falasi as a Member.
- Mr. Martin Lee Edelman has been appointed as as Chairman of the Nominations and Remunerations Committee based on the resolution issued by the Board of Directors of the company in its meeting No. (03/2022) that was held on April 11, 2022.

The Charter of the Nominations and Remunerations Committee defines the responsibilities of the Committee as follows:

- Ensuring the independency of the independent members regularly. If the Committee found that a member lost the requirements for independency, it shall present the matter to the Board to take the necessary actions in this regard in accordance with applicable laws and regulations.

- Development of the policy for the granting of remunerations, benefits, incentives and salaries of the Directors and employees, and reviewing it annually. The Committee shall ensure that the remunerations and benefits granted to the Senior Executive Management are reasonable and proportionate to the performance of the Company.

- Identifying the Company's needs of competencies at the level of Senior Executive Management and employees, and the basis of their selection.

- Development, monitor, follow-up and periodically review of the human resource and training policy.

- Development and Approval of the policy and mechanism of nomination for the Board of Directors, organization and follow-up of the procedures for nomination for the Board of Directors according to the applicable laws and regulations.

- Reviewing of the required skills for the membership of the Board of Directors, and preparation of a description of the capabilities and qualifications required for membership of the Board.

- Reviewing of the structure of the Board of Directors and making recommendations regarding changes that may be made to the Board of Directors for approval.

- Any other competencies and functions determined by the Board of Directors from time to time.

Based on the Charter of the Nominations & Remuneration Committee approve by the Company's Board of Directors under the decision issued by the Board of Directors at its meeting No. (07/2013) held on 14 November, 2018, the Board decided that the Nominations and Remunerations Committee shall hold at least one meeting annually to perform its responsibilities and to fulfill its legislative requirements in accordance with the applicable laws and regulations of the Securities and Commodities Authority. Therefore, the Nominations and Remunerations Committee held three (3) meetings during 2022, as follows:

Meeting No.	Date Held
01/2022	08 February 2022
02/2022	02 March 2022
03/2022	17 August 2022

The above-mentioned meetings' attendees were as follows:

Member	Position	Meeting 01/2022	Meeting 02/2022	Meeting 03/2022	No. of Attendances
Mr. Martin Lee Edelman	Chair of the committee	✓	✓	✓	3
Mrs. Sofia Abdellatif Lasky	Member			✓	1
Mr. Hamad Salem Mohamed Al Ameri	Member			✓	1

Notes:

- Mr. Ali Saeed Abdulla Sulayem Al Falasihas attended meetings of the Nominations and Remunerations Committee No. (01/2022) and (02/2022) held on 08 February 2022 and 02 March 2022 respectively,, wherein he was a member of such committee at that time.
- Mrs. Maryam Saeed Ghobash has attended meetings of the Nominations and Remunerations Committee No. (01/2022) and (02/2022) held on 08 February 2022 and 02 March 2022 respectively,, wherein she was a member of such committee at that time
- Mrs. Sofia Abdellatif Lasky did not attend meetings of the Nominations and Remunerations Committee No. (01/2022) and (02/2022) held on 08 February 2022 and 02 March 2022 respectively, wherein she was not a member of the Board of Directors or any of its committees at such time.
- Mr. Hamad Salem Mohamed Al Ameri did not attend meetings of the Nominations and Remunerations Committee No. (01/2022) and (02/2022) held on 08 February 2022 and 02 March 2022 respectively, wherein he was not a member of the Board of Directors or any of its committees at such time.
- All apologies submitted by the committee members for their inability to attend some meetings are considered and taken into account at start of each meeting in accordance with the Company Memorandum and Articles of Association, and in line with the laws and regulations in force in this regard.
- The attendance of the Members at these meetings is represented by their personal attendance, using the modern means/ visual communication (Microsoft Teams App).

6.3 Executive Committee

H.E. Mr. Mohamed Khalifa Al Mubarak , Chairman of the Executive Committee, acknowledges his responsibility for the committee's system in the company, his review of its work mechanism, and verification of its effectiveness.

The Executive Committee plays an advisory role in the Board of Directors. It provides assurance and control of the Company's strategy and sets priorities for projects and performance.

The Executive Committee consists of three (3) independent non-executive members. The Chair of the committee holds periodic meetings with the Executive Management to ensure that the members of the Committee are familiar with the substantive matters.

The Executive Committee includes the following members:

Members of the Executive Committee	Position
H.E. Mohamed Khalifa Al Mubarak	Chair of the committee
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	Member
Mr. Mohamed Hassan Al Suwaidi	Member

Notes:

- The Executive Committee was restructured pursuant to the resolution issued by the Board of Directors of the company in its meeting No. (03/2022) that was held on April 11, 2022
- The Executive Committee was included in its membership until April 11, 2022 Mr. Waleed Ahmed Salem Almokarrab Al Muhairi, Chairman, Mrs. Maryam Saeed Ghobash, member and Mr. Hamad Salem Mohamed Al Ameri, member.
- H.E. Mr. Mohamed Khalifa Al Mubarak was appointed as Chairman of the Executive Committee under the resolution issued by the Board of Directors of the company in its meeting No. (03/2022) that was held on April 11, 2022

The Charter of the Executive Committee defines its responsibilities as follows:

- **In the field of investment strategy and policy adoption:**
  - Supervision of the investment strategy and policies at the Company level.
  - Approval of decisions related to investments and development projects of the Company according to the limits and restrictions prescribed in the Delegations of Authority.
  - Review and approval of the policies and strategies of the development projects and asset management.
  - Approval of the strategy of the Tender and Procurement Department and awarding tenders related to the substantial tenders according to the limits and restrictions prescribed by the Delegations of Authority.
- **In the field of supervision and review:**
  - Review and approval of key performance indexes of the development projects, and following up the level of performance therein.
  - Monitoring the performance of investments and tenders.
  - Review of requirements related to the need to increase the capital, and making appropriate recommendations in this regard.
  - Review of the effects of investments.
  - Review of the main objectives and key financial ratios established by the competent Management committees.

The Executive Committee held seven (7) meetings during 2022 as follows:

Meeting	Date
01/2022	20 January 2022
02/2022	07 February 2022
03/2022	07 April 2022
04/2022	30 May 2022
05/2022	13 June 2022
06/2022	01 July 2022
07/2022	25 November 2022

The above-mentioned meetings' attendees were as follows:

Member	Position	Meeting 01/2022	Meeting 02/2022	Meeting 03/2022	Meeting 04/2022	Meeting 05/2022	Meeting 06/2022	Meeting 07/2022	No. of attendance
H.E. Mr. Mohamed Khalifa Al Mubarak	Chair of the committee				✓	✓	✓	✓	4
Mr. Waleed Ahmed Salem Almokarrab Al Muhairi	Member	✓	✓	✓	✓	✓	✓	✓	7
Mr. Mohamed Hassan Al Suwaidi	Member				✓	-	✓	✓	3

Note:

- Mr. "Hamad Salem Mohamed Al Ameri" attended the Executive Committee meetings No. (01/2022), No. (02/2022) and No. (03/2022), which were held on 20 January 2022, 07 March 2022, and 07 April 2022 respectively, where he was a member of the committee at that time.
- Mrs. "Maryam Saeed Ghobash" attended the Executive Committee meetings No. (01/2022), No. (02/2022) and No. (03/2022), which were held on 20 January 2022, 07 March 2022, and 07 April 2022 respectively, where she was a member of the committee at that time.
- H.E. Mohamed Khalifa Al Mubarak has not attended the Executive Committee meetings No. (01/2022), No. (02/2022) and No. (03/2022), which were held on 20 January 2022, 07 March 2022, and 07 April 2022 respectively, where he was not a member of the committee at that time.
- Mr. Mohamed Hassan Al Suwaidi has not attended the Executive Committee meetings No. (01/2022), No. (02/2022) and No. (03/2022), which were held on 20 January 2022, 07 March 2022, and 07 April 2022 respectively, where he was not a member of Board of Directors or any of its committees at that time.
- All apologies submitted by the committee members for their inability to attend some meetings are considered and taken into account at start of each meeting in accordance with the Company Memorandum and Articles of Association, and in line with the laws and regulations in force in this regard.
- The attendance of the Members at these meetings is represented by their personal attendance, using the modern means/ visual communication (Microsoft Teams App).

7.0 Insider Affairs Committee, and the Policy of Trades of Insiders and Members of Board of Directors in the Company's Share

7.1 Trading Policy of Insiders

The Board of Directors has developed a policy of insiders in the Company's shares in accordance with the decision of the Chairman of the Authority No. (03/ر.م) of 2020 on the adoption of the Corporate Governance Manual of Public Joint Stock Companies. This policy enables the Board of Directors and the employees to fulfill their legal obligations when they have material information that may affect the Company's shares price in the financial market. It includes a breakdown of the controls regulating to the trades of the insiders, and sets limits on the securities issued by Aldar Properties.

This policy prohibits trading if there is a reasonable possibility of exploiting undisclosed or unpublished information related to the business of the Company and if it has an effect on the trading price. This policy applies to the Board of Directors, Executive Management and all employees who have access to material information and data. It is worth mentioning that the Company is fully committed to conduct a periodic review of the list of its insiders and to update it through the Abu Dhabi Securities Exchange website (the latest update was in December 2022) in line with the Company's strategic and operational projects and plans.

Under this policy, trading by insiders in the Company's shares is prohibited during the trading prohibition periods imposed by Securities and Commodities Authority and Abu Dhabi Securities Exchange. The Members of the Board of Directors, Executive Management and employees of the Company and the subsidiaries shall inform the Market Department before submitting their applications to Abu Dhabi Securities Exchange for insider trading, regardless of the value and type of the transaction (sale or purchase).

Aldar Properties reserves the right to prohibit or restrict any trading if it considers that there is a possibility of exploitation of unpublished (undisclosed) information in respect of the Company's business, which may affect the trading price of the shares. In addition, an additional prohibition period may be imposed, during which no trading by insiders is allowed, whether they are Members of the Board of Directors, Executive Management or employees of the Company or its subsidiaries, such as the prohibition period that took place in conjunction with the period spent in the acquisition negotiations by Aldar Properties of the Sixth October For Development & Investment Company (SODIC), the prohibition period that took place in conjunction with the period spent in negotiations and discussions of the acquisition of a number of assets of Development and Tourism Investment Company and ither prohibition periods that took place in conjunction with the other essential deals and transactions experienced by the company.

The Members of the Board of Directors are aware of their commitments regarding the requirements for disclosure of their trading in the Company's shares, and are committed to all requirements prescribed by Securities and Commodities Authority and Abu Dhabi Securities Exchange.

7.2 Committee of Insider Affairs and Trading in the Company's Share and Securities and its Duties

In implementation of the decision of the Chairman of the Authority No. (03/ر.م) of 2020 on the adoption of the Corporate Governance Manual of Public Joint Stock Companies, the Management of the Company assigned the affairs of insiders and their trading in the Company's shares and securities to a specialized Department of the Company. In addition, the Management of the Company identified the duties and competencies of such Department represented in the following:

- Development of a special and integrated record that includes the insiders' names and details, including persons who may be considered as temporary insiders and those who have access to the Company's internal information prior to publication. The record also includes the prior and subsequent disclosures of the insiders.

- Management, follow-up and supervision of the insiders' transactions and ownerships, and maintaining their record.

- Quarterly review of the records and lists of the insiders for continuous update, and consultation with the Executive Management on any updates required to such records and lists according to the requirements of the business of the Company.

- Submission of periodic reports and statements to Securities and Commodities Authority and Abu Dhabi Securities Exchange.

- Ensuring continuous update of the list of insiders on the Abu Dhabi Securities Exchange website, and making any updates to such list as soon as it occurs.

- Continuous communication with the insiders, and raising awareness of their trading in the Company's shares and securities, including informing and reminding them of the trading prohibition periods, according to the regulations and rules prescribed by both the Securities and Commodities Authority and Abu Dhabi Securities Exchange, to ensure compliance therewith and avoid committing any violations.

- Periodic review of the insider trading policy, and raising recommendations on any amendments thereto to the Board for approval on time.

- Any other competencies or tasks delegated to the Committee from time to time by the Board of Directors of the Company.

During the year 2022, the Concerned Department reviewed the Charter governing its work and regulating its competencies and responsibilities. In addition, the Department reviewed the insider trading policy to ensure that it complies with the applicable laws and regulations. The Department plays an important and effective role in managing the insiders affairs and raising awareness among them, by educating them with the controls and procedures that govern them and the internal and organizational policies and charters to which they are subject, and informing them of the trading prohibition periods imposed by the relevant authorities and the need not to directly or indirectly exploit any internal or material information for personal interest by trading in the Company's securities. Furthermore, the Department continuously works and coordinates with Abu Dhabi Securities Exchange to ensure the continuous update of the Company's insiders list through the eservices of the Abu Dhabi Securities Exchange, ensuring continuous compliance with the applicable laws and regulations.

Please refer to clause (2) of this Report.

8.0 Internal Control System

8.1 Board of Directors' Responsibility for the Internal Control System

As explained in clause (3) of this Report, the Board of Directors is responsible for supervision of the Company's Internal Control System and reviewing its adequacy, effectiveness and efficiency. In addition, the Board formed the Audit, Risk & Compliance Committee and the Internal Audit Department to contribute to the performance of governance responsibilities that fall under its responsibility, with regard to the Risk management and the Internal Control Systems. In addition, the Board of Directors authorized and delegated the Audit, Risk & Compliance Committee to be the functionally responsible for the Internal Audit Department under an official authorization issued by the Board of Directors in this regard. The results of such authorization shall be presented to the Board according to the regulations and legislation prescribed by the Securities and Commodities Authority, which contributes to increase the effectiveness of this Department, and thus reflected positively on the Board of Directors in exercising its authorities and responsibilities.

8.2 Head of Internal Audit Department

The Internal Audit Department is headed by Mr. Haider Najim pursuant to a decision issued by the Board of Directors at its meeting No. (05/2013) held on August 06, 2013. Mr. Haider Najim conducts internal audits and reviews independently and regularly. In addition, he advises the Executive Management to ensure the effectiveness, improvement and development of the Company's internal control and governance processes. Mr. Haider Najim has over 24 years of experience in auditing, operations, compliance and auditing of irregularities. It is worthy noted that Mr. Haider Najim holds a bachelor's degree in commerce from McGill University, Montreal, Canada. In addition, he is a Certified Public Accountant (CPA) licensed by the State of Delaware in USA, and obtained the certificate of "Certified Internal Auditor (CIA)" and "Certified Fraud Examiner (CFE)".

8.3 Compliance Officer

The Compliance Officer has been appointed by virtue of a decision issued by the Board of Directors. He is responsible for ensuring compliance by the Company and its employees with the issued laws, regulations and decisions, as well as other internal policies and measures. This step was under the decision of the Chairman of the Authority No. (03/ر.م) of 2020 on the adoption of the Corporate Governance Manual of Public Joint Stock Companies.

The Director of Internal Audit Department, Mr. Haidar Najim, undertakes the functions of the Compliance Officer of the company by virtue of a decision issued by the Board of Directors at its meeting No. (04/2020) held on August 12, 2020. (Please refer to paragraph 8.2 hereof to see an overview of Mr. Haider Najim).

8.4 Company's Dealing with Material Issues or Problems Disclosed in the Annual Accounts and Reports

The Board of Directors has established standards and principles of internal control in the Company, which aim at providing objective, independent and reliable advice, as well as providing an ideal environment for internal control that meets the requirements of the Board of Directors and contributes to enhancing the role of the Board of Directors, the Audit, Risk & Compliance Committee and the Executive Committee, in order to contribute to the proper performance of their duties, functions and responsibilities. It should also be noted that the responsibilities of the Internal Audit Department are governed by the Charter approved by the Audit, Risk & Compliance Committee and the Board of Directors, in accordance with the decision of the Chairman of the Authority No. (03/ر.م) of 2020 on the adoption of the Corporate Governance Manual of Public Joint Stock Companies. This charter is the policy through which the Internal Audit Department operates, and contributes to achieving the objectives of the Company and keeping up with its aspirations.

The Internal Audit Department reports to the Audit, Risk & Compliance Committee and, as mentioned above, works under its supervision, which enables it to operate independently and objectively, and allows it to distinctively interact with the Group Chief Executive Officer and the Executive Management Team, making it easier to identify the performance improvement initiatives and business development, as well as providing guarantees that the Company's objectives are effectively achieved. To ensure a high degree of independency in the Internal Audit Department's implementation of its activities and performance of its duties, the Head of Internal Audit Department communicates directly with the Members of the Board of Directors. Functionally, he is accountable to the Audit, Risk & Compliance Committee. Administratively, he is accountable to the Group Chief Executive Officer.

When the Company faces certain material issues, urgent matters or issues disclosed in the annual financial statements or any other means of disclosure; the role of the Internal Audit Department in this regard is as follows:

- Inclusion of such issues and matters into the audit planning phases.
- Providing advice and advisory services (as necessary) to contribute to the identification and resolution of such issues and matters.
- Ensuring systematic follow-up of steps and actions taken to address such issues and matters.
- Submission of periodic reports to the Board of Directors and the Audit, Risk & Compliance Committee on the development of such issues and matters.

8.5 Reports issued by the Internal Audit Department of the Company's Board of Directors.

The Internal Audit Department carries out its activities and tasks entrusted to it - under the direct supervision of the Audit, Risk & Compliance Committee - in an effective and constructive manner, which contributes to creating an ideal work environment characterized by agreement, effectiveness, compliance, discipline, efficiency in performance and productivity, and encourages attracting qualified professional staff with expertise and efficiency. And the Internal Audit Department prepares its reports according to the internal audit standards and in accordance with the applicable laws and regulations, where this department exercises its duties with integrity and impartiality without any interference or influences that may affect the quality and efficiency of its reports, and the Internal Audit Department reports to the Audit, Risk & Compliance Committee regularly (and when necessary) to present, discuss and submit a recommendation in this regard to the Board of Directors to take the appropriate decisions in respect thereof. It is worth noting in this regard that the Internal Audit Department prepared and presented 17 reports to the Audit, Risk Management & Compliance Committee and the Board of Directors during the year 2022, including the auditable business units with the company, and the necessary decisions have been issued in respect thereof.

9.0 Risks Management

Aldar considers that effective risk management is a good management practice. The Company is committed to providing a risk management system to protect shareholders' investments, the rights of the stakeholders, the assets of the Company, and the prevention of violations of the applicable laws and regulations. The Board of Directors is responsible for approval of the risk management policy, determining the risk tolerance and reviewing the effectiveness of risk management. The Risk Management Committee applies, in direct coordination with the Executive Management and the Audit, Risk & Compliance Committee, the framework of risk management in the Company, and ensures the continuity of the effective performance thereof. The Committee provides advice to the Board of Directors regarding the efficiency and effectiveness of risk management activities and efforts. In addition, the Audit, Risk & Compliance Committee enhances the role of the Board of Directors in fulfilling its obligations and duties related to risk management, in accordance with a decision issued by the Board of Directors at its meeting No. (04/2013) held on July 1, 2013, under which the Risk Management Committee shall be an administrative subordinate of the Audit, Risk & Compliance Committee, as expressly stated in the Charter of the Audit, Risk & Committee and the

Charter of the Risk Management Committee, approved and adopted at the above-mentioned Board's meeting.

The Risk Management Committee has established special risk management standards, developed a risk record, and adapted them to conform with the highest standards in this field. Risk management system ensures consistency of methods of assessing, controlling and communicating risks, and ensures that management efforts are consistent with the strategic objectives and business of the Company.

The Risk Management Policy of Aldar Properties is one of the most important components of the risk management system. A Risk Management Committee was established in 2013 to serve as an Management committee, of which functions are as follows:

- Identification and assessment of risks that may face the Company's business.
- Considering the practices of mitigation of current risks.
- Development of the Company's risk management framework, which includes:
    - Risk identification and assessment
    - Risk register
    - Determining risk tolerance
    - Prioritization of risks
    - Risk mitigation and management
    - Supervision, follow-up and reporting

This Committee is presided by the Group Chief Executive Officer, and includes members of the Executive Management. The Committee held three (3) meetings during 2022. The Risk Management Committee also:

- Reviewed and discussed the Charter of the Risk Management Committee.
- Strengthened the Risk Management Framework.
- Developed and updated the Company's risk register and identified the Company's strategic directions in this regard.

In addition, the company appointed Mr. Abdul Rahman Al-Bishri to undertake the task of the risk management officer. AbdulRahman Al Beshri is a versatile and result-oriented leader with over 11 years' experience in Internal Audit, Risk Management, Business Continuity and Customer experience centricity in the Real Estate, Asset Management and Facility Management industries. AbdulRahman Al Beshri is a Graduate of Government Youth Leadership Program (Youth Batch) in 2019, Masters Graduate with Honours & Distinction in Finance & Accounting in 2016 and Bachelors Graduate with Honours & Distinction in Accounting in 2011. In addition to the above, AbdulRahman is a EFQM Excellence Assessor from the European Foundation for Quality Management, Brussels, Belgium and an ISO 22301:2012 BCMS lead auditor certified.

10.0 Communication with Shareholders

The Company applies a market disclosure policy, based on corporate governance standards and related requirements and procedures aimed at providing all shareholders and investors in the market with accurate information in a timely manner. The policy adopted by the Management of the Company shows the actions that the Board directed to implement and is keen to adhere to, to ensure continuous compliance and disclosure according to the requirements of Securities and Commodities Authority and Abu Dhabi Securities Exchange.

In addition, as the Company is keen to apply the highest degree of disclosure, transparency and reliability in the information disclosed, only the following position holders are authorized to disclose any public statements on behalf of the Company, or any other statements attributable thereto:

- Chairman and Members of the Board of Directors.
- Group Chief Executive Officer.
- Executive Management Team.
- Company Secretary.

From time to time, the Company holds meetings with analysts and investors to provide them with the necessary information. In such cases, no information shall be disclosed unless it was disclosed to the market previously or at the same time. Aldar Properties does not make any comments about market expectations or rumors, unless they are related to an official question issued by regulatory bodies such as the Securities and Commodities Authority and Abu Dhabi Securities Exchange.

The General Assembly is the primary opportunity for shareholders to meet face-to-face with the Board of Directors and Executive Directors. The shareholders receive notices of the meetings, specifying the time and place of the meeting, in addition to the subjects on the agenda of this meeting. The notice is accompanied by a form of power of attorney and instructions on how to fill it in an envelope sent by the Company to the shareholders by registered mail, in order to encourage as many shareholders as possible to participate in the meeting.

During the meetings, the attendees are given the opportunity to ask questions, and the chairman of the meeting shall discuss as many issues and subjects as possible during the available time. The members are encouraged to be present after the meeting to discuss with shareholders. In addition, the External Auditor shall attend the General Assembly meeting to answer any questions raised.

In addition, and as an embodiment of the company's keenness to communicate effectively with shareholders, during the year 2022, the process of electing the nominated members of the Board of Directors to take over the management of Aldar Properties PJSC took place as of the date of the General Assembly, which was held on April 11, 2022 by following all procedures and requirements that allow the shareholders to obtain basic and important information that helps them choose their candidate for membership of the Board. Information about the candidates and their CVs has also been published on the Abu Dhabi Securities Exchange website and the company's website, and the Securities and Commodities Authority has been contacted regarding all matters relating to this, and its approval of these procedures has been obtained and adherence to the timetable set by it, which determines the procedures of this process.

11.0 Code of Business Conduct

The success of the Company depends on its reputation in implementing projects, integrity in its dealings and professional ability. It adheres to the highest standards of professional and legal conduct, taking into consideration all applicable laws and regulations in conducting its business.

Professional and ethical conduct is a duty and commitment for the Board of Directors and the employees, and an integrated part of their working method. The required conduct is summarized in the Company's Code of Business Conduct applied by the company and approved by the Board of Directors. It should be noted that the Board of Directors, at its meeting No. (06/2013) held on November 6, 2013, has reviewed and approved this Charter. This policy is currently reviewed to ensure the application of best standards and practices in this regard.

12.0 Employees Disclosure Mechanism

In accordance with the Code of Business Conduct, the Company has developed a disclosure policy for employees, in enhancing its commitment to ensure that the employees are able to disclose their fears and concerns about any inappropriate conduct without being subjected to persecution, harassment or discrimination, as well as to ensure confidentiality of investigations. The Audit, Risk & Compliance Committee at its meeting No. (04/2013) held on November 6, 2013, has reviewed the Whistleblower Policy, as stated in paragraph (H) of clause (6.1) above.

This disclosure mechanism allows the employees to express their concerns in a responsible and confidential manner, without disclosing their personal data (as they wish), without fear of being subjected to retaliation. In addition, the Company takes appropriate measures to independently investigate any matters relating to this mechanism.

13.0 Conflict of Interests

The Company requires the Directors and Senior Executives to report any conflict of interests that may be involved in their acts and to refrain from participating in discussion of or voting on such matters whenever necessary, in addition to the general guidelines contained in the Company's Articles of Association, Code of Business Conduct and the Charter of the Board of Directors, in accordance with the decisions, laws and regulations issued by the Securities and Commodities Authority and other regulatory and legislative bodies. A series of procedures for compliance with laws with regard to conflict-of-interest management have been developed. The Company urges the Directors to raise any issue that may lead to a conflict of interest before the Chairman and the Directors.

14.0 Violations committed by the Company during 2022

The Company did not commit any material violations with respect to the regulations during the year ended on December 31, 2022.

15.0 Company's Sustainability and social responsibility

Aldar's Sustainability Journey

Across the Group we are involved at every stage of the real estate value chain and we aim to embed sustainability all the way along – from making it a core part of our master planning to pioneering green building design, supporting our supply chain in using more environmentally-friendly materials, conducting sustainability assessments of new acquisitions, and improving our assets, for example through our retrofitting project.

Sustainability experts across the Group oversee our sustainability framework and implement our strategy prioritising high-level strategic initiatives such as our Net Zero Plan. Our commitment, the foundation we have created for delivering on it, and the tools we are developing to help us succeed all align strongly with national and international priorities.
Our focus is to generate long-term stakeholder and shareholder value. We will continue to strengthen our ESG performance, demonstrate leadership and implement best practice throughout our organization.

Key highlights of 2022 include:

ENVIRONMENT

- In 2022 we finalized the Aldar Net Zero Plan. Our contribution to the decarbonisation of the real estate sector in the Middle East. The Plan sets out a clear path ahead for Aldar and our partners in both the public and private sectors. Our aim is to make Net Zero a reality in our region.
  - Net zero scope 1 & 2 emissions by 2030
    - 90% reduction in scope 1 and 2 emissions

    - 45% reduction in scope 3 emissions intensity
  - Net zero scope 1, 2 & 3 emissions by 2050
    - 97% reduction in greenhouse gas emissions
- In 2021 we launched a portfolio-wide energy management project including hotels, education, commercial, retail and residential buildings, and we expect to reduce our energy emissions by 20% with a total investment of AED 64 Million. The retrofit work was completed in December 2022, and we look forward to reporting in 2023 on the energy savings and associated reductions in carbon emissions achieved for these assets.
- In mid-2022, we built on the initial scope of the energy retrofit project, announcing an additional investment of AED 25 million into energy retrofit projects across 13 of our residential communities. This will reduce utility consumption for owners and tenants as part of our ongoing effort to make our communities more energy efficient and environmentally friendly.
- In 2022, 95% of electricity and chilled water in Aldar controlled areas was procured from clean energy sources through Clean Energy Certificates (CECs) sold by Emirates Water and Electricity Company.
- As a key part of achieving our Net Zero targets, we have updated our design guidelines. Since September 2022, all our new developments are designed based on Net Zero to ensure both embodied and operational lifecycle carbon emissions are reduced. Additionally, all new developments implement a carbon pricing process.

SOCIAL

- Women represent 39% of our direct employees (a 5% increase compared to 2021) and held 26% of senior and middle management positions (a 4% increase compared to 2021).
- 41% UAE Nationals within our direct employees. In 2021 we pledged to create employment opportunities for 1,000 UAE nationals over the next five years in line with the ambitious Emiratisation goals set out in the UAE's 'Projects of the 50' initiative. In 2022 we have achieved the annual target of 200 UAE nationals trained or upskilled within our workforce.
- 100% of our general contractors have demonstrated an improvement in employment practices related compliance since their initial onboarding thanks to our worker welfare program. 84% accommodation facilities have demonstrated an improved in compliance against our checklist since their initial assessment.
- Following the AED 300 million Sustainability-Linked Loan signed with HSBC in 2021, in 2022 we have entered in another agreement with Standard Chartered Bank for a 500 mn sustainability-linked loan. The five-year term sustainability-linked loan includes a mechanism to adjust Aldar's interest margin annually in line with achievement of targets on energy and water intensity, waste recycling and worker welfare.

GOVERNANCE

- ESG Ratings Improvement:
  - Aldar achieved an improved Sustainalytics ESG Risk Rating of 16.1 in 2022 compared to 16.6 in 2021
  - Aldar's 2022 MSCI's ESG Rating upgraded to 'BBB' from 'BB' in 2021
  - S&P Dow Jones Sustainability Index saw Aldar score 60 points in 2022 compared to 58 points in 2021
- We have published a total of 20 policies that define our approach towards good governance and sustainability-related topics.
- In 2022, we joined the Science Based Targets initiative (SBTi)'s Expert Advisory Group, making it the first Middle Eastern company to advise SBTi on a science-based net-zero target-setting for real estate and construction companies around the world.

Our Corporate Social Responsibility

At Aldar, we aim to leverage our people and community efforts towards solving real social and environmental challenges that affect residents and visitors, employees and other stakeholders. We aim to deliver positive impacts for all, creating and shaping communities that thrive now and into the future. In this way, we play a vital role in supporting Government initiatives, including Abu Dhabi's 2030 Vision, the UAE's Vision 2021 and 2030, Ghadan 21, the national Climate Change Plan and the UAE Green Agenda.

The Company's social responsibility policy is implemented by focusing on the following aspects:

- Governance - through the Code of Business Conduct and accountability.
- Employees - by developing our employees, focusing on their wellbeing, and creating an ideal working environment.
- Environment – by the management of the impact of the Company's operations on the environment.
- Suppliers – by working with a group of experienced suppliers and service providers to enhance the Company's social responsibility.
- Customers - by providing them with expertise and added value.
- Community – by supporting and investing in impactful programmes through strategic partnerships that impact our communities in UAE and beyond.

Through its social responsibility, the Company aims at creating sustainable value for shareholders, employees, suppliers, customers, business partners and the communities in which it operates. In 2022 we have invested an average amount of AED 42 Million in our CSR programmes.

A Summary of Aldar CSR Activities of the year 2022 is as follows:

At Aldar we are driven by challenges and passion for positive impact, being part of a group that is a community developer, a retail and lifestyle designer, an educator and an investor at the same time, collectively those industries hold tremendous potential for making a dent in social challenges and set the bar for the private sector nationally.

In 2022, we redefined the way we do CSR, introducing a new CSR strategy and an investment model built on a revamped framework.
We put strategic collaborations at the heart of our approach to create positive social and environmental impact for happy and healthy, inclusive and accessible, resilient and innovative communities across the UAE and beyond.

Our three focus areas (live, belong & sustain) inform and guide our CSR decision making, investments and targets. We do so by assessing our impact with our partners, as well as surveying our customers, communities, people and residents.

- **Live:** We are focused on promoting a **healthy and happy society** for all by improving the overall quality of life of communities in the UAE and beyond.
- **Belong:** We are committed to shaping an **inclusive and accessible economy** that embraces diversity, promotes inclusion, and fosters a sense of belonging.
- **Sustain:** Our goal is to build **resilient and innovative communities** by implementing solutions to achieve outcomes that respect the UAE's dynamic ecosystem, promote the country's transformation into a knowledge-based society and encourage Emiratization in the workforce.

Live: Promoting Healthy and Happy Living

We are focused on promoting a healthy and happy society for all by improving the overall quality of life of communities in the UAE and beyond. At Aldar, we believe that we have a duty to make a difference and give back to society by providing access to fundamental necessities. Through strategic partnerships, Aldar identifies areas of development, then implements programmes that meet them.

Today, Aldar continuously supports and nurtures highly effective initiatives that provide access to housing, safety, healthcare, and education, as well as programs that improve worker welfare and build relationships between individuals within communities.

As a corporate citizen, Aldar is committed to supporting initiatives that provide access to housing, safety, healthcare, and quality education for all, ensuring that every essential human need is met.

- Launched in 2022, Thrive Scholarship Programme was created to support children from low-income families, offering access to quality education at Aldar Education's learning institutions. This programme aims to change the lives of students, allowing them to gain academic qualifications, build connections, and thrive in a school environment.

We aim to cultivate a culture that encourages connectivity, relationship building, and familial bonding to support happy families within healthy communities.

- As part of a Memorandum of Understanding with the Family Care Authority – Abu Dhabi, Aldar is working with government agencies to continue to improve and enhance the community lifestyle offering of facilities, amenities, and initiatives in the current and future residential community developments in order to enhance the wellbeing of families.
- Bedayat: in partnership with Tanfees, Early Childhood Authorities and Ma'an, Aldar has invested in an impact bond that aims to support families going through a divorce, the program has many objectives, including but not limited to parents mental health, children' wellbeing and development and raising awareness around healthy co-parenting methods.
- Aldar sponsors the UAE Team Emirates, the UAE's competitive road cycling team. The three-year sponsorship agreement is in line with Aldar's social responsibility efforts by advocating for healthy and sustainable living across its communities.

We strive to ensure that the well-being of our employees is at the forefront of our priorities and our work environment meets all global health and safety standards.

- Aldar consistently ranks among the top 10 "Great Place to Work" in the UAE because we constantly strive to enhance the wellbeing of our employees and build their careers through upskilling programs.
- As part of its commitment to the health and safety of its people, Aldar upholds 10 principles of Worker Welfare, which are based on ILO Fundamental Conventions and other recognised international frameworks, including the SDGs and the Dhaka Principles of the Institute of Human Rights and Business.
- The Butterfly Foundation: Aldar is a member of the Inclusive Employment Ecosystem based in Abu Dhabi and supported by Ma'an, the initiative brings together private sector employers to learn and share good case practices around inclusive employment.

Belong: Inclusive & Accessible Economies

We are committed to shaping an inclusive and accessible economy that embraces diversity, promotes inclusion, and fosters a sense of belonging. As a corporate citizen, Aldar is conscious of its responsibility to enrich and create communities that are welcoming to all.
Given our proximity to society, we understand the necessary role we need to play in helping underdeveloped communities. As such, we proactively cater to special needs, support important causes and engage with people to encourage a cohesively diverse culture.

Aldar strives to embed diversity and inclusion principles across assets through the development of accessible communities suitable for everyone's need.

- In collaboration with Zayed Higher Organization for people of determination, we introduced 'The Quiet Room' at Yas Mall, an exclusive place for visitors with autism. Aldar has also designed sensory gardens in the Noya development, offering people an alternative well-being space.
- In partnership with Emirates Council for Rural Development (ECRD), Aldar pledged to commit AED 30 million to ECRD, as well as provide technical expertise and other services, to support the development of communities in rural regions throughout Ras Al Khaimah, Dubai, and Abu Dhabi.

Aldar seeks to empower People of Determination by providing access to jobs and supporting initiatives that aim to realise their dreams.

- In partnership with Zayed Higher Organization, Aldar signed a Memorandum of Understanding with Zayed Higher Organization to enhance opportunities and accessibility for people of determination in Aldar and across our retail, hospitality, residential, and commercial assets. Additionally, in 2022, Aldar hosted the Zayed Higher Organization Market at Aldar Square, providing a platform for People of Determination to showcase their well-designed and hand-crafted products. The initiative aims to provide employment opportunities to enable more economic inclusion and financial independence for People of Determination.

- As an official partner of Special Olympics UAE, we are collaborating to implement enrichment programmes to nurture and empower people of determination, as well as providing the organisation with office space and support services for their day-to-day operation. Furthermore, as sole education partner with Special Olympics, Aldar Education facilitates the implementation of its Unified Robotics Programme in its schools.

Aldar believes in extending a helping hand to those in need and providing support to relief campaigns for crises.

- In July 2022, following the flood in Fujairah, Aldar partnered with many entities and organised a comprehensive relief campaign consisting of 270 volunteers from across Aldar, providing aid and relief to the victims of the incident. This included deep cleaning homes, producing damage assessment reports, repairing infrastructure, conducting MEP work, graveyard rehabilitation and providing supplies to families in need.

- Emirates Red Crescent: in partnership with the RCUAE, Aldar is participating in 2023 winter campaign.

Sustain: Resilient and Innovative Communities

Our goal is to build resilient and innovative communities by implementing solutions to achieve outcomes that respect the UAE's dynamic ecosystem, promote the country's transformation into a knowledge-based society and encourage Emiratization in the workforce.

As we continue our journey to shape a brighter future for all, Aldar aims to further enhance and elevate the lifestyles of individuals, families and communities. We also strongly believe that we must protect the biodiversity of the planet and our respect for Abu Dhabi's rich nature has always been embedded in our approach to all our operations.

Our social impact strategy's foundation is based on empowering social enterprises that impart significant social impact in the UAE. We also encourage research and development to support the country's transformation to a knowledge-based society.

- As an official strategic partner of Sandooq Al Watan (the UAE National Fund), one the world's largest social initiatives, Aldar has invested a total of AED 155 million to fund the organisation social impact efforts. Through this partnership, we have supported local research projects focused on solving environmental and social challenges, supporting local entrepreneurs, and upskilling and developing young local talent through customised programmes.

Aldar is committed to forging partnerships with expert organisations in an effort to protect the UAE's biodiversity through the adoption of a "nature-first" policy. This ensures the preservation of natural habitats and the maintenance of ecological balance.

- In partnership with the Environment Agency – Abu Dhabi and other NGOs, Aldar has enabled numerous monitoring and protection programs to preserve the UAE's diverse local biodiversity:
- In 2022, Aldar partnered with the Environment Agency – Abu Dhabi to carefully relocate gazelles to Al Faya Wildlife Holding Facility, a secure and open location, where the gazelles can roam freely and safely.

  Volunteer programs: a variety of volunteering opportunities are provided to our employees through the partnerships we cultivate within the third sector. Examples are

16.0 General Information

16.1 Company's Share Performance during 2022

Trading in the Company's shares witnessed strong activity during the year 2022. The following table provides an overview of the Company's share price at the end of each month of the year ended on December 31, 2022:

Date	Opening (AED)	Highest Price (AED)	Lowest Price (AED)	Closing (AED)	Quantity (Share)	Value (AED)	No. of Transactions	Change	
								AED	%
January 2022	3.990	4.210	3.980	4.130	1,374,569,488	5,664,564,769.74	12,470	+0.140	+3.51
February 2022	4.140	4.280	4.070	4.200	1,231,801,609	5,145,452,769.77	11,110	+0.070	+1.69
March 2022	4.210	5.060	4.180	4.930	1,546,452,802	7,081,300,715.20	22,751	+0.730	+17.38
April 2022	4.930	5.790	4.800	5.650	1,223,121,461	6,344,523,735.61	21,017	+0.720	+14.60
May 2022	5.680	5.770	4.790	5.290	986,202,079	5,216,733,510.74	18,475	-0.360	-6.37
June 2022	5.280	5.320	4.310	4.450	298,527,593	1,426,919,060.47	17,889	-0.840	-15.88
July 2022	4.450	4.960	4.120	4.900	199,132,745	914,175,319.76	13,769	+0.450	+10.11
August 2022	4.960	5.040	4.750	4.820	243,276,785	1,192,065,608.80	12,229	-0.080	-1.63
September 2022	4.830	4.900	4.210	4.210	208,584,579	953,062,459.73	15,517	-0.610	-12.66
October 2022	4.230	4.450	4.140	4.320	215,109,317	931,955,531.86	13,151	+0.110	+2.61
November 2022	4.320	4.750	4.200	4.750	347,208,934	1,557,285,861.10	24,016	+0.430	+9.95
December 2022	4.650	4.690	4.310	4.430	245,869,899	1,102,421,948.45	14,639	-0.320	-6.74
Source: Abu Dhabi Securities Exchange									

16.2 Comparative Performance of Aldar Properties' share with the General Market Index and Sector Index during 2022

The following diagram shows the comparative performance of the Company's share with the general market index and the real estate sector index during the year ended on 31, December 2022:

Source: Bloomberg

16.3 Statement of Distribution of Shareholders' Ownership as on December 31, 2022 (Individuals - Companies - Governments), categorized as follows: (Local - Gulf - Arabic - Foreign)

The following table shows the distribution of shareholder's ownership in Aldar Properties (Individuals - Companies - Governments) categorized as follows: (Local - Gulf - Arabic - Foreign) as on December 31, 2022:

Investor / Shareholder	Customer Type	No. of Shareholders	No. of Shares (Share)	Ownership Percentage in the Capital as per the Category	Total Shares
Local	Government	10	214,630,712	3%	6,242,991,120 79%
	Companies	446	5,046,039,766	64%	
	Individuals	41,643	982,320,642	12%	
Gulf	Government	1	1,686,563	0.02%	95,061,694 1.2%
	Companies	53	78,047,999	1%	
	Individuals	135	15,327,132	0.2%	
Arabic	Government	0	0	0.0%	40,517,952 0.5%
	Companies	15	5,669,381	0.07%	
	Individuals	942	34,848,571	0.44%	
Foreign	Government	0	0	0.0%	1,484,058,837 19%
	Companies	700	1,454,739,598	19%	
	Individuals	884	29,319,239	0.4%	
Total		**44,829**	**7,862,629,603**	**100%**	**7,862,629,603 Shares (100%)**

Source: Abu Dhabi Securities Exchange

16.4 Overview of Shareholders whose Ownership Percentage exceeds 5% of the Company's Capital as on December 31, 2022

The following table shows the shareholders whose ownership percentage exceeds 5% of the Company's capital as on December 31, 2022:

Shareholder	No. of Shares	Ownership Percentage
Al Mamoura Diversified Global Holding	1,975,408,347	25.12%
Sublime Commercial Investment One Person Company LLC	960,000,000	12.21%

Sogno Two One Person Company LLC	649,086,148	8.26%
Sogno Three One Person Company LLC	625,293,766	7.95%
Source: Abu Dhabi Securities Exchange		

16.5 Statement of Distribution of Shareholders according to their Ownership Percentage as on December 31, 2022

The following table shows the distribution of shareholders according to their ownership percentage as on December 31, 2022:

Shares Ownership (Share)	No. of Shareholders	No. of Owned Shares	Owned Shares Percentage of the Capital
Less than 50,000	42,333	113,903,913	1.45%
From 50,000 to less than 500,000	1,709	294,593,760	3.75%
From 500,000 to less than 5,000,000	657	972,764,271	12.37%
More than 5,000,000	130	6,481,367,659	82.43%
Total	44,829	7,862,629,603	100%
Source: Abu Dhabi Securities Exchange			

16.6 Controls of Investors Relationships with the Listed Companies

According to the decision of the Chairman of the Securities and Commodities Authority No. (7/.ر.م) of 2016 on standards of institutional discipline and governance of Public Joint Stock Companies, and the circular issued by the Authority on the controls of investor relationships with listed companies, and on the basis of Aldar Properties' keenness on the optimal application of the applicable rules and regulations in this regard, the Company, during 2020 and 2022, has stimulated and developed the Investor Relations Department and strengthened its role through the fulfillment of the primary and secondary requirements of the Investor Relations Department, in a manner that contributes to raising the consistency and quality in response to the external inquiries of analysts, investors and shareholders, as well as strengthens the Company's investment relations and market linkages, and enhances the knowledge and awareness of the stakeholders and their understanding of the data on the performance of the Company through the application and enforcement of the best ways to communicate with the Company, improvement of the quality of submitted reports, ensuring a high level of disclosure, transparency and interaction with markets through an efficient structure at the Senior Management level.

From this view point, the Company has developed and updated its Investor Relations Department website in accordance with the Securities and Commodities Authority's applicable requirements and controls of investor relations management, in an efficient and effective manner. The shareholders, investors, stakeholders and the public can visit this website through the following link:
https://www.aldar.com/en/investors
https://www.aldar.com/ar/investors

In addition, to ensure efficient and effective realization of the role and objectives of the Investor Relations Department, the Company appointed officials specialized in investor relationships management, who have the required qualifications and experiences in the fields of business, accounting and public relations, and full knowledge of the Company's activities and opportunities, and are familiar with the relevant legal and legislative requirements of the relevant authorities. In addition, they have the skills and ability to interact with the customers and provide them with technical and financial information of the Company easily and smoothly, in both Arabic and English, through various channels of communication. In 2022, the officials of this Department conducted a series of meetings with current shareholders and potential investors, at the local and international levels, to enhance awareness and knowledge of the Company's projects and financial position, in a manner that enhances the confidence in the Company's performance, projects and portfolio of assets, as well as the Company's future expansion and growth prospects.

The following table shows the details and contact information of the Investor Relations Department officials:

Investor Relations Department officials	• Mr. Omar Yasser Nashat
Contact Information	
Telephone	00971 2 8105555 00971 2 8106237
Fax	00971 2 8105550
P.O. Box	51133 – Abu Dhabi
Email	ir@aldar.com
Address	Aldar Square - Yas Island - Abu Dhabi

16.7 Special Decisions taken in the General Assembly Meetings of Shareholders during 2022, and Actions taken in respect thereof

In accordance with the applicable laws and regulations, the special decision is: the decision issued by a majority vote of shareholders who own at least three quarters of the shares represented in the General Assembly meeting of the joint stock company.

The agenda of Aldar Properties' General Assembly meeting held on April 11, 2022, included two clauses requiring a special decision by the shareholders, which have been unanimously approved by the shareholders present at such meeting. This clause is represented as follows:

- Approval of providing voluntary community contributions by the Company during 2022, and authorizing the Board of Directors to determine the entities to whom such amounts will be allocated, provided that such voluntary contributions shall not exceed 2% of the average net profit of the Company achieved during the fiscal years (2020 and 2021), and provided that such voluntary contributions are made for the purposes of community service and subject to the provisions of Federal Law Decree No. (32) of 2021 in respect of on Commercial Companies, and the applicable laws and regulations.

  Based on the approval at the General Assembly meeting of the Company, the Board of Directors approved and allocated amounts of money and voluntary contributions to serve the community, within the powers and standards granted to it, and in accordance with the legal requirements in this regard.

16.8 Company Secretary of the Meetings of the Board of Directors and the Date of Appointment thereof

Aldar Properties, its Board of Directors and Executive Management believe in the role played by the Company Secretary of the Board of Directors' meetings in organizing the work of the Board of Directors and its Committees. Further, his role includes ongoing coordination of matters and issues relating to the meetings of the Board and its Committees, from scheduling meetings', organizing the agenda, organization and coordination between the Members before and during the meetings, preparing their minutes, arranging for the signature and adoption thereof. Furthermore, and the Company Secretary's role in coordination of communication among the different Departments of the Company in relation to resolutions issued by the Board and its Committees, to ensure the optimal implementation of such resolutions. In addition, he contributed to the continuous communication with the Members of the Board and provision of various information and requirements related thereto, in a manner that ensures that they perform an effective role in their duties as Members of the Board of Directors, according to the applicable laws, regulations and resolutions.

The most prominent tasks undertaken by the Company Secretary are as follows:

- Documenting Board meetings and preparing their minutes.
- Maintaining the reports submitted to the Board of Directors and the reports prepared by the Board.
- Providing the members of the Board of Directors with the agenda of the meeting of the Board of Directors, papers, documents and relevant-information, and any additional information related to the topics covered in the agenda items requested by any Board member.
- Ensuring the compliance of the Directors to the procedures approved by the Board of Directors.
- Notifying the members of the Board of Directors of the dates of the Board meetings sufficiently before the date set for the meeting.
- Submitting the draft minutes to the Board members to express their opinions thereon before signing it.
- Ensuring that the members of the Board of Directors receive a complete and without delay a copy of the minutes of the Board of Directors' meetings, and the information and documents related to the company.
- Communicating the decisions of the Board of Directors and its committees to the executive management of the company and submitting reports on their implementation and application.
- Supporting the Board of Directors' evaluation process.
- Coordination between members of the Board of Directors and the Executive Management Team in the company.
- Organizing the disclosure record for the Board of Directors and the Executive Management in accordance with the rules and provisions of the Public Shareholding Company Governance Manual and the active legislation, in addition to providing assistance and advice to them.

Mr. Mohamed Hatem Abdul-Rahman was appointed as a Company Secretary under the resolution issued by the Board of Directors in its meeting No. (04/2020) which was held on August 12, 2020. Mr. Mohamed Hatem Abdul-Rahman has a practical experience in the field of legal affairs and corporation compliance for a period of 14 years. He obtained a bachelor degree from Faculty of Sharia and Law from UAE University. Moreover, he obtained certification from "Governance".

16.9 Material Events Experienced by the Company during 2022

The year 2022 witnessed a significant demand for sales of housing units in all projects developed by Aldar Properties Company, and this was due to the lack of high-quality housing projects that offered in the market during that period, along with the investors and buyers trust in the company's ability, efficiency and quality of its products despite the difficult circumstances of COVID-19. Among the most significant events that Aldar Properties experienced during the year 2022 are the following:

- **ALDAR REACHES NEW HEIGHTS IN TWO GLOBAL ESG BENCHMARKS**

On 12 January 2022, Aldar Properties has increased its ESG ratings within two major global benchmarks, the Dow Jones Sustainability Index (DJSI) and Sustainalytics, driven by a broad base of progress and improvements across its core sustainability pillars comprising environment, community, people, and economic impact. Aldar produced particularly strong gains in environmental impact monitoring, embedding environmental impacts into management reporting and decision-making processes, and launching new social impact initiatives. This year, Aldar scored 58 points on the Dow Jones Sustainability Index, representing a 53% year on year improvement from the 38 points scored in 2020. The company is now among the top 13% of the 237 global real estate companies invited to respond to the DJSI questionnaire, up from being in the top 31% last year.

- **ALDAR LAUNCHES PROJECT TO REDUCE ENERGY CONSUMPTION BY 20% ACROSS 80 OF ITS ASSETS**

On 17 January 2022, Aldar Properties has launched a portfolio-wide energy management project to reduce its energy consumption by approximately 20% across 80 assets including hotels, schools, commercial, leisure, retail, and residential buildings. As well as reducing energy emissions, the project will enable Aldar to save approximately AED 40 Million per year in energy consumption costs.

- **ALDAR PROPERTIES AND DIAMOND DEVELOPERS TO LAUNCH THE SUSTAINABLE CITY - YAS ISLAND**

On January 18, 2022, Aldar Properties PJSC entered into a partnership agreement with "Diamond Real Estate Development", the company specialized in building sustainable cities, and the developer of the first fully sustainable community within its category in the Middle East, to implement the "Sustainable City - Yas Island" project, which when completed, it will form a unique and fully sustainable community that meets the highest standards of environmental sustainability and green economy. The project will be built north of Yas Island on an area of 379 thousand square meters, and will include 864 residential units from the categories of apartments and townhouses, in addition to retail stores on an area of 3,000 square meters. Through this project, the company will present a live model for the concept of sustainability on Yas Island, which the sustainable city succeeded in implementing for the first time in the region in Dubai, and it was the first community to embody a radical change in the concept of building smart and sustainable cities of the future that improve the quality of life and act to achieve the goals of Paris Climate Agreement.

- **ALDAR ENTERS AGREEMENT WITH EWEC TO ADOPT CLEAN ENERGY ACROSS ALL ASSETS**

On 24 January 2022, Aldar Properties has entered a clean energy agreement with Emirates Water and Electricity Company (EWEC), a leading company in the integrated coordination of planning, purchasing and supply of water and electricity across the UAE. Through the agreement, all operating assets will be powered by EWEC's clean energy sources for up to five years in a move that aims to promote the adoption of clean energy and support the expansion of decarbonisation in the real estate sector.

- **ALDAR BECOMES OFFICIAL REAL ESTATE PARTNER OF MANCHESTER CITY FOOTBALL CLUB**

On 27 January 2022, Aldar Properties PJSC, the leading real estate developer and manager in the UAE, and Manchester City F.C. ('Manchester City'), have announced a new partnership that sees Aldar become the Club's Official Real Estate Partner. Building on shared values of technology, innovation and sustainability and a commitment to creating memorable experiences and value for customers, the partnership will see Manchester City and Aldar work together on a number of exciting new development projects within the region in the realms of real estate, retail, and football education.

- **ALDAR PROPERTIES ACQUIRES AL HAMRA MALL IN ITS FIRST INVESTMENT DEAL IN RAS AL KHAIMAH**

  On 01 February 2022, Aldar Properties PJSC, through its Aldar Investment business, has made its first investment in Ras Al Khaimah, by acquiring the commercial centre "Al Hamra Mall" over 27,000 sqm developed by Al Hamra, a Ras Al Khaimah based real estate development and investment company, for a total consideration of AED 410 Million. The transaction adds further scale and diversification to Aldar Investment, which manages more than AED 22 Billion of income-generating residential, retail, commercial, hospitality and education assets, and other retail and hospitality premises.

- **ALDAR TO BOOST EDUCATION PORTFOLIO WITH FURTHER AED 1 BILLION INVESTMENT**

  On 03 February 2022, Aldar Properties has announced plans to invest AED 1 Billion into Aldar Education, its wholly owned subsidiary, and the largest premium school operator in Abu Dhabi. 80% of the investment shall be employed over the next three years, to diversify its education portfolio and expand its offering to widen the choice of quality education for students in Abu Dhabi. Aldar Education currently owns 9 schools under Aldar Academies and Cranleigh Abu Dhabi and manages a further 11 schools. Through this investment, Aldar aims to increase the existing student capacity in Aldar Education's owned and managed schools to over 40,000 seats by Academic Year 2024/2025. Aldar Education is looking to achieve this through a mix of greenfield and school acquisition opportunities in the premium and mid-market segments fees, all aimed at a better educational experience for students in Abu Dhabi.

- **ALDAR RELEASES COMPLETED APARTMENTS FOR SALE AT REFLECTION II**

  On 04 February 2022, building on the success of its developments across Abu Dhabi's prime locations, Aldar Properties has announced the launching on 182 new apartments at its distinguished project Reflection II, located at the heart of Reem Island, overlooking Abu Dhabi's iconic skyline and mangroves, and with all units ready to move-in during Q2 2022, sales were started on 13 February.

- **APOLLO TO INVEST IN ALDAR THROUGH UNPRECEDED TRANSACTION IN THE VALUE OF US$1.4 BILLION**

  On 14 February 2022, Aldar Properties PJSC and Apollo Global Management ("Apollo") (NYSE: APO), one of the world's largest alternative investment managers, have signed a landmark under which Apollo-managed funds and clients invest a total of US$1.4 Billion in strategic capital to drive Aldar's transformational growth initiatives.

  The agreement was structured in the following components:

The Partnership, which include a group of lands of which value is US$500 Million will allow Aldar to realise long-term value tied up in its vast landbank, whilst maintaining flexibility to develop or sell the land as per Aldar's long-term development strategy.

- US$500 Million: Investment into a partnership which include a group of land owned by Aldar Properties
- US$500 Million: Perpetual Subordinated Notes issued by Aldar Investment Properties
- US$300 Million: Mandatory Convertible Preferred Equity investment in Aldar Investment Properties
- US$100 Million: Common Equity investment in Aldar Investment Properties

- **ALDAR UNVEILS THE FIRST RESIDENTIAL DESTINATION IN THE WORLD BEARING THE NAME OF THE LOUVRE ABU DHABI MUSEUM AND PRESENTS A UNIQUE MODERN AND CULTURAL LIFESTYLE IN ABU DHABI**

On 16 March 2022, Aldar Properties PJSC and the Louvre Abu Dhabi, a premier global cultural institution of the Middle East, have announced a world-first partnership to launch the Louvre Abu Dhabi Residences. Located within Saadiyat Grove and featuring unparalleled views, designs, spaces, amenities and services, Louvre Abu Dhabi Residences will be the most sought-after address in Abu Dhabi once handed over to residents in 2025. Saadiyat Grove, Aldar's iconic and immersive AED 10 Billion landmark destination on Saadiyat Island spans an area of 242,000 square metres and will boast immersive retail, entertainment and leisure spaces. Including Louvre Abu Dhabi Residences, the mixed-use destination will feature approximately 3,000 residential units, two hotels and co-working spaces for new enterprises and start-ups. The "Louvre Abu Dhabi Residences" luxury residential complex will be one of the most prominent, attractive and distinctive components of the project

- **ALDAR INVESTMENT PROPERTIES LLC ISSUES US$500 MILLION SUBORDINATED PERPETUAL NOTES TO APOLLO GLOBAL MANAGEMENT AT AN ANNUAL INTEREST OF 5.625%**

On 24 March 2022, Aldar Investment Properties ("AIP"), a subsidiary of Aldar Properties, has issued US$500 Million subordinated perpetual notes to Apollo Global Management ("Apollo") at an average of annual interest of 5.625% for an initial non-call period of 15 years. The subordinated perpetual notes are part of Apollo's US$1.4 Billion investment of strategic capital into Aldar's transformational growth initiatives, which was announced in February 2022. The commitment also includes a US$500 Million investment into a land joint venture, as well as US$400 Million in common equity and mandatory convertible preferred equity in AIP.

- **ALDAR TO INCREASE INVESTMENT IN RAS AL KHAIMAH TO AED 1.5 BILLION WITH ACQUISITION OF RIXOS BAB AL BAHR**

On 01 April 2022, Aldar Properties PJSC, through its Aldar Investment business, has added to its growing portfolio of hospitality and leisure assets with the acquisition of the 715-key all-inclusive Rixos Bab Al Bahr beach property in Ras Al Khaimah for a total consideration of AED 770 Million. The acquisition adds further scale to Aldar Investment's growing hospitality and leisure portfolio and will bring its total investment in Ras Al Khaimah to AED 1.5 Billion, including the earlier acquisition of Al Hamra Mall and additional development rights at both properties. As part of the Rixos Bab Al Bahr transaction, Aldar Investment has secured development rights for an additional 250,000 sq. ft of gross floor area (GFA) for residential and commercial use.

- **ALDAR EXPANDS STRATEGIC LAND BANK THROUGH ACQUISITION OF 6.2 MILLION SQUARE METRES PLOT ON SAADIYAT ISLAND**

On 04 April 2022, Aldar Properties announced today that it has acquired 6.2 Million square metres of prime land located on the east side of Saadiyat Island. The acquisition significantly bolsters Aldar's land bank on the island and enhances the company's ability to deliver further world-class communities in key locations across Abu Dhabi. The proposed development, which will boost Saadiyat Island's position as a fully developed residential, cultural, and leisure destination, will be home to over 15,000 people. The integrated community will include 2,700 luxurious residential units, most of which are villas, with an estimated Gross Development Value of AED 15 Billion.

- **ALDAR LAUNCHES "FAY ALREEMAN" VILLAS PROJECT WITH PRICES STARTING FROM AED 2.7 MILLION**

On 11 April 2022, Aldar Properties PJSC announced the launch of the second phase of its pioneer Al Reeman II development, Fay Alreeman, a AED 2 Billion master-planned residential community in the Alshamkha area of Abu Dhabi. The villas within the development's second phase are available for purchase exclusively by UAE nationals. Following strong demand for infrastructure-enabled land plots in phase one, Fay Al Reeman will see the launch of 554 villas available in 3-,4-,5- and 6-bedroom layouts, with average sizes ranging from 301 sqm for a 3-bedroom villa to 507 sqm for a 6- bedroom villa. Public sales of the villas will commence on 24 April, with prices starting from AED 2.7 Million. Handovers are expected to commence in the final quarter of 2025.

ALDAR INVESTMENT LAUNCHES LOGISTICS REAL ESTATE VERTICAL THROUGH THE ACQUISITION OF ABU DHABI BUSINESS HUB

On 26 April 2022, Aldar Investment, the region's leading real estate investment platform with more than AED 22 Billion of assets under management, has completed the acquisition of a 70% equity interest in Abu Dhabi Business Hub, valuing the company at more than AED 500 Million, with the remaining 30% owned by a strategic partner.

ALDAR TAPS INTO APAC REAL ESTATE TECH SCENE IN THE ASIA-PACIFIC REGION THROUGH INVESTMENT IN TARONGA VENTURES FUND

On 21 June 2022, Aldar Properties has increased its exposure to global real estate technology funds through a partnership with Taronga Ventures, a leading real estate technology investor operating across the Asia Pacific (APAC) region. The investment forms part of Aldar's broader innovation strategy, promoting the adoption of disruptive technologies within the real estate sector.

ALDAR LAUNCHES APARTMENTS AT GROVE DISTRICT

On 22 June 2022, Aldar Properties has announced the launch of apartments at Grove District, a new project that will bring inspirational living to the heart of Abu Dhabi's Cultural Epicentre on Saadiyat Island. Grove District sits within Aldar's flagship Saadiyat Grove development, and its apartments boast partial views of the sea, as well as the island's three iconic landmarks: Zayed National Museum, Louvre Abu Dhabi, and Guggenheim Abu Dhabi. The development, when completed, will comprise 612 units in three residential buildings across luxury, lifestyle, and urban themed districts.

ALDAR EXPANDS ITS ASSETS PORTFOLIO WITH THE ACQUISITION OF LUXURY ISLANDS

On 01 July 2022, Aldar Properties PJSC has added a complementary luxury asset to its hospitality portfolio with the acquisition of Nurai Island Resort, as well as two additional new islands within the Abu Dhabi archipelago that are intended for residential development. The transaction includes Nurai Island's one-of-a-kind and exclusive beachfront hotel, Nurai Island Resort, where Aldar will undertake a refurbishment plan and extend the hospitality and F&B offering. The acquisition also includes two new islands envisioned to be developed with high-end luxury beachfront villas.

ALDAR LAUNCHES YAS GOLF COLLECTION – A RESORT STYLE COMMUNITY ON YAS ISLAND

On 05 July 2022, Aldar Properties ('Aldar') has announced the launch of Yas Golf Collection, its latest community on the iconic Yas Island in Abu Dhabi. Overlooking the stunning Yas Links Golf Course and Abu Dhabi's mangroves, the AED 1.7 Billion resort-style community features over 127,000 sqm of gross floor area and encompasses a total of 1,062 apartments and duplexes. Homes in Yas Golf Collection will be available to purchase by all nationalities from 23 July.

SODIC, AFFILIATED TO ALDAR AND HOLDING (ADQ), SUBMITS A NON-BINDING OFFER TO ACQUIRE UP TO 100% OF THE EGYPTIAN REAL ESTATE DEVELOPMENT COMPANY, "MADINAT NASR FOR HOUSING AND DEVELOPMENT."

On 05 July 2022, Sixth of October Development and Investment S.A.E. ("SODIC"), a subsidiary of Aldar Properties ("Aldar") and "Holding" ("ADQ") has announced a non-binding offer for the potential acquisition of up to 100% of the shares of The Egyptian real estate company "Madinat Nasr for Housing and Development" listed on the Egyptian Stock Exchange (MNHD.CA), with an estimated value of 6.18 Billion Egyptian pounds (328 Million US dollars). This proposed transaction comes in line with SODIC's strategy to expand its business portfolio in the field of mixed-use residential projects in

Greater Cairo and the North Coast, in addition to other major markets, by developing its business and concluding strategic acquisition deals that will enhance its presence and achieve desired synergies.

- **ALDAR SELLS OUT THREE BUILDINGS AT GROVE DISTRICT AND RELEASES A FOURTH BUILDING**

On 07 July 2022, Aldar Properties ('Aldar') has announced that the three apartment buildings launched in the first phase of Grove District have sold out. The units at Grove Museum Views, Grove Beach Views, and Grove Uptown Views achieved AED 600 Million in sales.

- **ALDAR ENHANCES ITS PORTFOLIO IN RAS AL KHAIMAH WITH ACQUISITION OF DOUBLETREE BY HILTON RESORT & SPA ON AL MARJAN ISLAND**

On 27 July 2022, Aldar Properties PJSC ("Aldar"), through its Aldar Investment business, has added scale to its diverse and growing hospitality and leisure portfolio with the acquisition of the beachfront resort, DoubleTree by Hilton Resort & Spa Marjan Island, and an adjacent beachfront development plot for a total consideration of AED 810 Million. The acquisition adds considerable weight to the company's hospitality and leisure portfolio, which now has a total of over 4,250 keys, and brings Aldar's total investment in Ras Al Khaimah to AED 2 Billion, complementing the recent acquisitions of Al Hamra Mall and Rixos Bab Al Bahr.

- **ALDAR ACQUIRES FOUR COMMERCIAL TOWERS IN ABU DHABI GLOBAL MARKET FROM MUBADALA INVESTMENT COMPANY**

On 28 July 2022, Aldar Properties PJSC ("Aldar") has signed an agreement with Mubadala Investment Company to acquire four prime Grade A commercial towers in Abu Dhabi Global Market (ADGM), the international financial center in Abu Dhabi, located on Al Maryah Island. The transaction includes the four main office towers in ADGM located on Al Maryah Island -- Al Sila, Al Sarab, Al Maqam, and Al Khatem -- with a total net leasable area of 180,000 sqm. Aldar will also take ownership of the North and South car parks, which serve the office towers, and other mixed-use space.

- **APOLLO ACQUIRES US$400 MILLION STRATEGIC EQUITY STAKE IN ALDAR INVESTMENT PROPERTIES**

On 17 August 2022, Apollo (NYSE: APO), through its managed investment vehicles, has acquired an 11.1% minority stake in Aldar Investment Properties ("AIP"), a subsidiary of Abu Dhabi-listed Aldar Properties PJSC ("Aldar") and the region's largest institutional-class real estate platform, following completion of a US$ 400 Million transaction. The acquisition is part of the previously announced US$ 1.4 Billion investment by Apollo into Aldar's transformational growth initiatives. The transaction involved the issuance of US$ 400 Million of common equity and mandatory convertible preferred equity at 100% of NAV into AIP, which houses Aldar's core asset management business comprising over AED 23 Billion (US$ 6.3 Billion) of prime real estate assets across retail, residential, commercial, and logistics segments. The diversified portfolio has proven highly resilient through business cycles, with occupancy standing at 92% as of June 30, 2022.

- **ALDAR LAUNCHES YAS PARK GATE ON THE DOORSTEP OF A FIRST OF ITS KIND FAMILY PARK IN ABU DHABI**

On 24 August 2022, Aldar Properties ('Aldar') has announced the launch of Yas Park Gate, its latest gated community which will be located on the doorstep of Yas Park, a first of its kind family and recreational activity park in Abu Dhabi. As a natural progression in the development of the second phase of North Yas, the AED 1.15 Billion residential development will complement the existing communities and feature 508 new homes spanning over 255,000 sqm.

- **ALDAR SCALES UP PROPERTY AND INTEGRATED FACILITIES MANAGEMENT PLATFORM WITH ACQUISITION OF SPARK SECURITY SERVICES**

On 02 September 2022, Aldar Properties PJSC ("Aldar") today announced that it is scaling up its property and integrated facilities management platform through the full acquisition of Spark Security Services, a leading UAE based manned guarding security services provider. Established in 1974, Spark Security employs over 5,000 security professionals serving major organisations operating in a wide range of sectors, including infrastructure, banking, healthcare and hospitality. In addition, the company has provided security for a range of high-profile events, including Formula 1 Etihad Airways Abu Dhabi Grand Prix, the Papal visit to the UAE, Red Bull Air Race, Qasr Al Hosn Festival, and the Special Olympics World Games hosted by Abu Dhabi in 2019.

- **ALDAR INVESTS AED 25 MILLON INTO ITS RESIDENTIAL COMMUNITIES TO SUPPORT ENERGY CONSUMPTION REDUCTION**

On 26 September 2022, Aldar Properties PJSC ('Aldar') has committed to investing AED 25 Million for energy retrofit projects in 13 of its residential communities that will reduce utility consumption for owners and tenants as part of the company's efforts to make its communities more energy efficient and environmentally friendly. The investment by Aldar will offset 19,000 CO_2 annually and reduce utility consumption by a total of AED 12 Million per year across the 13 communities. The plan was developed in conjunction with the owners' associations of the communities, which are managed by Provis, Aldar's real estate property management company. Grfn is appointed in its capacity as the Energy Project Management Company, while Siemens will carry out the retrofit project.

- **ALDAR PROPERTIES LAUNCHES NATURE-INSPIRED 'SAADIYAT LAGOONS' COMMUNITY IN ONE OF UAE'S MOST DESIRABLE LIFESTYLE DESTINATIONS**

On 24 October 2022, Aldar Properties ('Aldar') announced today the launch of Saadiyat Lagoons, a nature-inspired residential community surrounded by stunning mangroves and overlooking the Arabian Gulf. The new development is located on the east side of Abu Dhabi's Saadiyat Island, and available exclusively for UAE national buyers.

- **SODIC submitted a non-binding offer to acquire Orascom Real Estate**

On 24 October 2022, Sixth of October Development and Investment S.A.E. ("SODIC"), the Egyptian real estate development subsidiary of Aldar Properties ("Aldar"), has announced the submission of an initial cash offer for the potential acquisition of 100% of the shares of Orascom Real Estate. (ORE), a subsidiary of Orascom Development-Egypt (ODE). The Board of Directors of Orascom Development-Egypt has agreed to allow SODIC to take and implement due diligence measures and procedures on an exclusive basis. In a non-binding offer, including the completion of due diligence procedures to meet SODIC's aspirations, this offer may include an indicative purchase price of a total value of EGP 2.46 Billion.

- **ALDAR JOINS THE CLEAN ENERGY BUSINESS COUNCIL TO HELP ENHANCE ENERGY EFFICIENCY ACROSS THE REGION**

On 11 November 2022, Aldar Properties ('Aldar') has become the first real estate industry entity to join the Clean Energy Business Council ('CEBC') as a Partner member and will work closely with the organization to enhance energy efficiency in the region. The CEBC is a non-profit member association that is working to accelerate the transition towards clean energy in the MENA region, by connecting the public and private sectors.

- **ALDAR SELLS OUT 'YAS PARK GATE' AND LAUNCHES EXCLUSIVE STANDALONE VILLAS AT 'YAS PARK VIEWS'**

On 21 November 2021, Aldar Properties ('Aldar') has announced the successful sell-out of its recently launched Yas Park Gate community on Yas Island, achieving AED 1.1 Billion in sales. Almost 10% of sales came from non-resident buyers, demonstrating Abu Dhabi's appeal to international customers. Expatriate residents of the UAE accounted for 5%, with Emirati customers purchasing the remaining 85%. Aldar's strategy to expand its customer base has seen resounding success, with 95% of buyers of Yas Park Gate properties purchasing their first Aldar home. Additionally, 49% of buyers were under the age of 40, and the number of female customers reached 35%.

- **ALDAR PARTNERS WITH ADGM ACADEMY TO FURTHER DEVELOP LOCAL TALENT AS UAE NATIONAL HEADCOUNT INCREASES ACROSS GROUP**

  On 23 November 2022, Aldar Properties ('Aldar') has entered a strategic collaboration with the Abu Dhabi Global Market Academy ('ADGMA'), the knowledge arm of Abu Dhabi's international financial centre (ADGM) to develop a range of talent development programmes for Emirati graduates amid the company's ambitious drive to create 1,000 job opportunities for UAE nationals by 2026. Since the introduction of the NAFIS programme in September 2021, Aldar has hired more than 260 Emiratis across the group. The collaboration is part of a Memorandum of Understanding (MoU) recently signed between Aldar and ADGMA that aims to enhance both entities' contribution towards the UAE's knowledge-based economy and foster the next generation of business leaders in the private sector.

- **ALDAR PARTNERS WITH NOBU HOSPITALITY TO BRING LUXURY HOTEL AND REGION'S FIRST NOBU BRANDED RESIDENCES TO MAMSHA BEACH ON SAADIYAT ISLAND**

  On 28 November 2022, Aldar Properties PJSC ("Aldar"), today announced that it has entered into an exclusive partnership with Nobu Hospitality – the fastest growing luxury lifestyle brand – to launch a new luxury hotel, branded residences, and a fine dining experience to anchor Aldar's extremely desirable destination, Mamsha Al Saadiyat. The agreement will see Aldar develop the 5-star hotel featuring 165 luxurious guest rooms and suites, including the stunning rooftop Nobu Villa. Expected to open in 2026, the luxury hotel will offer guests and visitors access to the beautiful Mamsha Beach and its lively waterfront promenade, four exciting food and beverage venues including the first Nobu restaurant in Abu Dhabi, state-of-the-art wellness and fitness centre, opulent swimming pools, and expansive event and conference facilities.

- **ALDAR AND MUBADALA PARTNER TO ACQUIRE GRADE A OFFICE TOWER ON AL MARYAH ISLAND**

  On 14 December 2022, Aldar Properties ("Aldar") and Mubadala Investment Company ("Mubadala"), an Abu Dhabi sovereign investor, have partnered to acquire Al Maryah Tower, a prime Grade A commercial office property located on Al Maryah Island, Abu Dhabi's premium lifestyle destination and international financial centre. The transaction reflects Mubadala's collaborative approach to driving the growth of Abu Dhabi's real estate market and provides Aldar with control of all Grade A office space at Abu Dhabi Global Market following the recent acquisition of four commercial towers from Mubadala in July 2022. The deal strengthens the partnership between the two companies as they work to bolster Abu Dhabi Global Market's burgeoning business ecosystem, enhance its competitiveness, and attract world-class, internationally recognized businesses to its thriving community.

In addition to many other substantial events that were disclosed to the Securities and Commodities Authority and the Abu Dhabi Securities Exchange and through various media at the time during the year 2022.

16.10 Emiratization Percentage in the Company for the years 2020, 2021 and 2022

Aldar Properties has adopted a policy that contributes to attract national, experienced and qualified personnel who play a fundamental and effective role in supporting the Company's progress, projects and business, in a way that enhances the Company's capabilities and resources, and contributes to support the development process witnessed by the Emirate of Abu Dhabi under the approach of our wise leadership. In this regard, it is worth mentioning that the Company succeeded in raising the Emiratization percentage during the 2022. The following table shows the company's Emiratization ratios for the years 2020, 2021 and 2022:

Year	2020	2021	2022
Emiratization Ratio	29.10%	35.30%	42.00%

16.11 Statement of transactions conducted by the company during 2022 which is equivalent to 5% or more from the company's capital

Aldar didn't conclude any deals that is amounted to 5% or more from the company's capital during 2022.

16.12 Projects and Innovative initiatives performed by the Company during 2022

Aldar Properties believes that innovation is key and is embedded at the very heart of everything we do. As a leading developer, owner and manager of real estate and an investor in a growing PropTech portfolio, Aldar views innovation as a catalyst for efficient and sustainable growth and a force for business and economy. Aldar believes in the importance of adopting innovative initiatives and projects that meet the needs and requirements of communities, customers, shareholders, investors and employees alike, and to this end, Aldar is keen to provide a competitive and transparent investment environment to improve the efficiency of the sectors in which the company operates, as well as to encourage attracting capital and professional expertise to work in these sectors.

The Aldar Innovation team focuses on three strategic areas: internal innovation, incubation & acceleration programmes for startups, scale ups and entrepreneurs, and investment in VC Funds.

During 2022 Aldar enhanced the Innovation Governance process, through launching the First Group Innovation Policy and implementation of an enhanced Innovation Strategic Forum. The Innovation department provided support through internal innovation consulting, understanding the business unit problem statements, and matching these to identified startup solutions, resulting in 25 Innovation pilot projects contracted with Startups during the year.

Three key program initiatives expanded in 2022 are as follows:

ScaleUp,

Through our Scale Up programme, we are supporting start-ups from around the world to access tangible growth opportunities and build strong networks in the UAE and GCC. This enables Aldar to remain agile by tapping into emerging trends, while investing time and resources to progress PropTech Innovation across the region.

We launched Scale Up 1.0 in 2020, targeting start-ups focused on sustainability, smart development and space utilisation and awarding three winners with pilot projects: Envio, Gbuilder and Metrikus. In 2021, Scale Up 2.0 was launched targeting global start-ups that focus on blockchain, data analytics and customer experience and announcing three winners: Llama Zoo, GeoTwin and Darabase. Scale Up 3.0 was launched Q4 2022 and is currently underway, focusing on: Sustainable Utilities, Smart Facilities Management and Community Safety.

MANASSAH:

Manassah is a six-month incubator programme that nurtures entrepreneurial talent, advances and supports homegrown retail and F&B concepts and bolsters innovation within UAE and GCC as part of Aldar's effort and dedication to support the local ecosystem. Manassah 1.0 was launched in 2020 and brought to life three concepts that opened their doors in Mamsha Al Saadiyat: Coffee Architecture, Alkalime and Wake n' Bake.

Manassah 2.0 received 260 entries, more than double the number of entries from Manassah 1.0, and expanded to focus on both tech and retail startups.
Manassah 3.0 was launched in 2022, targeting SMEs in the F&B industry, as well as retail products and services, the winners will be announced in Jan 2023.

After seeing the amazing success we had from the Manassah programme, in 2021 we launched Manassah Youth, an initiative run through Aldar Education and StartAD. Manassah Youth aims to develop the next generation of regional entrepreneurs through a dedicated training programme. The programme helps build entrepreneurial skills, harness creative potential, and expand business mindset. It enables students to really explore various career avenues and gives a glimpse into what it's like to set up your own business. Through this programme, students get to develop problem-solving skills, analytical skills, and how to develop business strategy. The 2022 Manassah Youth was highly successful with an increase in applications by over 200%. It was an inspiring experience with 17 concepts participating in the final bootcamp pitches. 3 winning concepts were selected receiving cash prizes and mentorship opportunities.

Investing in Real Estate Technology Fund Management Companies: Aldar Properties PJSC has entered into strategic partnerships with several real estate technology investment fund management companies, which focus on Europe, North America and the APAC region. The investments will enable Aldar to gain access to a vast network of emerging real estate technology companies with a global presence, enabling the company to learn about the latest technologies and trends that are driving the development of the real estate industry globally. Additionally, Aldar's global presence will gain fundamental insights and be able to conceptualize the business decisions it is involved in, as well as identify possible solutions and developments.

Enterprise-level customer experience: The concept of enterprise-grade customer experiences ensures the provision of problem-free customer experiences across various assets, through a proactive approach to managing and overseeing customer experiences, which includes key strategic concepts including:

- Apply initiatives and see customer experiences incrementally to each asset.
- Oversee Aldar's client strategy, manage it across various assets, and develop an action plan to enhance customer experiences.
- Create a framework for continuous communication with our clients across various assets.

The primary objective of enhancing customer experience is to ensure that all assets are upgraded, to achieve customer satisfaction by providing outstanding customer services that will direct our resources, initiatives and strategy towards meeting customer needs and aspirations. Aldar's company's strategy of enhancing customer experience across the company is based on four pillars aimed at adopting A framework for strategic direction and governance, which is represented in the following:

- Communicate with our customers and understand their requirements: through a deep and comprehensive understanding of our customers' needs, and a thorough knowledge of their shopping experience, by continuing to apply the concept of "Mystery Shopping".
- Elevate the journey: Continuously monitor and improve our customers' journey, to ensure consistency of efforts, and moving forward for the better.
- Feedback: Provide a live platform to gather customer voices to quickly respond to their feedback and improve their experiences.
- Retention and loyalty of customers: Enhancing and continuously improving Darna's loyalty program to increase loyalty and meet customer needs.

Corporate customer experience has played a key role in changing the cultural mindset and steering it towards greater customer focus through one of the key initiatives, the Aldar Customer Focus Committee (CXC), made up of senior management, whose role is to review ideas and insights and make strategic decisions to enhance customer experiences, and escalate urgent matters related to customer feedback. As well as launching new initiatives in the light of discussions, through continuous follow-up of customer feedback and comments, escalation of problems and periodic audits. Customer-wide Customer Experience enables it to contribute with the leaders of customer experience assets to significantly improve customer experience.

Signatures		
Chair of Nominations and Remunerations Committee	**Chair of Audit, Risk & Compliance Committee**	**Director of Internal Audit Department**
Mr. Martin Lee Edelman	**Mrs. Sofia Abdelatiff Lasky**	**Mr. Haider Najim**
DocuSigned by: A3BDC24F21E04A3...	DocuSigned by: lasky 19AD40BEB9A94AB...	DocuSigned by: Haider Najim 0D052839ED684CF...

Approval of the Board of Directors
Approved by the Board of Directors at its Meeting No. (01/2023) held on 09 February 2023
DocuSigned by: 275CC34579784D4... H.E. Mohamed Khalifa Al Mubarak Chairman of the Board

DocuSigned by:

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ALDAR PROPERTIES PJSC

ALDAR PROPERTIES PJSC

Reports and consolidated financial statements

For the year ended
31 December 2022

ALDAR PROPERTIES PJSC

Reports and consolidated financial statements for the year ended 31 December 2022

ALDAR PROPERTIES PJSC

Board of Directors' report
for the year ended 31 December 2022

The Directors present their report together with the audited consolidated financial statements of Aldar Properties PJSC (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2022.

Principal activities

The Group is engaged in various businesses primarily the development, sales, investment, construction, leasing, management and associated services for real estate. In addition, the Group is also engaged in development, construction, management and operation of hotels, schools, marinas, restaurants, beach clubs and golf courses.

Financial results

The financial results of the Group have been presented on page 11 of these consolidated financial statements.

Directors

H.E. Mohamed Khalifa Al Mubarak	Chairman
Mr. Waleed Ahmed Almokarrab Al Muhairi	First Vice-Chairman
H.E. Mohamed Hasssan Alsuwaidi	Second Vice-Chairman (Appointed on 11 April 2022)
Eng. Hamad Salem Mohamed Al Ameri	Director
Mr. Khalifa Abdullah Khamis Al Romaithi	Director
Mrs. Sofia Abdellatif Lasky	Director (Appointed on 11 April 2022)
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Director
Ms. Mariam Saeed Ahmed Ghobash	Director (until 11 April 2022)
Mr. Martin Lee Edelman	Director (until 11 April 2022)

Release

The Directors release from liability management and the external auditor in connection with their duties for the year ended 31 December 2022.

for the Board of Directors

DocuSigned by:

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Mohamed Al Mubarak
Chairman
9 February 2023

Deloitte.

Deloitte & Touche (M.E.)
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALDAR PROPERTIES PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Aldar Properties PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the 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 its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities. 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' Codes 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 in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALDAR PROPERTIES PJSC (continued)

Key Audit Matters (continued)

The key audit 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.

Key audit matter	How the matter was addressed in our audit
Valuation of investment properties	
The Group's investment property portfolio amounted to AED 23,933 million as at 31 December 2022 (2021: AED 18,026 million) and the net fair value gain recorded in the consolidated statement of profit or loss amounted to AED 443 million (2021: AED 146 million). The Group measures its investment properties at fair value and engages an external valuer to determine the fair value of all its properties. The determination of the fair value of the majority of these investment properties is performed using the income approach of valuation, while a residual valuation methodology has been used for investment properties under development. The Group's determination of fair value for the investment properties requires management to make significant estimates and assumptions related to future rental rates, capitalisation rates and discount rates. The valuation of the portfolio involves significant estimation uncertainty and is 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 fair value could lead to a material misstatement in the consolidated financial statements. We have identified the valuation of investment properties as a key audit matter as the fair value is determined based on level 3 valuation methodologies which requires management to make significant estimates and judgements in determining the fair value of investment property. Refer to notes 4 and 7 for disclosures relating to this matter.	We evaluated the design and implementation of controls in this area. We assessed the valuer's competence and capabilities and read their terms of engagement with the Group to determine if the scope of their work was sufficient for audit purposes. We agreed the total valuation in the reports of third party valuers to the amount reported in the consolidated statement of financial position. We tested the data provided to the valuers by the Group, on a sample basis. We reviewed a sample of investment properties valued by external valuers, and also involved our internal real estate valuation expert to review a sample of those properties, and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRSs. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We reviewed 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 net fair value gain. We assessed the disclosures made in relation to this matter to determine if they were in accordance with the requirements of IFRSs.

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Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Reversal of impairment loss on hotel properties classified under property, plant and equipment	
Hotel properties classified under property, plant and equipment had a carrying amount of AED 3,712 million as at 31 December 2022 (2021: AED 1,855 million) which represents 6% (2021: 4%) of total assets. During the year, the Group has reversed an impairment loss on hotel properties classified under properties, plant and equipment of AED 312 million. The Group has had recognised impairment losses on these hotel properties in previous years. At the end of each reporting date, the Group undertakes an assessment if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. During the year, the Group assessed that there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised taking into account the fair value of the properties under consideration and reversed the impairment loss recognised in previous years. The increased carrying amount of these properties attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. We have identified the reversal of impairment loss of hotel properties classified under property, plant and equipment as a key audit matter as the determination of fair value less costs to sell is based on level 3 valuation methodologies and requires management to make significant estimates in determining the recoverable amount of hotel properties classified under property, plant and equipment. Refer to notes 4 and 5 for disclosures relating to this matter.	We evaluated the design and implementation of controls in this area. We assessed the management's valuer competence and capabilities and read their terms of engagement with the Group to determine if the scope of their work was sufficient for audit purposes. We tested the data provided to the management valuer by the Group, on a sample basis to satisfy ourselves of the accuracy of the information supplied to such valuer by management. We reviewed a sample of hotel properties valued by the management's valuer and involved our internal real estate valuation expert to review a sample of those hotel properties and assessed whether the fair value used in the computation of the recoverable amount of those hotel properties was performed in accordance with the requirements of IFRS 13 *Fair Value Measurement*. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We reviewed the computation of the amount of impairment loss reversed during the year and reperformed the arithmetical accuracy of the determination of reversal of impairment loss. We reviewed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We assessed the disclosures made, in relation to this matter, to determine if they were in accordance with the requirements of IFRSs.

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Revenue recognition for property development and sales	
Revenue recognition on property development and sales require significant judgements to be applied and estimates to be made. The Group assesses for each of its contracts with customers for property development and sales, whether to recognise revenue over time or at a point in time based on the consideration of whether the Group has created a real estate asset with no alternative use and whether the Group has an enforceable right for payment related to performance completed at any time during the life of the contract as disclosed in Note 3.11 and Note 4 to the consolidated financial statements. Where revenue is recognised over time, the Group estimates total development and infrastructure costs required to meet performance obligations under the contract and recognises proportionate revenue to the extent of satisfaction of performance obligations as at the end of the reporting period. Revenue recognition on property development and sales was assessed as a key audit matter due to the significance of the assessment of satisfaction of performance obligations and judgements made in assessing the timing of revenue recognition. Refer to note 4 for details about judgements applied and estimates made in determining the amount of revenue to be recognized.	We obtained an understanding of the process implemented by the Group for revenue recognition and measurement in respect of property development and sales. We tested the design, implementation and operating effectiveness of controls established by the Group over revenue recognition for property development and sales. We inspected a sample of contracts with customers for property development and sales and assessed management's identification of performance obligations and their determination of whether revenue should be recognised over time or at a point in time in accordance with the requirements of IFRS 15 *Revenue from Contracts with Customers* by making reference to the terms and conditions specified in the contracts. We determined to what extent the resultant performance obligations had been satisfied through the inspection of supporting documentation. We examined approved project cost budgets for significant on-going real estate developments and reviewed the projects' completion percentages as a percentage of total costs incurred. For a sample of significant projects, we recalculated the amount of revenue to be recognised. We assessed the disclosures made in the consolidated financial statements in this area against the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALDAR PROPERTIES PJSC (continued)

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Board of Directors' Report, which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we will read the Group's Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

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 IFRSs and the applicable provisions of the articles of association of the Company and the UAE Federal Law No. (32) of 2021, applicable provisions of the laws and regulations and for such internal control as management determine 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 have 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 and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities 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.

As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional skepticism 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' 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 auditors' 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; and
- 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 auditors' 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 ALDAR PROPERTIES PJSC (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the UAE Federal Decree 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 Decree Law No. (32) of 2021;
- 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 and records of the Group;
- Notes 3, 8, 46 and 47 reflect the disclosures relating to shares purchased or invested by the Group during the financial year ended 31 December 2022;
- Note 38 reflects the disclosures relating to 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 Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or in respect of the Company, its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and
- Note 43 reflects the disclosures relating to social contributions made during the year.

Further, as required by the ADAA Chairman Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2022, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2022:

- its Articles of Association; and
- relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statement.

Deloitte & Touche (M.E.)

Mohammad Khamees Al Tah
Registration No. 717
9 February 2023
Abu Dhabi
United Arab Emirates

Consolidated statement of financial position
at 31 December 2022

	Note	2022 AED'000	2021 AED'000
Assets			
Non-current assets			
Property, plant and equipment	5	**5,606,522**	3,557,052
Intangible assets and goodwill	6	**374,944**	293,195
Investment properties	7	**23,933,024**	18,025,935
Investment in associates and joint ventures	8	**84,662**	108,359
Investment in financial assets	9	**98,634**	41,659
Derivative financial assets	24	**207,045**	20,299
Trade receivables and other assets	11	**578,732**	526,839
Total non-current assets		**30,883,563**	22,573,338
Current assets			
Plots of land held for sale	12	**4,822,121**	5,137,885
Development work in progress	13	**3,835,682**	4,503,543
Inventories	14	**855,049**	1,029,411
Investment in financial assets	9	**179,744**	77,475
Contract assets	10	**568,563**	306,471
Trade receivables and other assets	11	**7,583,154**	7,057,481
Cash and bank balances	15	**12,548,108**	8,857,133
Total current assets		**30,392,421**	26,969,399
Total assets		**61,275,984**	49,542,737

ALDAR PROPERTIES PJSC

Consolidated statement of financial position at 31 December 2022 (continued)

	Note	2022 AED'000	2021 AED'000
Equity and liabilities			
Equity			
Share capital	16	**7,862,630**	7,862,630
Statutory reserve	18	**3,931,315**	3,931,315
Cash flow hedging reserve	18	**190,248**	(422)
Investment revaluation reserve	18	**(2,310)**	9,800
Assets revaluation reserve	18	**73,623**	73,623
Foreign currency translation reserve	18	**(385,312)**	-
Retained earnings		**16,679,139**	15,044,624
Equity attributable to owners of the Company		**28,349,333**	26,921,570
Hybrid equity instrument	17	**1,815,647**	-
Non-controlling interests	46	**4,380,218**	715,213
Total equity		**34,545,198**	27,636,783
Non-current liabilities			
Non-convertible sukuk	19	**3,644,812**	3,641,186
Bank borrowings	20	**6,005,341**	4,408,755
Retentions payable	21	**676,001**	533,835
Lease liabilities	22	**436,545**	295,517
Employees benefits	23	**296,893**	223,345
Derivative financial liabilities	24	**-**	6,648
Trade and other payables	26	**897,810**	1,472,397
Total non-current liabilities		**11,957,402**	10,581,683
Current liabilities			
Non-convertible sukuk	19	**37,104**	36,665
Bank borrowings	20	**608,301**	290,284
Retentions payable	21	**1,056,294**	812,919
Lease liabilities	22	**48,988**	37,743
Advances from customers	25	**1,005,467**	762,357
Contract liabilities	10	**2,393,226**	1,835,151
Trade and other payables	26	**9,624,004**	7,549,152
Total current liabilities		**14,773,384**	11,324,271
Total liabilities		**26,730,786**	21,905,954
Total equity and liabilities		**61,275,984**	49,542,737

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.

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Mohamed Al Mubarak Chairman	**Talal Al Dhiyebi** Group Chief Executive Officer	**Greg Fewer** Group Chief Financial & Sustainability Officer

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

ALDAR PROPERTIES PJSC

Consolidated statement of profit or loss
for the year ended 31 December 2022

	Note	2022 AED'000	2021 AED'000
Revenue and rental income	27	**11,200,027**	8,575,950
Direct costs	28	**(6,466,198)**	(4,975,906)
Gross profit		**4,733,829**	3,600,044
Selling and marketing expenses	29	**(442,639)**	(182,592)
General and administrative expenses			
Staff costs	30.2	**(626,946)**	(451,529)
Depreciation and amortisation	5,6	**(342,790)**	(250,189)
Provisions, impairments and write downs, net	31	**(63,837)**	(247,051)
Others	30.1	**(464,964)**	(231,941)
Loss on disposal of property, plant and equipment	5.3	**(165)**	(2,037)
Gain on revaluation of investment properties, net	7	**442,797**	146,383
Share of results of associates and joint ventures	8	**(7,765)**	(8,214)
Gain on disposal of investment properties	7	**28,992**	14,637
Gain on bargain purchase	47	**9,104**	99,469
Finance income	32	**217,643**	48,444
Finance costs	33	**(397,348)**	(265,558)
Other income	34	**97,056**	63,583
Profit for the year before tax		**3,182,967**	2,333,449
Income tax expense	35	**(39,234)**	-
Profit for the year after tax		**3,143,733**	2,333,449
Attributable to:			
Owners of the Company		**2,944,464**	2,315,601
Non-controlling interests	46	**199,269**	17,848
		3,143,733	2,333,449
Basic and diluted earnings per share (AED)	36	**0.368**	0.295

ALDAR PROPERTIES PJSC

Consolidated statement of comprehensive income
for the year ended 31 December 2022

	Note	2022 AED'000	2021 AED'000
Profit for the year		**3,143,733**	2,333,449
Items that may be reclassified to profit or loss in subsequent periods:			
Foreign exchange differences on translation of foreign operations	18	**(643,689)**	-
Fair value gain on cash flow hedges arising during the year	24	**193,394**	27,326
Net gains on hedging instruments reclassified to profit or loss	24,33	**6,947**	3,306
Items that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain on revaluation of property, plant and equipment upon transfer to investment properties		**-**	73,623
Fair value gain/(loss) on revaluation of financial assets at fair value through other comprehensive income (FVTOCI)	9.1	**52,685**	11,003
Other comprehensive (loss)/income for the year		**(390,663)**	115,258
Total comprehensive income for the year		**2,753,070**	2,448,707
Attributable to:			
Owners of the Company		**2,802,507**	2,430,859
Non-controlling interests		**(49,437)**	17,848
		2,753,070	2,448,707

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

ALDAR PROPERTIES PJSC

Consolidated statement of changes in equity for the year ended 31 December 2022

	Share capital AED'000	Statutory reserve AED'000	Cash flow hedging reserve AED'000	Investment revaluation reserve AED'000	Assets revaluation reserve AED'000	Foreign currency translation reserve AED'000	Retained earnings AED'000	Equity attributable to owners of the Company AED'000	Hybrid equity instrument AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2021	7,862,630	3,931,315	(31,054)	18,142	-	-	13,849,760	25,630,793	-	70,892	25,701,685
Profit for the year	-	-	-	-	-	-	2,315,601	2,315,601	-	17,848	2,333,449
Other comprehensive income for the year	-	-	30,632	11,003	73,623	-	-	115,258	-	-	115,258
Total comprehensive income for the year	-	-	30,632	11,003	73,623	-	2,315,601	2,430,859	-	17,848	2,448,707
Dividends (note 37)	-	-	-	-	-	-	(1,140,082)	(1,140,082)	-	-	(1,140,082)
Transfer of investment revaluation reserve	-	-	-	(19,345)	-	-	19,345	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	626,473	626,473
Balance at 1 January 2022	**7,862,630**	**3,931,315**	**(422)**	**9,800**	**73,623**	**-**	**15,044,624**	**26,921,570**	**-**	**715,213**	**27,636,783**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,944,464**	**2,944,464**	**-**	**199,269**	**3,143,733**
Other comprehensive income for the year	**-**	**-**	**190,670**	**52,685**	**-**	**(385,312)**	**-**	**(141,957)**	**-**	**(248,706)**	**(390,663)**
Total comprehensive income for the year	**-**	**-**	**190,670**	**52,685**	**-**	**(385,312)**	**2,944,464**	**2,802,507**	**-**	**(49,437)**	**2,753,070**
Issuance of hybrid equity instrument (note 17)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,815,647**	**-**	**1,815,647**
Dividends (note 37)	**-**	**-**	**-**	**-**	**-**	**-**	**(1,179,394)**	**(1,179,394)**	**-**	**-**	**(1,179,394)**
Dividends paid by a subsidiary to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(973)**	**(973)**
Dividends paid by a subsidiary against preference equity (note 46.2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,979)**	**(20,979)**
Coupon paid on hybrid equity instrument (note 17)	**-**	**-**	**-**	**-**	**-**	**-**	**(51,645)**	**(51,645)**	**-**	**-**	**(51,645)**
Reclassification of fair value reserve of financial asset at FVTOCI upon derecognition (note 9)	**-**	**-**	**-**	**(64,795)**	**-**	**-**	**64,795**	**-**	**-**	**-**	**-**
Movement from partial disposal of interests in subsidiaries (note 46.2 & 46.3)	**-**	**-**	**-**	**-**	**-**	**-**	**(44,625)**	**(44,625)**	**-**	**3,302,843**	**3,258,218**
Change in equity attributable to owners of the Company due to partial disposal of subsidiary (note 46.2)	**-**	**-**	**-**	**-**	**-**	**-**	**(99,080)**	**(99,080)**	**-**	**99,080**	**-**
Non-controlling interest arising on a business combination and asset acquisition (note 7.2 & 47.2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**334,471**	**334,471**
Balance at 31 December 2022	**7,862,630**	**3,931,315**	**190,248**	**(2,310)**	**73,623**	**(385,312)**	**16,679,139**	**28,349,333**	**1,815,647**	**4,380,218**	**34,545,198**

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

ALDAR PROPERTIES PJSC

Consolidated statement of cash flows for the year ended 31 December 2022

	Note	2022 AED '000	2021 AED '000
Operating activities			
Profit for the year before tax		**3,182,966**	2,333,449
Adjustments for:			
Depreciation and amortisation	5,6	**363,571**	254,262
Finance income	32	**(217,643)**	(48,444)
Finance cost	33	**397,348**	265,558
Dividend income	9.1	**-**	(600)
Gain on revaluation of investment properties, net	7	**(442,797)**	(146,383)
Share of results of associates and joint ventures	8	**7,765**	8,214
Provision/(release) for onerous contracts	31	**14,514**	(1,664)
Provisions, impairments and write downs, net	31	**356,992**	124,345
Reversal of accruals, net	31	**-**	(126,393)
Reversal of provision for impairment of investments in associates and joint ventures	31	**(7,346)**	-
(Reversal of impairment)/impairment on property, plant and equipment	5,31	**(300,323)**	29,060
Loss on disposal of property, plant and equipment		**165**	2,037
Gain on disposal of investment properties		**(28,992)**	(14,637)
Gain business combination	47.2	**(9,104)**	(99,469)
Gain on revaluation of financial assets		**(5,222)**	1,271
Provision for employee benefits		**70,486**	67,998
Operating cash flows before movements in working capital		**3,382,380**	2,648,604
Movement in working capital:			
(Increase)/decrease in trade receivables and other assets		**(1,064,706)**	45,667
Decrease in development work in progress, inventories and plots of land held for sale		**155,707**	43,651
(Increase)/decrease in contract assets		**(262,092)**	711,395
Increase in retentions payable		**400,275**	374,364
Increase in advances from customers		**259,565**	259,655
Increase in contract liabilities		**773,061**	53,898
Increase in trade and other payables		**2,707,935**	1,701,074
Cash generated from operations		**6,352,125**	5,838,308
Employee benefits paid		**(37,614)**	(38,050)
Income tax paid		**(87,589)**	-
Net cash from operating activities		**6,226,922**	5,800,258

Consolidated statement of cash flows
for the year ended 31 December 2022 (continued)

	Note	2022 AED'000	2021 AED'000
Net cash generated from operating activities		**6,226,922**	5,800,258
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	5	**(2,109,872)**	(96,883)
Payment for purchases of intangible assets	6	**(44,015)**	(19,107)
Additions to investment properties	7	**(5,433,967)**	(255,798)
Proceeds from disposal of investment properties and property, plant and equipment	5,7	**251,628**	163,786
Cash received from associate as reduction in capital	8	**32,000**	16,445
Acquisition of subsidiaries, net of cash acquired	47	**(488,844)**	(689,152)
Proceeds from disposal of financial assets at FVTOCI		**42,891**	44,906
Movement in term deposits with maturities greater than three months		**(555,000)**	701,414
Increase/(decrease) in financial assets		**933**	(22,928)
Proceeds from maturity of treasury bills		**478,140**	-
Payments for treasury bills		**(627,939)**	-
Movement in restricted bank balances		**(1,499,512)**	(1,263,359)
Finance income received		**102,480**	60,581
Dividends received		**-**	639
Net cash used in investing activities		**(9,851,077)**	(1,359,456)
Cash flows from financing activities			
Repayments of bank borrowings	15	**(6,772,798)**	(1,782,937)
Proceeds from bank borrowings	15	**8,803,223**	1,572,278
Payment of principal portion of lease liabilities		**(56,637)**	(26,803)
Finance costs paid		**(393,820)**	(263,417)
Dividends paid		**(1,252,990)**	(1,140,898)
Cash paid for settlement of derivatives		**-**	(1,655)
Proceeds from movement in ownership interest in subsidiaries	46	**3,258,219**	-
Proceeds from issuance of hybrid equity instruments	17	**1,815,647**	-
Net cash generated from/(used) in financing activities		**5,400,844**	(1,643,432)
Net increase in cash and cash equivalents		**1,776,689**	2,797,370
Cash and cash equivalents at beginning of the year	15	**5,383,855**	2,586,485
Effect of foreign exchange rate changes		**(140,226)**	-
Cash and cash equivalents at end of the year	15	**7,020,318**	5,383,855

Refer to note 44 for details of non-cash transactions excluded from the consolidated statement of cash flows.

1 General information

The establishment of Aldar Properties PJSC (the "Company" or "Aldar") was approved by Decision No. (16) of 2004 of the Abu Dhabi Department of Planning and Economy dated 12 October 2004. The Company's incorporation was declared by Ministerial Resolution No. (59) of 2005 issued by the UAE Minister of Economy dated 23 February 2005.

The Company is domiciled in the United Arab Emirates (UAE) and its registered office address is P.O. Box 51133, Abu Dhabi. The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The holding company of the Group is Alpha Dhabi Holding PJSC (the "Parent Company") which is listed on Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the "Group") are engaged in various businesses primarily the development, sales, investment, construction, leasing, management and associated services for real estate. In addition, the Group is also engaged in development, construction, management and operation of hotels, schools, marinas, restaurants, beach clubs and golf courses.

2 Adoption of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and amended IFRSs that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS standards and interpretations issued by the International Accounting Standard Board (IASB) that are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements except as disclosed below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

2 Adoption of new and revised International Financial Reporting Standards ("IFRSs") *(continued)*

2.1 New and amended IFRSs that are effective for the current year *(Continued)*

Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cashflows and discount rates for the most appropriate fair value measurement.

2 Adoption of new and revised International Financial Reporting Standards ("IFRSs") *(continued)*

2.2 New and amended IFRS Standards in issue but not yet effective and not early adopted

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective. Management does not expect that the adoption of the Standards listed below will have a material impact on the consolidated financial statements of the Group in future periods.

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17 Insurance Contracts)	1 January 2023
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date not yet decided
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

3 Summary of significant accounting policies

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable provisions of the U.A.E. Federal Law No. (32) of 2021.

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties, revaluation of the financial assets at fair value through other comprehensive income, revaluation of the financial assets at fair value through profit or loss, measurement of derivative financial instruments and measurement of share-based payments at fair values at the end of each reporting period, as explained in the accounting polices given below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

3 Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:

- Level 1 inputs are quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability that are derived from valuation techniques.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the functional and presentation currency of the Group and all values are rounded to the nearest thousand (AED '000) except when otherwise indicated. Foreign operations are included in accordance with the policies set out in note 3.14.

3.2 Going concern

The directors have, at the time of approving the consolidated financial statements, made a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Details of the Company's significant subsidiaries and effective ownership interest are given below:

Name of subsidiary	Ownership interest 2022	Ownership interest 2021	Country of incorporation	Principal activities
Operating subsidiaries				
Aldar Education - Sole Proprietorship LLC	**100%**	100%	UAE	Investment in, and management of entities providing educational services
Aldar Hotels and Hospitality LLC	**100%**	100%	UAE	Investment in, and management of, entities providing hotels and hospitality services
Aldar Marinas LLC	**100%**	100%	UAE	Managing and operating marinas, sports clubs and marine machinery
Provis Real Estate Management - Sole Proprietorship LLC	**100%**	100%	UAE	Management and leasing of real estate
Provis Real Estate Brokers LLC	**100%**	100%	UAE	Real estate brokerage
Yas Links LLC	**100%**	100%	UAE	Ownership and management of golf courses and golf clubs
Pivot Engineering & General Contracting Co. (WLL)	**65.2%**	65.2%	UAE	Engineering and general construction works
Aldar Investment Properties LLC	**88.1%**	100%	UAE	Investment, management and associated services for real estate assets and the operation of hotels
Aldar Investment Holding Restricted Limited	**88.1%**	100%	UAE	Special purpose vehicle, proprietary asset management company
Khidmah - Sole Proprietorship LLC	**100%**	100%	UAE	Management and leasing of real estate
Saadiyat Accommodation Village LLC	**100%**	100%	UAE	Accommodation village

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Name of subsidiary	Ownership interest 2022	Ownership interest 2021	Country of incorporation	Principal activities
Aldar Sukuk (No. 1) Ltd.	**100%**	100%	Cayman Islands	Funding company
Aldar Sukuk (No. 2) Ltd.	**100%**	100%	Cayman Islands	Funding company
Aldar Sukuk (No. 3) Ltd.	**100%**	100%	Cayman Islands	Funding company
Cloud Spaces - Sole Proprietorship LLC	**100%**	100%	UAE	Real estate lease and management services
Aldar Lifestyle - Sole Proprietorship LLC	**100%**	100%	UAE	Hospitality services
Eastern Mangroves Marina - Sole Proprietorship LLC	**100%**	100%	UAE	Managing and operating marinas
Marsa Al Bateen - Sole Proprietorship LLC	**100%**	100%	UAE	Managing and operating marinas
Advanced Real Estate Services - Sole Proprietorship LLC	**100%**	100%	UAE	Real estate services
Aldar Investments Limited	**100%**	100%	UAE	Holding company
Pacific Owners Association Management Services LLC	**100%**	100%	UAE	Management of real estate
Aldar Ventures International Holding RSC Limited	**100%**	100%	UAE	Restricted scope company
Aldar Projects LLC	**100%**	100%	UAE	Project management services
Six October for Development and Investment Co. S.A.E. (SODIC)	**59.9%**	59.9%	Egypt	Real estate development
Tasareeh Engineer Services - Sole Proprietorship LLC	**100%**	100%	UAE	Development consultancy
Aldar Investment Management Limited	**100%**	100%	UAE	Assets management
Asteco Property Management LLC	**100%**	100%	UAE	Property management services
Aldar Logistics - Sole Proprietorship LLC	**100%**	100%	UAE	Real estate lease and management services

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Name of subsidiary	Ownership interest 2022	Ownership interest 2021	Country of incorporation	Principal activities
The Gateway Engineering Services - Sole Proprietorship LLC	**100%**	100%	UAE	Development consultancy
Al Seih Real Estate Management LLC	**91.4%**	91.4%	UAE	Management and leasing of real estate; real estate projects investment
Seih Sdeirah Real Estate LLC	**91.4%**	91.4%	UAE	Property rental and management; real estate projects investment
Saadiyat Grove - Sole Proprietorship LLC	**100%**	100%	UAE	Real estate development
<u>New subsidiaries incorporated /acquired during the year</u>				
Mace Macro Technical Services L.L.C.	**100%**	-	UAE	Facilities management
Spark Security Services – Sole Proprietorship LLC	**100%**	-	UAE	Security solutions
Spark Security Services – LLC	**100%**	-	UAE	Security solutions
Pactive Sustainable Solutions LLC	**100%**	-	UAE	Green building consultant, buildings energy efficiency services
Saga International Owners Association Management Services LLC	**100%**	-	UAE	Property management services
Saga OA DMCC	**100%**	-	UAE	Property management services
Al Shohub Private School - Sole Proprietorship L.L.C.	**100%**	-	UAE	Providing educational services
Twafq Projects Development Property - Sole Proprietorship L.L.C.	**70%**	-	UAE	Real estate lease and management services
Abu Dhabi Business Hub LLC - Sole Proprietorship L.L.C.	**70%**	-	UAE	Real estate lease and management services
Aldar Logistics Holding Limited	**100%**	-	UAE	Holding company
Aldar Hansel SPV Restricted LTD.	**51%**	-	UAE	Restricted scope company
Confluence Partners (HQ) RSC LTD.	**100%**	-	UAE	Special purpose company

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Name of subsidiary	Ownership interest 2022	2021	Country of incorporation	Principal activities
Al Maryah Property Holding Limited	**60%**	-	UAE	Real estate holding
Double Tree by Hilton Resort & SPA Marjan Island LLC	**100%**	-	UAE	Hospitality services
Aldar Island Hotel - Sole Proprietorship L.L.C.	**100%**	-	UAE	Hospitality services
Bab Resorts LLC	**100%**	-	UAE	Hospitality services

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below)
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3 Summary of significant accounting policies (continued)

3.4 Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.5 Goodwill

Goodwill is initially recognised and measured at cost being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (as set out above). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The results and assets and liabilities of associates and joint ventures are incorporated using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated financial statements at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the associate or the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Profit or loss reflects the Group’s share of the results of operations of associates and joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group’s other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the investees are eliminated to the extent of the interest in the investees.

The aggregate of the Group’s share of profit or loss of an associate and a joint venture is shown on the face of profit or loss outside operating profit and represents profit or loss and non-controlling interests in the subsidiaries of the associate or joint venture.

Losses of an associate or joint venture in excess of the Group’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in associate or joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group and having same accounting policies. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group’s investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3 Summary of significant accounting policies (continued)

3.6 Investment in associates and joint ventures (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or joint venture upon loss of significant influence over the associate or joint control over the joint venture. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group’s consolidated financial statements only to the extent of interests in the associate or join venture that are not related to the Group.

3.7 Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered conducting the transaction with other parties to the joint operation and profits and losses resulting from the transactions are recognised in the Group’s consolidated financial statements only to the extent of other parties' interests in the joint operation. When a Group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3 Summary of significant accounting policies (continued)

3.8 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3 Summary of significant accounting policies (continued)

3.9 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

3.10 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3 Summary of significant accounting policies (continued)

3.10 Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations.

External valuers are involved for valuation of significant assets. Involvement of external valuers is determined annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

3.11 Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from the following major sources:

- Sale of properties (property development and sales) and provision of services
- Service charges and expenses recoverable from tenants
- Hospitality revenue
- Income from leisure businesses
- Revenue from construction contracts
- Income from education services
- Management fee

Revenue from contracts with customers for sale of properties and provision of services

The Group constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before construction of the residential properties begins.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1 Identify contract(s) 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 every contract that must be met.

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

3 Summary of significant accounting policies (continued)

3.11 Revenue recognition (continued)

Revenue from with customers for sale of properties and provision of services (continued)

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or 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 allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

For performance obligations where any of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Under the terms of the contracts in the UAE, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Therefore, revenue from construction of residential properties in the UAE is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15. In respect of the Group's contracts for development of residential properties in Egypt, the Group has assessed that the criteria for recording revenue over time is not met and transfer of control happens only at the time of handover of completed units to the customers and accordingly the 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. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Group receives advance payments and instalments from some customers in a specific jurisdiction, before the transfer of control over contracted units to customers as agreed in the contract, accordingly there is a significant financing component in those contracts, considering the length of time between the customer's payments and the transfer of control to the customer, and the interest rate prevailing in the market. The transaction price for those contracts is discounted using the interest rate implicit in the contract, and the Group uses the rate that would have been used in the event of a separate financing contract between the Group and the customer at the beginning of the contract, which is usually equal to the interest rate prevailing at the time of the contract. The Group uses the exception of the practical application for short-term payments received from customers. This means the amount collected from customers will not be modified to reflect the impact of the significant financing component if the period between the transfer of control over the units, service and payment is less than a year.

3 Summary of significant accounting policies (continued)

3.11 Revenue recognition (continued)

Management fee income

The Group manages construction of properties under long term contracts with customers. Management fee income is recognised over time using input method to recognise revenue on the basis of entity's efforts to the satisfaction of a performance obligation. Management considers that input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15. Where the outcome cannot be estimated reliably, revenue is measured based on the consideration from customers to which the Group expects to be entitled in a contract with a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date and excludes amounts collected on behalf of third parties.

Service charges and expenses recoverable from tenants

For investment properties held primarily to earn rental 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, health and safety) 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 rental 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 certain 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.

Hospitality revenue

Hospitality revenue corresponds to all the revenues received from guests of the hotels. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

Income from leisure businesses

Income from leisure businesses comprises revenue from goods sold and services provided at golf courses, beach clubs and marinas, and is recognised at the point when the goods are sold or services are rendered.

Income from education services

Registration fee is recognised as income when it is received. Tuition fee income is recognised over the period of tuition. Tuition fees received in advance are recorded as deferred income.

3 Summary of significant accounting policies (continued)

3.11 Revenue recognition (continued)

Revenue from construction contracts

The Group construct properties under long term contracts with customers. Such contracts are entered into before the construction work begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has enforceable right to payment for work done. Revenue from construction is therefore recognised over time using input method to recognise revenue on the basis of entity's efforts to the satisfaction of a performance obligation in accounting for its construction contracts. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15.

Where the outcome of a construction contract cannot be estimated reliably, revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Contract costs incurred are amortised over the period of service. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue using the input method and the payment is always less than one year.

When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the profit or loss immediately.

Contract costs

Costs of contracts include all direct costs of labour, materials, depreciation of property, plant and equipment (where applicable) and costs of subcontracted works, plus an appropriate portion of construction overheads and general and administrative expenses of the year allocated to construction contracts in progress during the year at a fixed rate of the value of work done on each contract. Any under recovery at the end of the fiscal year, is charged to profit or loss as unallocated overheads.

Contract assets and liabilities

The Group has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the consolidated financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

3.12 Leases

The Group as lessee

The Group assesses at contract inception whether a contract is, or contains a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a corresponding lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use) with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3 Summary of significant accounting policies (continued)

3.12 Leases (continued)

The Group as lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

3 Summary of significant accounting policies (continued)

3.12 Leases (continued)

The Group as lessee (continued)

After initial recognition, the Group applies fair value model to right-of-use assets that meet the definition of investment property. For assets that meet the definition of property, plant and equipment, right of use asset is carried at cost net of depreciation and impairment and is amortised over the term of the lease. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented along with the underlying asset in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset associated with property, plant and equipment is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in the consolidated statement of profit or loss.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The relative stand-alone price of lease and non-lease components is determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

The non-lease components are accounted for in accordance with the Group's policies. For determination of the lease term, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

- is within the control of the Group; and
- affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

The Group as lessor

The Group enters into lease arrangements as a lessor with respect to its investment properties. 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.

3 Summary of significant accounting policies (continued)

3.12 Leases (continued)

The Group as lessor (continued)

Rental 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.

Rental income arising from operating leases on investment property is recognised on a straight-line basis over the relevant lease term and is included in revenue in profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are 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 profit or loss when the right to receive them arises.

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.

3.13 Income tax

Current tax and deferred tax are recognised as income or expense in the profit or loss for the year, except in cases in which the tax results from a process or an event that is recognised at the same time or in a different year outside the profit or loss, whether in other comprehensive income or in equity directly or business combination.

Current income tax

The current tax for the current year and prior years and that have not been paid are recognised as a liability, but if the taxes that have already been paid in the current year or prior years are excess of the value payable for these years, this increase is recognised as an asset. The taxable current liabilities (assets) for the current year and prior years are measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to be issued by the end of the financial year. Tax assets and liabilities are set-off only when certain conditions are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

3 Summary of significant accounting policies (continued)

3.13 Income tax (continued)

Deferred tax (continued)

Deferred tax is not recognised for:

- The initial recognition of goodwill.
- The initial recognition of assets or liabilities in a transaction that:
  a. Is not a business combination.
  b. Does not affect neither accounting nor taxable profit (or loss).
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the Group's future business plans. Deferred tax assets are reassessed at each reporting date, and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are set-off only if certain conditions are met.

3.14 Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:
- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting)
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (allocated proportionately to owners of the company and non-controlling interest).

3 Summary of significant accounting policies (continued)

3.14 Foreign currencies (continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connections with the borrowing of funds.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.16 Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

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. All other repairs and maintenance expenses are charged to profit or loss in the period in which they are incurred.

3 Summary of significant accounting policies (continued)

3.16 Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

	Years
Buildings	5 - 30
Plants and machinery	2 - 5
Labour camps	5 - 10
Furniture and fixtures	4 -10
Office equipment	3 - 5
Computers	3
Motor vehicles	4
Leasehold improvements	3 - 4

Freehold land is not depreciated.

The estimated residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

Right-of-use assets are depreciated over the shorter period of lease term and the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

3.17 Capital work in progress

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 property, plant and equipment category and is accounted in accordance with the Group's policies.

3.18 Investment properties

Investment properties comprise completed properties and properties under development. Completed properties are properties held to earn rentals and/ or for capital appreciation and properties under development are properties being constructed or developed for future use as investment property. Investment properties under development are transferred to investment properties when they are completed and ready for their intended use.

Investment properties are measured initially at cost including transaction costs and for properties under development all direct costs attributable to the design and construction including related staff costs. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on annual valuations performed by accredited external independent valuers applying valuation models recommended by the International Valuation Standards Committee.

3 Summary of significant accounting policies (continued)

3.18 Investment properties (continued)

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Group considers as evidence the commencement of development with a view to sale (for a transfer from investment property to development work in progress) or inception of an operating lease to another party (for a transfer from inventories to investment property).

Upon completion of construction or development, a property is transferred from properties under development to completed properties. Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefits are expected from the disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

3.19 Development work in progress

Development work in progress consists of property being developed principally for sale and is stated at the lower of cost or net realisable value. Cost comprises all direct costs attributable to the design and construction of the property including direct staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs to complete and applicable variable selling expenses.

For single segment development projects, the Group allocates the cost of land in proportionate basis of the Ground Floor Area ("GFA") and for multi-segment development projects, the Group allocates the cost of land in proportionate basis of the residual value of each respective segment of the development project. The residual value of each segment is determined by the management of the Group using recognised valuation methods. These methods comprise the residual value method and the income capitalization method. The residual value method requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period.

In respect of the Group's property development and sales contracts in Egypt, the Group records revenue at a point in time when the control of property unit is transferred to the customers. All costs relating to such contracts are recorded under development work in progress until the completion of the projects. The costs recorded under development work in progress are recognised as direct costs when the property is handed over to the customer for the sold units and to inventories for the unsold units.

In respect of consideration for plots of land which is variable and dependent on actual returns from the development projects, the Group recognises amounts actually paid as part of development work in progress. The costs of the plots of land are subsequently either increased or decreased based on actual payments made and returns on the development projects in line with the arrangement with third parties.

3 Summary of significant accounting policies (continued)

3.20 Inventories

Inventories comprise completed properties held for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, and other operating inventories. Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method and comprises construction/ acquisition costs and other charges incurred in bringing inventory to its present location and condition. Net realisable value represents the estimated selling price less all estimated selling and marketing costs to be incurred.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory properties recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

3.21 Plots of land held for sale

Plots of land held for sale is stated at the lower of cost and net realisable value. Costs include the cost of land acquired and all direct costs attributable to the infrastructure works of the land. Net realisable value represents the estimated selling price of the land less all estimated costs necessary to make the sale.

3.22 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition and are recognised separately from goodwill. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives which is normally a period of 3 to 5 years.

Customer contracts/backlog

Customer contracts/backlog have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represent long term non-cancellable contracts with customers. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which is in the range of 5 to 10 years.

3 Summary of significant accounting policies (continued)

3.22 Intangible assets (continued)

Customer relationships

Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represents the value to be derived from relationship with customers. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which is estimated as 5 years.

3.23 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment 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.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

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 immediately in of profit or loss. 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 profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.24 Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3 Summary of significant accounting policies (continued)

3.25 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

If the Group has a contract that is onerous, the present obligations under onerous contracts are recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are remeasured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

3.26 Provision for employees' benefits

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. Provision is also made for the full amount of end of service benefits due to employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the reporting date. The accrual relating to annual leave is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law no. (2) of 2000 for Pension and Social Security; such contributions are charged to profit or loss during the employees' period of service.

3.27 Share-based payments

For cash-settled share-based payments to employees, a liability is recognised for the services acquired, at the fair value which is measured initially at grant date and at each reporting date up to and including the settlement date, with changes in fair value net of any changes in investments held, are recognised in profit or loss. The group does not have any equity-settled share-based payment.

3 Summary of significant accounting policies (continued)

3.28 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-monetary assets are recognised as deferred government grant in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Land granted by the Government is recognised at nominal value where there is reasonable assurance that the land will be received and the Group will comply with any attached conditions, where applicable.

3.29 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

All financial assets under the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost, if both the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss, unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

3 Summary of significant accounting policies (continued)

3.29 Financial instruments (continued)

Financial liabilities

All financial liabilities are classified and subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies
- financial guarantee contracts
- commitments to provide a loan at a below-market interest rate

At initial recognition, the Group may irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

Sukuk

The sukuk are stated at amortised cost using the effective profit rate method. The profit attributable to the sukuk is calculated by applying the prevailing market profit rate, at the time of issue, for similar sukuk instruments and any difference with the profit distributed is added to the carrying amount of the sukuk.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in note 24. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3 Summary of significant accounting policies (continued)

3.29 Financial instruments (continued)

Financial liabilities (continued)

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit and loss.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at fair value through profit and loss.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

Reclassification of financial assets and financial liabilities

Where the Group changes its business model for managing financial assets, it reclassifies all affected financial assets but does not reclassify any financial liability.

Measurement of financial assets and liabilities

Initial measurement

At initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets

After initial recognition, an entity shall measure a financial asset in accordance with its classification at:

- amortised cost less impairment;
- fair value through other comprehensive income less impairment; or
- fair value through profit or loss.

Impairment is assessed on the financial assets measured at amortised cost and at fair value through other comprehensive income as disclosed below.

Hedge accounting requirements disclosed below applies to financial assets designated as hedged item.

3 Summary of significant accounting policies (continued)

3.29 Financial instruments (continued)

Impairment of financial assets

In relation to the impairment of financial assets, the Group applies the Expected Credit Loss ("ECL") model as opposed to an incurred credit loss model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. It is not necessary for a credit event to have occurred before credit losses are recognised.

A loss allowance for expected credit losses is recognised on all classes of financial assets, other than those that are measured as fair value through profit or loss and equity instruments classified and measured at fair value through other comprehensive income. The financial assets subject to impairment requirements of IFRS 9, include:

- debt investments subsequently measured at amortised cost or at fair value through other comprehensive income;
- bank balances;
- trade receivables;
- lease receivables;
- contract assets; and
- loan commitments and financial guarantee contracts.

The Group has adopted the simplified approach for measuring the impairment on trade receivables, lease receivables and contract assets. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

3 Summary of significant accounting policies (continued)

3.29 Financial instruments (continued)

Impairment of financial assets (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are highly doubtful of collection, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

The measurement of expected credit losses 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.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped for the assessment of the expected credit loss. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3 Summary of significant accounting policies (continued)

3.29 Financial instruments (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Hedge accounting

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.
- Hedges of a net investment in a foreign operation.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit or loss as other gains and losses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss as other gains and losses. For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

3 Summary of significant accounting policies (continued)

3.29 Financial instruments (continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in 'Other gains and losses'.

4 Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, which are described in note 3 in the preparation of the Group's consolidated financial statements, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future period.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimates (which are presented below separately), that 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.

Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, and in particular, the intended usage of property as determined by management.

4 Significant accounting judgements, estimates and assumptions (continued)

4.1 Critical judgements in applying the Group's accounting policies (continued)

Property lease classification - Group as lessor

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

Judgements in relation to contracts with customers

Determination of performance obligations
With respect to the sale of property, the Group concluded the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Group accounts for them as a single performance obligation because they are not distinct in the context of the contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output, i.e., the completed property for which the customer has contracted.

Satisfaction of performance obligations
The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. Accordingly, the Group has evaluated the timing of revenue recognition on the sale of properties based on a careful analysis of the rights and obligations under the terms of the contract and legal advice from the Group's legal counsel.

The majority of the Group's contracts relating to the sale of completed property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

For contracts relating to the sale of property under development in the UAE, the Group has generally concluded that the over time criteria are met and, therefore, recognises revenue over time. These are contracts either for property sold to one customer for the entire land and building or for a multi-unit property. The Group has considered the factors contained in the contracts for the sale of property and concluded that the control of a the above mentioned property(s) is transferred to the customer over time because:

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. That is, the Group has considered various factors that indicate that the customer controls the part-constructed property as it is being constructed.
- The Group's performance does not create an asset with alternative use. Furthermore, the Group has an enforceable right to payment for performance completed to date. It has considered the factors that indicate that it is restricted (contractually or practically) from readily directing the property under development for another use during its development. In addition, the Group is, at all times, entitled to an amount that at least compensates it for performances for performance completed to date (usually costs incurred to date plus a reasonable profit margin). In making this determination, the Group has carefully considered the contractual terms as well as any legislation or legal precedent that could supplement or override those contractual terms.

4 Significant accounting judgements, estimates and assumptions (continued)

4.1 Critical judgement in applying the Company's accounting policies (continued)

Judgements in relation to contracts with customers

Satisfaction of performance obligations (continued)
For contracts relating to the sale of property under development in Egypt, the Group has generally concluded that the overtime criteria are not met and, therefore, recognises revenue at a point in time.

Where contracts are entered into for construction (to construct an asset for the customer), the Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The Group has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Group and the transfer of goods and services to the customer.

Where contracts are entered into to provide services (property management and facility management), the Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determination of transaction prices
The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers
In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer. In the case of contracts to sell real estate assets, this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer.

Consideration of significant financing component in a contract
For some contracts involving the sale of property, the Group is entitled to receive an initial deposit. The Group concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

Consideration of warranties
Contracts for the sale of property contain certain warranties covering a period of up to one year after completion of the property, such as the property meeting specific operational performance requirements. The Group assessed that these conditions represent 'assurance-type' warranties that are customarily provided as quality guarantees and are therefore accounted for under IAS 37.

4 Significant accounting judgements, estimates and assumptions (continued)

4.1 Critical judgement in applying the Company's accounting policies (continued)

Judgements in relation to contracts with customers (continued)

Contract variations
Contract variations are recognised as revenues only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management considers prior experience, application of contract terms and the relationship with the customer in making their judgement.

Contract claims
Contract claims are recognised as revenue only when management believes that only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management reviews the judgement related to these contract claims periodically and adjustments are made in future periods, if assessments indicate that such adjustments are appropriate.

Identifying whether an acquisition is a business or an asset

For acquisitions made by the Group, the Group needs to make significant judgement to assess whether the assets acquired and liabilities assumed constitutes a business and whether it has acquired control of one or more assets. Where such an acquisition does not constitute a business, the acquisition is accounted for as an asset acquisition. In making this assessment, the Group applies the definition of business under IFRS 3 which requires that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Principal versus agent consideration

The Group's performance obligation in one of the subsidiaries is to arrange for the provision of the specified goods or services by another party does not control the specified goods or services provided by another party before those goods or services are transferred to the customer. When the Group satisfies a performance obligation, the Group recognises revenue in the amount of management fee to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. The Group's primary obligation is to arrange for development services for development projects, and accordingly, the Group acts as agent on those development projects since:

- the Group does not control the specified goods or services provided by other parties before the services are transferred to the customer;
- primary responsibility for the fulfilling the promise does not rest with the Group;
- the Group does not bear any inventory risk since the ownership of the infrastructure, as set out in the management contracts;
- the Group does not have the price risk on the development contracts;
- customers retains the right to remove the Group as manager for the development projects based on its convenience without default from the Group

Use of practical expedient in recognising management fee

In line with an agreement with the Government of Abu Dhabi (the "Government"), the Group is overseeing the management of all projects of an entity (the "Entity") along with managing its operations. As per the agreement between the Government, the Entity and the Group, the Group is entitled to a supervision fee calculated based on the total development cost paid of the capital projects in consideration of the provision of the management services. In line with the contractual arrangement with the Government, the Group has assessed that it has a right to consideration from the Government for an amount which corresponds directly with the value to the customer of the performance completed to date, which is determined based on actual cash paid for projects of the Entity as agreed between the parties. Accordingly, in line with the requirements of IFRS 15, the Group uses practical expedient and recognises management fee on the basis of the invoice amount determined based on the actual cash paid for projects of the Entity.

4 Significant accounting judgements, estimates and assumptions (continued)

4.1 Critical judgement in applying the Company's accounting policies (continued)

Control assessment

The Group is overseeing management of the Entity along with managing its operations with a view to optimising its performance and administering the contracts with contractors and consultants in relation to its projects. Although the Group is entitled to manage all the operations of the Entity, the Group has assessed that it does not control the Entity since:

- the Group is performing management activities on behalf of the Government and does not have any ownership interest in Entity;
- the Group is not exposed to variable returns of the Entity since it charges fixed management fees on the total invoice amount of the development costs which are reimbursed by the Government and the Group's responsibilities only include management of projects which are being carried by third party contractors;
- the Group does not have the right to transfer any of the projects of the Entity to itself without any prior approval of the Government;
- although the Group has the right to nominate directors to the board of the Entity, appoint its executive management and represent the Government in the General Assemblies, the Group will still require the Government approval in the performance of this role which remains overseeing the completion/handing over of projects and/or liquidation of the Entity on behalf of the Government, and this will also be the mandate of the board; and
- the Government retains the right to remove the Group as manager for the projects based on its convenience without default from the Group.

4.2 Estimates and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, 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. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about the future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Measurement of progress when revenue is recognised over time

For those contracts involving the sale of property under development and construction contracts that meet the over time criteria of revenue recognition, the Group's performance is measured using an input method, by reference to the inputs towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation, i.e., the completion of the property. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. The Group generally uses the costs incurred method as a measure of progress for its contracts because it best depicts the Group's performance. Under this method of measuring progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. When costs are incurred, but do not contribute to the progress in satisfying the performance obligation (such as unexpected amounts of wasted materials, labour or other resources), the Group excludes the effect of those costs. Also, the Group adjusts the input method for any cost incurred that are not proportionate to the Group's progress in satisfying the performance obligation.

4 Significant accounting judgements, estimates and assumptions (continued)

4.2 Estimates and assumptions (continued)

Measurement of progress when revenue is recognised over time (continued)

In applying the input method, the Group estimates the efforts or inputs to the satisfaction of a performance obligation. In addition to the cost of meeting contractual obligation to the customers, these estimates mainly include:

- For development contracts, the cost of development and related infrastructure;
- For construction contracts, the certified works as evaluated by project consultants; and
- For services contracts, the time elapsed.

Calculation of loss allowance

The Group assesses the impairment of its financial assets based on the expected credit loss ("ECL") model. Under the ECL model, the Group accounts for expected credit losses and changes in those expected credit losses 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 the 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 Group has recognised an allowance for ECL on its trade and other receivables for the year ended 31 December 2022 amounting to AED 101,015 thousand (2021: AED 32,448 thousand) and the total allowance for ECL amounted to AED 445,064 thousand (2021: AED 341,301 thousand).

Fair value of investment properties and investment properties under development

The Group carries its investment properties at fair value, with changes in fair value recognised in the statement of profit or loss.

The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation methods. These methods comprise the residual value method and the income capitalisation method.

The residual value method requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period.

Under the income capitalisation method, the income receivable under existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation dates.

The Group's undiscounted future cash flows analysis and the assessment of expected remaining holding period and income projections on the investment properties requires management to make significant estimates and judgements related to future rental yields and capitalisation rates.

The key assumptions used are as follows:

	Range %
Capitalisation rates	6.75 - 10.0

4 Significant accounting judgements, estimates and assumptions (continued)

4.2 Estimates and assumptions (continued)

Estimation of net realisable value for inventory, plots of land held for sale and development work in progress

Inventory, plots of land held for sale and properties classified under development work in progress are stated at the lower of cost or net realisable value ("NRV"). NRV is assessed with reference to sales prices, costs of completion and advances received, development plans and market conditions existing at the end of the reporting period. For certain properties, NRV is determined by the Group having taken suitable external advice and in the light of recent market transactions, where available.

The determination of net realisable value of plots of land held for sale is based on external valuations using various valuation methodologies and techniques that take into account property-specific information such as forecast selling prices, site planning (including planning consent), build costs, cost recoveries, sales rates (per square meter) and discount rates etc., all of which contain an element of judgement and uncertainty. Forecast selling prices have inherent uncertainty due to changes in market conditions. Forecast build costs can vary with market conditions and may also be incorrectly estimated due to changes in site planning, style of build or unforeseen circumstances arising during construction.

NRV for completed inventory properties is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for property in the same market serving the same real estate segment.

NRV in respect of development work in progress is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

Impairment of property, plant and equipment and capital work in progress

Properties classified under property, plant and equipment and capital work in progress are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment loss recoginsed in prior periods for property, plant and equipment and capital work in progress is reversed when a change has been made to estimates used to determine the asset's recoverable amount since the last impairment loss was recoginsed.

An impairment review or the reversal of impairment is carried out by determining the recoverable amount which takes into account the fair value of the property under consideration. The fair value of hotel properties classified under property, plant and equipment is determined by an independent real estate valuation expert using Discounted Cash Flow method.

Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements and estimations over the useful lives of the assets and discounted using a range of discount rates that reflects current market assessment of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any probable impairment.

Useful lives of property, plant and equipment and intangible assets

Management reviews the residual values and estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period in accordance with IAS 16 and IAS 38. Management determined that current year expectations do not differ from previous estimates based on its review.

4 Significant accounting judgements, estimates and assumptions (continued)

4.2 Estimates and assumptions (continued)

Income taxes

The Group's current tax provision of AED 127,159 thousand (2021: AED 215,900 thousand) relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the relevant tax authorities.

Deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has AED 24,266 thousand (2021: AED 36,030 thousand) of unrecognised deferred tax asset or deductible temporary differences and tax losses carried forward. These losses relate to subsidiaries that have a history of losses, these losses do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses or deductible temporary differences as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax asset on the tax losses carried forward and deductible temporary differences.

Fair value of identifiable assets and liabilities

As stated in note 47, the identifiable assets acquired and the liabilities assumed in business combination are recognised at their fair value. In estimating the fair value of an asset or a liability, the Group engaged third party valuation specialists to perform the valuation. The underlying assumptions and estimates in assessing the fair values are as detailed within notes 6 and 47.

5 Property, plant and equipment

	Land and buildings AED '000	Labour camps AED '000	Furniture and fixtures AED '000	Plant and machinery AED '000	Office equipment AED '000	Computers AED '000	Motor vehicles AED '000	Lease improvements AED '000	Capital work in progress AED '000	Total AED '000
Cost										
At 1 January 2021	6,620,936	1,429,268	640,810	78,970	77,083	169,639	24,991	92,215	87,015	9,220,927
Additions	29,205	-	10,234	68	1,549	13,140	836	6,549	35,302	96,883
Transfers from development work in progress (note 13)	259,196	-	-	-	-	-	-	-	-	259,196
Transfers from investment properties, net (note 7)	136,474	-	-	-	-	-	-	-	-	136,474
Recognised as part of business combination (note 47)	158,202	-	5,381	9,298	5,404	2,960	7,285	11,460	30,199	230,189
Disposals (note 5.3)	-	-	(9,442)	(4,408)	(5,536)	(891)	(2,357)	(7,885)	-	(30,519)
At 1 January 2022	**7,204,013**	**1,429,268**	**646,983**	**83,928**	**78,500**	**184,848**	**30,755**	**102,339**	**152,516**	**9,913,150**
Additions	**1,796,960**	**347**	**140,919**	**26,559**	**12,071**	**21,495**	**19,172**	**92,349**	**-**	**2,109,872**
Transfers	**10,263**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,263)**	**-**
Transfers to investment properties, net (note 5.7, 7.3)	**(406,208)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(406,208)**
Recognised as part of business combination (note 47)	**74,803**	**-**	**1,431**	**-**	**964**	**8,148**	**1,905**	**58**	**-**	**87,309**
Disposals (note 5.3)	**(3,821)**	**-**	**(21,839)**	**(4,189)**	**(7,220)**	**(4,358)**	**(1,115)**	**(1,629)**	**-**	**(44,171)**
Exchange differences	**(73,181)**	**-**	**(7,402)**	**(7,175)**	**(4,744)**	**-**	**(5,866)**	**(8,155)**	**(11,762)**	**(118,285)**
At 31 December 2022	**8,602,829**	**1,429,615**	**760,092**	**99,123**	**79,571**	**210,133**	**44,851**	**184,962**	**130,491**	**11,541,667**
Accumulated depreciation and impairment losses										
At 1 January 2021	3,910,431	1,413,724	587,036	71,909	73,837	139,293	21,563	41,611	-	6,259,404
Charge for the year	156,270	1,882	27,513	3,095	2,301	12,948	1,794	12,757	-	218,560
Impairment (note 31)	18,000	-	-	-	-	-	-	-	11,060	29,060
Transfers to investment properties (note 7)	(126,443)	-	-	-	-	-	-	-	-	(126,443)
Disposals (note 5.3)	-	-	(9,779)	(3,771)	(5,465)	(673)	(2,357)	(2,438)	-	(24,483)
At 1 January 2022	**3,958,258**	**1,415,606**	**604,770**	**71,233**	**70,673**	**151,568**	**21,000**	**51,930**	**11,060**	**6,356,098**
Charge for the year	**216,860**	**1,970**	**33,679**	**4,454**	**6,513**	**27,576**	**6,788**	**17,795**	**-**	**315,635**
(Reversal)/charge for impairment, net (note 5.8 and 31)	**(312,362)**	**12,039**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(300,323)**
Transfers to investment properties (note 5.7, 7.3)	**(354,478)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(354,478)**
Disposals (note 5.3)	**(2,442)**	**-**	**(21,837)**	**(4,172)**	**(7,217)**	**(4,388)**	**(1,042)**	**(1,430)**	**-**	**(42,528)**
Exchange differences	**(18,620)**	**-**	**(4,153)**	**(3,936)**	**(3,262)**	**-**	**(3,310)**	**(5,978)**	**-**	**(39,259)**
At 31 December 2022	**3,487,216**	**1,429,615**	**612,459**	**67,579**	**66,707**	**174,756**	**23,436**	**62,317**	**11,060**	**5,935,145**
Carrying amount										
At 31 December 2022	**5,115,613**	**-**	**147,633**	**31,544**	**12,864**	**35,377**	**21,415**	**122,645**	**119,431**	**5,606,522**
At 31 December 2021	3,245,755	13,662	42,213	12,695	7,827	33,280	9,755	50,409	141,456	3,557,052

5 Property, plant and equipment (continued)

The depreciation charge for the year has been allocated as follows:

	2022 AED '000	2021 AED '000
Direct costs	**20,780**	4,073
General and administrative expenses	**294,855**	214,487
	315,635	218,560

5.1 During the year, Aldar Hotels & Hospitality – Sole Proprietorship LLC ("AHH" a subsidiary of the Company) signed an agreement for the purchase of the entire economic interest in Bab Resorts LLC, owner of Rixos Bab Al Bahr Ras Al Khaimah hotel ("Rixos") and Double Tree by Hilton Hotel, Ras Al-Khaimah UAE ("Double Tree") for a total consideration of AED 770,000 thousand and AED 810,000 thousand respectively resulting in additions of AED 767,528 thousand and AED 697,978 thousand respectively to the property, plant and equipment. The above transaction also results in additions of AED 23,500 thousand and AED 95,000 thousand respectively as plots of land held for sale.

During the year, AHH signed an agreement for the purchase of hotel building of Nurai Island Hotel ("Nurai Hotel") for a total consideration of AED 600,000 thousand resulting in additions of AED 232,966 thousand to property, plant and equipment. The above transaction also results in addition of AED 350,000 thousand as advances under trade receivables and other assets (note 11).

In accordance with the requirements of IFRS 3 *Business Combinations*, these acquisitions were accounted for as an asset acquisition since substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset.

5.2 Capital work in progress mainly represent the cost incurred on the development and enhancement of hospitality and leisure facilities which were under progress at the reporting date and will be transferred to the relevant asset category of property, plant and equipment when ready for intended use.

5.3 During the year, the Group sold property, plant and equipment resulting in a loss on disposal of AED 165 thousand (2021: AED 2,037 thousand).

5.4 Property, plant and equipment include right-of-use assets mainly with respect to leases of plots of land and buildings of AED 148,420 thousand (2021: AED 96,388 thousand). Depreciation charge of AED 9,020 thousand was recorded against the right-of-use assets during the year (2021: AED 4,574 thousand). The average lease term is 30 years. There were no major additions to right-of-use assets during the year. There are no extension or termination options on these leases.

5.5 Certain land and buildings classified as property, plant and equipment are pledged as security against bank borrowings as disclosed under note 20.

5.6 Land and buildings include hotel properties having a carrying amount of AED 3,712 million as at 31 December 2022 (2021: AED 1,855 million).

5.7 During the year, the Group transferred building classified under property, plant and equipment with a carrying value of AED 40,253 thousand to the investment properties due to change in use with fair value of AED 50,110 on the date of change in use of the property. The increase of AED 9,857 thousand in the carrying amount is recognised in consolidated statement of profit or loss as it reverses a previous impairment loss for that property. During the prior year, the Group transferred building classified under property, plant and equipment with a carrying value of AED 46,277 thousand to the investment properties due to change in use. A revaluation gain amounting to AED 73,623 thousand was recognised under 'Asset Revaluation Reserve' in equity (note 7.3).

5 Property, plant and equipment (continued)

5.8 During the year, the Group conducted an impairment assessment which resulted in impairment of AED 12,039 thousand (2021: AED 29,060 thousand). Note 4 highlights significant estimation uncertainty related to determination of the fair value less costs to sell and significant assumptions used.

During the year, the Group carried out a review of recoverable amount of its hotel properties due to change in the estimates used to determine the hotel properties' recoverable amount since the last impairment was recognised. The review resulted in a reversal of impairment loss of AED 312,362 thousand (2021: AED 29,060 thousand impairment loss) which has been recorded in the consolidated statement of profit or loss. The reversal of impairment mainly relates to improved cashflows and profitability resulting from improved market conditions. The recoverable value of relevant assets is based on fair value less cost to sell determined by independent valuer and has been determined by reference to the discounted cash flow method using exit yield of 7.5% to 9.5% (2021: 7.0% to 9.0%) and a discount rate of 9.5% to 11.5% (2021: 10.25% to 15.0%).

The Group conducted a sensitivity analysis for all its hotel properties classified under property, plant and equipment. The sensitivity has been conducted on the Revenue Per Available Room (RevPAR), occupancy, discount rate and exit yield. Based on this sensitivity analysis:

- A decrease in the discount rates and exit yields by 50bps would result in AED 193,500 thousand or 4.3% increase in the recoverable value, whilst an increase in the discount rates and exit yields by 50bps would result in AED 364,700 thousand or 8.1% decrease in the recoverable value; and
- An increase in the RevPAR by 5% would result in AED 239,100 thousand or 5.3% increase in the recoverable value, whilst a decrease in the RevPAR by 5% would result in AED 461,500 thousand or 10.2% decrease in the recoverable value.
- An increase in occupancy by 5% would result in AED 267,700 thousand or 6.1% increase in the recoverable value, whilst a decrease in the occupancy by 5% would result in AED 413,100 thousand or 9.2% decrease in the recoverable value.

6 Intangible assets and goodwill

	Goodwill AED '000	Customer contracts/ backlog AED '000	Customer relationship AED '000	Computer software AED '000	Total AED '000
Cost					
At 1 January 2021	3,259	-	9,111	106,209	118,579
Additions	-	-	-	19,107	19,107
Recognised as part of business combinations (note 47)	104,028	133,090	42,995	2,010	282,123
Disposals	-	-	-	(3,681)	(3,681)
At 1 January 2022	**107,287**	**133,090**	**52,106**	**123,645**	**416,128**
Additions	**-**	**-**	**96**	**43,919**	**44,015**
Recognised as part of business combinations (note 47)	**54,068**	**69,893**	**1,483**	**-**	**125,444**
Exchange differences	**(28,757)**	**(11,109)**	**-**	**(395)**	**(40,261)**
At 31 December 2022	**132,598**	**191,874**	**53,685**	**167,169**	**545,326**
Accumulated amortisation					
At 1 January 2021	-	-	-	90,494	90,494
Charge for the year	-	18,989	6,715	9,998	35,702
Disposals	-	-	-	(3,263)	(3,263)
At 1 January 2022	**-**	**18,989**	**6,715**	**97,229**	**122,933**
Charge for the year	**-**	**26,166**	**7,743**	**14,026**	**47,935**
Exchange differences	**-**	**(37)**	**-**	**(449)**	**(486)**
At 31 December 2022	**-**	**45,118**	**14,458**	**110,806**	**170,382**
Carrying amount					
31 December 2022	**132,598**	**146,756**	**39,227**	**56,363**	**374,944**
At 31 December 2021	107,287	114,101	45,391	26,416	293,195

6 Intangible assets and goodwill (continued)

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The majority of the goodwill recognised by the Group resulted from the acquisition of SODIC (note 47) and the remaining is related to principal investments segment.

Customer contracts/backlog and customer relationship include intangible assets acquired through business combinations. The customer contracts/backlog have useful life of 5 to 10 years. The major assumptions used in the calculation include discount rate in the range of 14% to 18.5% and growth rate of up to 7%.

7 Investment properties

Investment properties comprise completed properties and investment properties under development (IPUD). The movement during the year is as follows:

	2022			2021		
	Completed properties AED '000	**Properties under development AED '000**	**Total AED '000**	Completed properties AED '000	Properties under development AED '000	Total AED '000
Balance at the beginning of the year	**16,617,678**	**1,408,257**	**18,025,935**	15,893,723	569,193	16,462,916
Additions during the year (note 7.2)	**5,381,955**	**246,973**	**5,628,928**	79,643	176,155	255,798
Recognised as part of business combinations (note	**-**	**-**	**697,529**	252,246	677,555	929,801
47.2)	**697,529**	**-**		-	-	-
Revaluation on transfer from property, plant and equipment	**-**	**-**	**-**	73,623	-	73,623
Transfers	**377,241**	**(377,241)**	**-**	-	-	-
Disposals	**(232,372)**	**-**	**(232,372)**	(144,733)	-	(144,733)
Fair value gain, net (note 7.8)	**396,250**	**46,547**	**442,797**	135,737	10,646	146,383
Write-off	**-**	**-**	**-**	-	(8,598)	(8,598)
Transfer from/(to):						
Property, plant and equipment (note 7.3)	**51,730**	**-**	**51,730**	(246,223)	(16,694)	(262,917)
Inventories (note 14)	**-**	**(17,122)**	**(17,122)**			
Development work in progress (note 7.1 & 13)	**24,948**	**(436,705)**	**(411,757)**	573,662	-	573,662
Exchange differences	**(104,487)**	**(148,157)**	**(252,644)**	-	-	-
Balance at the end of the year	**23,210,472**	**722,552**	**23,933,024**	16,617,678	1,408,257	18,025,935

7.1 This represents the transfer of properties from development work in progress due to change in use since the Group entered into operating leases with other parties for the properties on their completion during the year.

7.2 Additions mainly comprise of capital costs incurred during the year and the following assets acquisitions:

(i) During the year, Aldar Investment Properties LLC ("AIP" a subsidiary of the Company) acquired Al Hamra Mall in Ras Al Khaimah, United Arab Emirates from Al Hamra Real Estate Development Company LLC for a total consideration of AED 410,000 thousand.

(ii) During the year, AIP acquired 100% of the issued share capital of Confluence Partners (HQ) RSC Ltd. ("Confluence"), registered in Abu Dhabi, UAE for a total consideration of AED 4,373,000 thousand. Confluence owns 100% of Abu Dhabi Global Market towers located in Al Maryah Island.

(iii) During the year, AIP acquired 60% shares in Al Maryah Property Holdings Limited ("Al Maryah"), a limited liability company in Abu Dhabi Global Market (owner of Al Marayah Tower), for a total gross consideration of AED 459,000 thousand. The Group has control over Al Maryah Property Holdings Limited and accordingly fully consolidated Al Maryah Property Holdings Limited in these consolidated financial statement. The acquisition also results in recognition of AED 192,600 thousand of non-controlling interest.

7 Investment properties (continued)

In accordance with the requirements of IFRS 3 *Business Combinations*, the above acquisitions were accounted for as assets acquisition since substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset.

7.3 During the year, the Group transferred certain investment properties to and from property, plant and equipment due to change in use (note 5.7). Transfer to development work in progress relate to change in use during the year since the Group commenced development of such properties with a view to sell.

7.4 Investment properties include right-of-use assets with respect to leases of plots of land of AED 323,490 thousand (2021: AED 252,408 thousand). The average lease term is 20 years. There are no extension or termination options on these leases.

7.5 Except for certain investment properties of the Group which are pledged as security against bank borrowings, the Group has no restrictions on the realisability of its investment properties (note 20).

7.6 Investment properties under development comprise of land and buildings under construction where the Group has approved plan to develop commercial and residential properties. The fair values of these properties are determined using residual value method.

7.7 Investment properties represent the Group's interest in land and buildings situated in the United Arab Emirates (AED 23,579,958 thousand) and Arab Republic of Egypt ("Egypt") of AED 353,066 thousand.

7.8 The fair values of the investment properties including properties under development are arrived at on the basis of a valuation carried out by accredited independent valuers not connected with the Group. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. The valuations were mainly determined by using the income capitalisation method. The valuation has been conducted as at 30 November 2022. Management believes that there have been no significant changes to the fair values of investment properties between 30 November 2022 and 31 December 2022. There has been no material change to the valuation techniques during the year. Refer to note 4 for the key assumptions used in determination of fair value of investment properties and significant estimation uncertainty related to determination of the fair value.

The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13. The investment properties are categorised under Level 3 in the fair value hierarchy. There were no transfers between Levels 1, 2 or 3 during 2022 or 2021.

The Group conducted a sensitivity analysis for the 18 (2021: 13) largest assets in its investment property portfolio with an aggregate value of AED 20,519,724 thousand (2021: AED 14,249,507 thousand). The sensitivity has been conducted on the capitalisation rates and rental rates. Based on this sensitivity analysis:

- a decrease in the capitalisation rates by 50bps would result in a AED 1,191,036 thousand (2021: AED 954,719 thousand) or 5.8% (2021: 6.7%) increase in the valuation, whilst an increase in the capitalisation rates by 50bps would result in AED 1,040,975 thousand (2021: AED 847,842 thousand) or 5.1% (2021: 5.9%) decrease in the valuation; and
- an increase in the rental rates by 10% would result in an AED 1,524,388 thousand (2021: AED 1,302,472 thousand) or 7.4% (2021: 9.1%) increase in the valuation, whilst a decrease in the rental rates by 10% would result in AED 1,524,590 thousand (2021: AED 1,301,982 thousand) or 7.4% (2021: 9.1%) decrease in the valuation.

7 Investment properties (continued)

Discount rates and capitalisation rates are different than interest rates as commonly applied to borrowing rates or cost of short term and long-term debt. Discount rates and capitalisation rates are carefully derived by professional valuers in determining the fair market value of properties by using multiple valuation factors. There are interrelationships between the unobservable inputs which are generally determined by market conditions. The valuation may be affected by the interrelationship between the two noted unobservable inputs; for example, an increase in rent may be offset by an increase in the capitalisation rate, thus resulting in no net impact on the valuation. Similarly, an increase in rent in conjunction with a decrease in the capitalisation rate would amplify an increase in the value.

7.9 The property rental income earned by the Group from its investment properties, all of which is leased out under operating leases, amounted to AED 1,935,229 thousand (2021: AED 1,672,473 thousand) and direct operating cost relating to these properties amounted to AED 419,422 thousand (2021: AED 348,868 thousand).

7.10 The completed investment properties consist of the following broad categories:

- Retail properties: comprising of malls and community retail spaces
- Commercial properties: comprising of properties leased as offices
- Residential properties: comprising of properties leased as residential units

7.11 Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to net gain of AED 442,797 thousand (2021: AED 146,383 thousand) and are presented in profit or loss under the line items "gains on revaluation of investment properties, net".

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment properties (completed and under development) held at the end of the reporting period. During the year, the Group sold residential investment properties and realised a net gain of AED 28,992 thousand (2021: AED 14,637 thousand) that is recorded in profit or loss under "gain on disposal of investment properties".

8 Investment in associates and joint ventures

Details of each of the Group's associates and joint ventures as at 31 December 2022 and 31 December 2021 are as follows:

Investee	Place of incorporation (registration) and operation	Principal activity	Percentage holding	Voting power
Associates				
Abu Dhabi Finance PJSC ("ADF")	Abu Dhabi	Finance company	32%	32%
Al Sdeirah Real Estate Investment LLC	Abu Dhabi	Real estate	30%	30%
Bunya Enterprises LLC	Abu Dhabi	Project management	33%	33%
Iskandar Holdings Limited (note 8.1)	Cayman Islands	Real estate	19%	19%
Royal Gardens for Investment Property Co.	Egypt	Real estate development	20%	20%
Joint ventures				
Al Raha International Integrated Facilities Management LLC (under liquidation)	Abu Dhabi	Facilities Management	50%	50%
Royal House LLC	Abu Dhabi	Hotel operations	50%	50%
Galaxy Building Materials LLC (under liquidation)	Abu Dhabi	Building materials	45%	50%
Palmyra SODIC Real Estate Development	Syria	Real estate development	50%	50%

All of the above associates are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements:

	Abu Dhabi Finance PJSC AED '000	Al Sdeirah Real Estate Investment LLC AED '000	Iskandar Holdings Limited AED '000	Total AED '000
As at 1 January 2021	77,121	23,544	6,086	106,751
Share of profit	-	953	-	953
As at 31 December 2021	**77,121**	**24,497**	**6,086**	**107,704**
Share of profit	**-**	**956**	**-**	**956**
Impairment reversal (note 8.2)	**7,347**	**-**	**-**	**7,347**
Redemptions (note 8.2)	**(32,000)**	**-**	**-**	**(32,000)**
As at 31 December 2022	**52,468**	**25,453**	**6,086**	**84,007**

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements:

	Al Raha International Integrated Facilities Management LLC (under liquidation) AED '000	Royal House LLC AED '000	Aldar Besix LLC AED '000	Total AED '000
As at 1 January 2021	655	-	16,483	17,138
Share of profit/(loss)	-	(9,168)	1	(9,167)
Dividends received	-	-	(39)	(39)
Allocated to current account	-	9,168	-	9,168
Disposals	-	-	(16,445)	(16,445)
As at 31 December 2021	**655**	**-**	**-**	**655**
Share of profit/(loss)	**-**	**(8,721)**	**-**	**(8,721)**
Allocated to current account	**-**	**8,721**	**-**	**8,721**
As at 31 December 2022	**655**	**-**	**-**	**655**

8 Investment in associates and joint ventures (continued)

8.1 Iskandar Holdings Limited is classified as an associate of the Group although the Group owns a 19% ownership interest, as the Group has significant influence by virtue of its contractual right to appoint two out of six directors to the board of directors of the investee.

8.2 During the year, the share capital of ADF was reduced, consequently, the Company received AED 32,000 thousand and recognised as reduction the Company's interest in ADF. Subsequent to the reporting date, ADF further reduced its share capital and consequently the Company received AED 38,400 thousand against such reduction.

The Company performed impairment assessment for its investment in ADF and concluded that its recoverable amount, was higher than the carrying value of its share in the investee. As a result, the Company reversed the impairment on the carrying value of the investee amounted to AED 7,347 thousand.

Available financial information in respect of the Group's associates is summarised below:

	2022 AED '000	2021 AED '000
Total assets	**270,156**	938,301
Total liabilities	**(19,605)**	(569,244)
Net assets	**250,551**	369,057
Group's share of net assets of associates	**84,007**	107,704
Total revenue	**6,421**	59,606
Profit for the year	**3,187**	3,177

Latest available financial information in respect of the Group's joint ventures is summarised below:

	2022 AED '000	2021 AED '000
Total assets	**53,009**	60,607
Total liabilities	**(294,477)**	(284,633)
Net liabilities	**(241,468)**	(224,026)
Group's share of net assets of joint ventures	**655**	655
Total revenue	**15,227**	16,349
Net loss for the year	**(17,441)**	(18,333)

<u>Share of losses</u>

The unrecognised share of loss of associates for the year	**(26,322)**	(7,969)
Cumulative share of loss of associates	**(65,779)**	(39,457)

The Company has discontinued recognising share of losses from few associates as the Company does not have any legal or constructive obligation.

Associates and joint ventures are accounted for using the equity method in the consolidated financial statements as set out in the Group's accounting policies in note 3.6.

8 Investment in associates and joint ventures (continued)

Losses adjusted against the receivables

The Company considers that its amount receivable from one of the joint venture (Royal House LLC) is part of the Company's interest in the joint venture and, accordingly, loss recognised using the equity method in excess of the Group's investment in ordinary shares amounting to AED 8,721 thousand (2021: AED 9,168 thousand) was applied to the Group's receivable from the joint venture.

Others

During 2018, the Company sold an investment in joint venture. As per the agreement, the Group is entitled to further compensation which is contingent based on performance of the buyer and market conditions not within the control of the Group. As of 31 December 2022 and 31 December 2021, the fair value of the contingent consideration amounted to nil since the inflow of economic benefits is not certain. The total contracted amount of the contingent consideration is AED 82,000 thousand.

9 Investment in financial assets

9.1 Financial assets at fair value through other comprehensive income (FVTOCI)

	2022 AED '000	2021 AED '000
Investment in UAE quoted securities	**29,795**	20,000
Investment in UAE unquoted securities	**2**	2
	29,797	20,002

Movement during the year is as follows:

	2022 AED '000	2021 AED '000
At 1 January	**20,002**	53,905
Fair value gain, net	**52,685**	11,003
Additions	**74,692**	-
Disposals	**(117,582)**	(44,906)
At 31 December	**29,797**	20,002

During the year, the Group swapped its 1,000 thousand shares held in Al Reem Investments PJSC for 17,330 thousand shares in Q Holding PJSC. Al Reem Investment PJSC was fair valued at AED 74,692 thousand as of transaction date. Cumulative fair value changes in Al Reem Investment PJSC amounting to AED 64,492 thousand were transferred from the investment revaluation reserve to retained earnings upon derecognition. Subsequently, during the year, 7,449 thousand of shares in Q Holding PJSC were sold. The proportionate fair value difference of AED 303 thousand transferred from investment revaluation reserve to retained earnings.

During the year, dividend income received from these investments amounted to nil (2021: AED 600 thousand).

9.2 Financial assets at fair value through profit or loss (FVTPL)

	2022 AED'000	2021 AED'000
Investment in international unquoted funds	**68,837**	21,657

9 Investment in financial assets (continued)

9.3 Financial assets at amortised cost

	2022 AED'000	2021 AED'000
Investment in treasury bills*	**179,744**	77,475

*This represents investment in treasury bills carried at amortised cost which approximates the fair value.

The Group's exposure to market and interest risk related to the financial assets is disclosed in note 40.

10 Contract assets and contract liabilities

Contract assets represents unbilled revenue arising from contracts for sale of properties which pertains to the Group's right to consideration in exchange for goods or services that the Group has transferred to the customers. These contracts have remaining performance obligations (unsatisfied or partially unsatisfied) which is expected to be recognised as revenue over the remaining tenor of these contracts. The majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years. These contract assets are fully secured against the underlying property units.

Contract liabilities represents deferred revenue arising from construction contracts and property development under off-plan sales projects. These contracts have performance obligations (unsatisfied or partially unsatisfied) which is expected to be recognised as revenue over the remaining tenor of these contracts. Majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years.

10.1 Contract assets

	2022 AED'000	2021 AED'000
Contract assets: gross amounts due from customer on contracts for sale of properties	**568,563**	264,484
Contract assets: gross amounts due from customer on contracts to construct assets	**-**	41,987
	568,563	306,471

The above amount mainly represents unbilled revenue arising from contracts for sale of properties. These contracts have remaining performance obligations (unsatisfied or partially unsatisfied) with aggregated value of AED 5,556,432 thousand (2021: AED 4,071,340 thousand) which is expected to be recognised as revenue over the remaining tenor of these contracts.

The majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years. These contract assets are fully secured against the underlying property units.

10.2 Contract liabilities

	2022 AED'000	2021 AED'000
Contract liabilities: gross amount due to customers on contracts for sale of properties	**(1,488,221)**	(1,796,403)
Contract liabilities: gross amount due to customers on contracts to construct assets	**(905,005)**	(38,748)
	(2,393,226)	(1,835,151)

10 Contract assets and contract liabilities (continued)

The above amount mainly represents deferred revenue arising from construction contracts, property development under off-plan sales projects and property management. These contracts have performance obligations (unsatisfied or partially unsatisfied) having aggregated value of AED 13,089,122 thousand (2021: AED 7,912,878 thousand) which is expected to be recognised as revenue over the remaining tenor of these contracts. Majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years.

11 Trade receivables and other assets

	2022 AED'000	2021 AED'000
Non-current portion		
Trade receivables (note 11.1)	**344,187**	275,292
Due from associates and joint ventures (note 11.5)	**210,918**	181,576
Receivables relating to project finance (note 11.3)	**135,262**	137,663
Deferred tax asset (note 11.7)	**57,302**	47,368
Others	**43,726**	51,304
	791,395	693,203
Less: allowance for expected credit loss (note 11.6)	**(212,663)**	(166,364)
	578,732	526,839
Current portion		
Trade receivables (note 11.1)	**3,048,929**	4,208,111
Advances and prepayments (note 11.8)	**2,655,499**	1,565,475
Refundable deposits (note 11.9)	**267,638**	342,266
Refundable costs (note 11.2)	**736,248**	314,701
Due from associates and joint ventures (note 11.5)	**26,364**	26,280
Accrued interest	**37,420**	18,468
Receivables from the Government of Abu Dhabi (note 11.4)	**5,734**	13,324
Receivables relating to project finance (note 11.3)	**8,863**	7,738
Receivables related to sale of subsidiaries and businesses	**-**	8,217
VAT recoverable	**229,466**	40,227
Others	**799,394**	687,611
	7,815,555	7,232,418
Less: allowance for expected credit loss (note 11.6)	**(232,401)**	(174,937)
	7,583,154	7,057,481

11.1 Trade receivables

Trade receivables mainly represent the amounts due in respect of sales of plots of land, properties, rental receivables, and revenue from construction contracts. As at 31 December 2022, 6% of the trade receivables (2021: 9% of the trade receivables) are due from its top five customers (2021: five customers). Concentration of credit risk is mitigated in some cases by the fact that the customers have already made instalment payments, in some cases substantial, on the plots, which the Group would contractually be entitled to retain in the event of non-completion of the remaining contractual obligations in order to cover losses incurred by the Group.

	2022 AED'000	2021 AED'000
Trade receivables	**3,393,116**	4,483,403
Less: allowance for expected credit loss (note 11.6)	**(209,511)**	(158,807)
	3,183,605	4,324,596

Interest is charged at 12% per annum on the past due amounts in respect of sales of plots and properties.

11 Trade receivables and other assets (continued)

11.1 Trade receivables (continued)

Ageing of trade receivables

The ageing of non-impaired receivables is as follows:

	2022 AED'000	2021 AED'000
Not past due	**2,120,033**	3,499,270
Past due (up to 180 days)	**507,936**	210,051
Past due (more than 180 days)	**555,636**	615,275
	3,183,605	4,324,596

11.2 Refundable costs

Refundable costs represent costs incurred on behalf of the Government of Abu Dhabi in relation to development of infrastructure of various projects and real estate developments.

11.3 Receivables relating to project finance

	Minimum payments		Present value of minimum payments	
	2022 AED'000	2021 AED'000	**2022 AED'000**	2021 AED'000
Amounts receivable from project finance:				
Within one year	**14,877**	18,293	**8,863**	7,738
In the second to fifth year	**71,750**	59,951	**18,833**	21,625
After five years	**179,401**	206,077	**116,429**	116,038
	266,028	284,321	**144,125**	145,401
Less: unearned finance income	**(121,903)**	(138,920)	**-**	-
Present value of minimum payments receivable	**144,125**	145,401	**144,125**	145,401

11.4 Receivable from the Government of Abu Dhabi

Receivables from the Government of Abu Dhabi represent the amounts receivable against infrastructure handed over and land plots sold.

11.5 Due from associates and joint ventures

	Non-current		Current	
	2022 AED'000	2021 AED'000	**2022 AED'000**	2021 AED'000
Gross receivables	**210,918**	181,576	**26,364**	26,280
Less: allowance for expected credit loss (note 11.6)	**(210,918)**	(166,364)	**(24,634)**	(16,131)
	-	15,212	**1,730**	10,149

11 Trade receivables and other assets (continued)

11.6 Allowance for expected credit loss

Movement during the year in allowance of expected credit loss:

Trade receivables

	2022 **AED'000**	2021 AED'000
Balance at the beginning of the year	**158,807**	189,430
Charge for the year (note 30)	**47,956**	24,895
Release/ (write off) of provision, net	**2,748**	(55,518)
Balance at the end of the year (note 11.1)	**209,511**	158,807

Due from associates and joint ventures

	2022 **AED'000**	2021 AED'000
Balance at the beginning of the year	**182,494**	174,942
Charge for the year	**53,059**	7,552
Balance at the end of the year (note 11.5)	**235,553**	182,494

The Group recognises lifetime expected credit loss ("ECL") for trade and other receivables using the simplified approach. To determine the expected credit losses all debtors were classified into four categories and the ECL rate for each category was determined using a provision matrix:

- Category I – government related companies (0%);
- Category II – private companies with low credit risk (1% to 20%);
- Category III – private companies with high credit risk (20% to 60%); and
- Category IV – debtors at default (100%)

These were adjusted for factors that are specific to the debtors and general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

If the ECL rates on each time bucket had been 5% higher or lower as of 31 December, the loss allowance on trade receivables would have been higher or lower as follows:

	2022 **AED'000**	2021 AED'000
Not past due	**32**	828
Past due (up to 180 days)	**2,343**	1,464
Past due (more than 180 days)	**8,100**	5,648
	10,475	7,940

11 Trade receivables and other assets (continued)

11.7 Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the Group. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

	2022 AED'000	2021 AED'000
Deferred tax assets		
Provisions	**52,082**	27,895
Carried forward tax losses	**10,181**	21,355
Deferred tax liabilities		
Foreign exchange translation	**(4,138)**	(1,383)
Property, plant and equipment	**(657)**	(254)
Others	**(166)**	(245)
Net deferred tax assets	**57,302**	47,368

Unrecognised deferred tax asset

	2022 AED'000	2021 AED'000
Deductible temporary differences	**21,746**	31,522
Tax losses carried forward	**2,520**	4,508
	24,266	36,030

Deferred tax asset has not been recognised in respect of the above-mentioned items as it is not considered probable that there will be future taxable profits available to justify the recognition of a deferred tax asset.

11.8 Advances and prepayments

This represents mainly advances given to the contractors and suppliers against future work. Additionally, the balance includes AED 350,000 thousand paid during the year as part of the purchase of Nurai Island (note 5) related to the development of two islands where the seller will procure the dredging and reclamation of these islands.

11.9 Refundable deposits

This represents mainly maintenance deposits.

12 Plots of land held for sale

Plots of land held for sale represent plots of land intended to be sold in the normal course of business. If management determines to use these plots of land for development, these plots of land are transferred either to development work in progress or to investment properties under development on launch of the respective projects. Movement in plots of land held for sale during the year was as follows:

	2022 AED'000	2021 AED'000
Balance at beginning of the year	**5,137,885**	4,788,652
Additions during the year	**232,572**	352,976
Recognised in costs of properties sold (direct costs)	**(207,784)**	(3,743)
Transfer to development work in progress during the year (note 13)	**(340,552)**	-
Balance at the end of the year	**4,822,121**	5,137,885

As at 31 December 2022, the Group determined net realisable value of its plots of land held for sale. The estimates of net realisable values are based on the most reliable evidence available at the reporting date of the amount that the Group is expected to realise from the sale of these properties in its ordinary course of business. These estimates also take into consideration the purpose for which the inventory is held. The determination of net realisable value of plots of land held for sale is based on external valuations using various valuation methodologies and techniques (note 4). Plots of land held for sale are located in United Arab Emirates.

13 Development work in progress

Development work in progress represents development and construction costs incurred on properties being constructed for sale in the ordinary course of business.

Movement during the year is as follows:

	2022 AED'000	2021 AED'000
Balance at beginning of the year	**4,503,543**	2,719,770
Development costs incurred during the year	**3,201,316**	1,901,420
Recognised as part of business combination (note 47)	**-**	3,222,129
Recognised in costs of properties sold	**(2,524,431)**	(1,690,359)
Write-off of project costs (note 13.1, 31)	**(50,344)**	(90,852)
Provision for impairment (note 13.2, 31)	**(73,333)**	-
Transfers from/(to):		
Inventories (note 14)	**(688,082)**	(725,707)
Investment properties (note 7)	**411,757**	(573,662)
Property, plant and equipment (note 5)	**-**	(259,196)
Plots of land held for sale (note 12)	**340,552**	-
Exchange difference	**(1,285,296)**	-
Balance at the end of the year	**3,835,682**	4,503,543

Development properties are located as:

	2022 AED '000	2021 AED '000
Within UAE	**1,614,611**	1,281,414
Outside UAE	**2,221,071**	3,222,129
	3,835,682	4,503,543

13 Development work in progress (continued)

13.1 This represents project costs relating to projects which are either non-viable design/uses and other costs relating to projects under planning which management considers not feasible to continue and accordingly written off.

13.2 As at 31 December 2022 and 31 December 2021, the Group determined net realisable value of its development work in progress and concluded that the carrying value is higher than the net realisable value in SODIC resulting in provision of impairment AED 73,333 thousand (2021: nil) The estimates of net realisable values are based on the most reliable evidence available at the reporting date, of the amount that the Group is expected to realise in its ordinary course of business. These estimates also take into consideration the purpose for which the asset is held.

Key assumptions used were discount rates and inflation rates, sensitivity analysis is provided below with impact on profit for the year after tax:

	+5% **AED '000**	**-5%** **AED '000**
Discount rate	**4,965**	**(5,753)**
Inflation rate	**(31,062)**	**31,017**

14 Inventories

	2022 **AED '000**	2021 AED '000
Completed properties	**823,756**	983,964
Other operating inventories	**31,293**	45,447
	855,049	1,029,411

During the year, completed properties with an aggregate value of AED 688,082 thousand (2021: AED 725,707 thousand) were transferred to inventories from development work in progress upon completion (note 13). During the year, an amount of AED 724,235 thousand was recognised as direct costs (2021: AED 566,374 thousand).

Inventories are located as follow:

	2022 **AED '000**	2021 AED '000
Within UAE	**654,835**	1,014,050
Outside UAE	**200,214**	15,361
	855,049	1,029,411

During the year, in line with terms of sale purchase agreements for development projects, the Group reacquired properties with a fair value of AED 119,769 thousand (2021: AED 122,697 thousand) due to contractual non-performance of counter parties. These properties were classified as inventories based on their nature.

As at 31 December 2022, the Group determined net realisable value of its inventories and concluded that no additional adjustment is needed in respect of bringing the carrying amount of inventories to their net realisable value.

15 Cash and cash equivalents

	2022 AED '000	2021 AED '000
Cash and bank balances	**7,373,522**	6,582,349
Short term deposits held with banks	**5,174,586**	2,274,784
Cash and bank balances	**12,548,108**	8,857,133
Short term deposits with original maturities greater than three months	**(555,000)**	-
Restricted bank balances	**(4,972,790)**	(3,473,278)
Cash and cash equivalents	**7,020,318**	5,383,855

Cash and cash equivalents include an amount of AED 1,065,845 thousand received from one of the customers against the development of certain projects. Currently these balances are deposited with the local banks and are available for the use of the development of those projects at the discretion of the Company.

As at 31 December 2022, cash at banks amounting to AED 243,456 thousand (2021: AED 417,373 thousand) are not included in the Group's bank balances as it is held by the Company on behalf of third parties since the Group is not acting as a principal. Restricted cash and bank balances include balances amounting to AED 2,701,012 thousand (2021: AED 1,278,074 thousand) which are deposited into escrow accounts representing cash received from customers against sale of development properties. The remaining balance of restricted cash balances mainly represents cash balances designated against government projects and dividend payables for which separate bank accounts are maintained.

The interest rates on term deposits ranges between 0.30% and 5.17% (2021: 0.12% and 1%) per annum for UAE and between 1.1% and 13.9% (2021: 7% and 9%) for Egypt. Bank deposits relating to UAE operations are placed with local banks in the UAE.

16 Share capital

Share capital comprises 7,862,629,603 (2021: 7,862,629,603) authorised, issued and fully paid-up ordinary shares with a par value of AED 1 each.

17 Hybrid equity instrument

During the year, Aldar Investment Properties LLC (a subsidiary of the Company) issued USD 500 million (AED 1,837,663 thousand) Reset Subordinated Perpetual Notes (the "Notes") to an investor (the "Noteholder") in two tranches.

The first tranche amounting to USD 310.5 million was received during the month of March 2022 while the second tranche amounting to USD 189.5 million was received in the month of April 2022.

As per the terms of the agreement, the Notes do not have any maturity date and the Group may elect at its sole discretion not to pay interest on the Notes and Noteholder does not have a right to claim such interest. Such event will not be considered an Event of Default. Pursuant to the terms and conditions of the agreement, the instrument is classified as hybrid equity instrument in line with the requirements of IAS 32 *Financial Instruments: Presentation*.

Transaction costs amounting to AED 22,016 thousand related to issuance of the Notes were recorded directly in equity. During the year, the Group paid coupons amounting to AED 51,645 thousand.

Issuance period	Issued amount	Coupon rate
March 2022	USD 310.5 million (AED 1,140 million)	Fixed interest rate of 5.625% with a reset after 15 years
April 2022	USD 189.5 million (AED 698 million)	Fixed interest rate with of 5.625% a reset after 15 years

18 Reserves

Statutory reserve
In accordance with Articles of Association of the Company and the UAE Federal Law No. (32) of 2021, 10% of the annual profits are transferred to the statutory reserve that is non-distributable. Transfers to this reserve may be suspended whenever the reserve reaches 50% of the paid-up share capital of the Company. As the reserves reaches 50% of the paid-up capital, the Company has suspended further transfer.

Cash flow hedging reserve
This represents the effective portion of fair value movements of the interest rate swaps contracts that are designated by the Group as hedging instruments for cash flow hedges (note 24).

Investment revaluation reserve
This represents the cumulative unreleased gains or losses that are recognised on the financial assets at FVTOCI, net of cumulative gain/loss transferred to retained earnings on disposal.

The movement of the reserve is as follows:

	2022 AED '000	2021 AED '000
Balance at the beginning of the year	**9,800**	18,142
Fair value gains on revaluation	**52,685**	11,003
Transferred to retained earnings upon derecognition	**(64,795)**	(19,345)
Balance at the end of the year	**(2,310)**	9,800

Assets revaluation reserve
This represents surplus raised on the fair valuation of certain property, plant and equipment upon transfer to investment properties due to change in use.

Foreign currency translation reserve

This represents exchange difference arising from translation of the financial statements of foreign subsidiaries, associates and joint ventures. The movement during the year is given below:

	2022 AED '000	2021 AED '000
Balance at the beginning of the year	**-**	-
Exchange differences on translating the net assets of foreign operations	**643,689**	-
Relating to non-controlling interests	**(258,377)**	-
Balance at the end of the year	**385,312**	-

19 Non-convertible sukuk

Sukuk No. 1:

On 1 October 2018, Aldar Sukuk Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Island and a wholly owned subsidiary of the Group issued non-convertible sukuk ("Sukuk No. 1") for a total value of AED 1,836,750 thousand (USD 500,000 thousand). Sukuk No. 1 has a profit rate of 4.750% per annum payable semi-annually and is due for repayment in September 2025.

	2022 AED '000	2021 AED '000
Proceeds from issue	**1,836,750**	1,836,750
Unamortised issue costs	**(12,571)**	(17,158)
Accrued profit	**23,265**	23,023
Carrying amount	**1,847,444**	1,842,615
Less: current portion	**(23,265)**	(23,023)
Non-current portion	**1,824,179**	1,819,592

Sukuk No. 2:

On 22 October 2019, Aldar Sukuk (No. 2) Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Island and a wholly owned subsidiary of the Group issued non-convertible sukuk ("Sukuk No. 2") for a total value of AED 1,836,750 thousand (USD 500,000 thousand). Sukuk No. 2 has a profit rate of 3.875% per annum payable semi-annually and is due for repayment in October 2029.

	2022 AED '000	2021 AED '000
Proceeds from issue	**1,836,750**	1,836,750
Unamortised issue costs	**(16,117)**	(15,156)
Accrued profit	**13,839**	13,642
Carrying amount	**1,834,472**	1,835,236
Less: current portion	**(13,839)**	(13,642)
Non-current portion	**1,820,633**	1,821,594
Total non-current portion	**3,644,812**	3,641,186
Total current portion	**37,104**	36,665

20 Bank borrowings

	Outstanding amount					
	Current	Non-current	Total	Security	Maturity	Purpose
	AED'000	AED'000	AED'000			
31 December 2022:						
Ijarah facility	**-**	**420,000**	**420,000**	Secured	March 2025	General corporate purpose
Term loan 1	**-**	**1,000,000**	**1,000,000**	Unsecured	September 2027	General corporate purpose
Revolving credit facility 1	**-**	**300,000**	**300,000**	Unsecured	March 2025	General corporate purpose
Revolving credit facility 2	**-**	**500,000**	**500,000**	Unsecured	September 2027	General corporate purpose
Revolving credit facility 3	**-**	**1,180,000**	**1,180,000**	Unsecured	March 2027	General corporate purpose
Revolving credit facility 4	**-**	**469,500**	**469,500**	Secured	March 2025	General corporate purpose
Term loan 2	**-**	**400,000**	**400,000**	Unsecured	September 2027	General corporate purpose
Term loan 3	**-**	**1,000,000**	**1,000,000**	Unsecured	September 2027	General corporate purpose
Term loan 4	**-**	**300,000**	**300,000**	Secured	June 2026	General corporate purpose
Term loan 5	**500,000**	**-**	**500,000**	Secured	November 2023	General corporate purpose
Term loan 6	**5,734**	**185,414**	**191,148**	Unsecured	December 2031	Project finance
Term loan 7	**11,866**	**17,947**	**29,813**	Secured	December 2024	Project finance
Term loan 8	**18,355**	**63,223**	**81,578**	Secured	October 2027	Project finance
Term loan 9	**19,326**	**114,883**	**134,209**	Secured	June 2027	Project finance
Receivables discounting facility	**19,342**	**17,832**	**37,174**	Secured	June 2028	Receivables discounting
Murabaha facility	**17,225**	**77,400**	**94,625**	Secured	September 2027	Investment purposes
Unamortised borrowing cost	**(1,090)**	**(40,858)**	**(41,948)**			
Accrual for interest and profits	**17,543**	**-**	**17,543**			
	608,301	**6,005,341**	**6,613,642**			
31 December 2021:						
Ijarah facility	-	420,000	420,000	Secured	March 2025	General corporate purpose
Term loan 1	-	500,000	500,000	Secured	September 2023	General corporate purpose
Revolving credit facility 1	-	495,016	495,016	Unsecured	March 2024	General corporate purpose
Revolving credit facility 2	-	500,000	500,000	Unsecured	March 2025	General corporate purpose
Revolving credit facility 3	-	808,758	808,758	Unsecured	March 2026	General corporate purpose
Term loan 2	-	400,000	400,000	Secured	August 2023	General corporate purpose
Term loan 3	-	500,000	500,000	Secured	August 2023	General corporate purpose
Term loan 4	-	500,000	500,000	Secured	September 2023	General corporate purpose
Term loan 5	575	-	575	Secured	April 2022	General corporate purpose
Term loan 6	256,916	-	256,916	Unsecured	December 2022	Project finance
Term loan 7	20,337	61,014	81,351	Secured	December 2024	Project finance
Term loan 8	9,205	72,614	81,819	Secured	October 2027	Project finance
Term loan 9	-	175,756	175,756	Secured	June 2027	Project finance
Unamortised borrowing cost	-	(24,403)	(24,403)	Secured		
Accrual for interest and profits	3,251	-	3,251			
	290,284	4,408,755	4,699,039			

20 Bank borrowings (continued)

The above loans carry margins ranging from 0.70% to 2.25% (2021: 0.70% to 2.0%) above the base lending rate. For loans obtained in the UAE, the base lending rate used is EIBOR and for overseas subsidiary is the relevant base lending rate.

During the year ended 31 December 2022:
- the Group obtained two new term loans of AED 1 billion each with a maturity of 5 years with an option to extend its maturity by a further two years. These loans were obtained to refinance two of the existing facilities of AED 500 million each;
- the Group obtained a revolving credit facility of AED 500 million with an expiry of 5 years from the date of signing of the credit facility with an option to extend by a further two years. Currently the entire facility has been utilised;
- the Group signed a term loan agreement of AED 400 million with a maturity of 5 years from the date of signing of the loan agreement, with an option to extend by a further two years. This loan was obtained to refinance an existing term loan facility maturing in August 2023;
- the Group obtained a new Sustainability Target linked term loan of AED 500 million with a five year maturity. This loan was entered to refinance the bank's existing term loan facility maturing in August 2023;
- the remaining movement represent the drawdown and repayment of existing facilities.

All the above loans are priced at market rate.

As at 31 December 2022, the Group had AED 3,974 million of undrawn, committed term and revolving credit facilities in the form of bilateral agreements (31 December 2021: AED 3,696 million). Bank borrowings drawn during the year amounted to AED 8,903 million (31 December 2021: AED 1,641 million) and repaid during the year amounted to AED 6,772 million (31 December 2021: AED 1,783 million).

Certain bank borrowings (Term loans 4 to 5, Ijarah facility and Revolving Credit Facility 4) are secured in the form of mortgage over plots of land; of which the land held for sale is valued at AED 538,280 thousand (2021: AED 1,097,200 thousand), operating assets under investment properties is valued at AED 2,841,584 thousand (2021: AED 4,950,904 thousand) and under property, plant and equipment is valued at AED 49,822 thousand (2021: AED 40,495 thousand) and carry a net worth covenant.

Term loans 7 to 9 are secured against the following and relates to the Group Egypt subsidiary only:

- Pledge to deposit all proceeds from the sales of units in the designated accounts with the lenders;
- Assignment right of the first degree on the projects account in favour of the lenders; and
- Mortgage on the leased assets/units and buildings and pledge over unsold units.

21 Retentions payable

	2022 AED '000	2021 AED '000
Retentions payable within 12 months	**1,056,294**	812,919
Retentions payable after 12 months	**676,001**	533,835
	1,732,295	1,346,754

This represents amounts retained by the Group from third party contractors for construction projects.

22 Lease liabilities

Group as a lessee

The Group has entered into leases for land on which certain of the Group's buildings and investment properties are constructed. Refer to notes 5 and 7 for further information. The Group's obligations under its leases are secured by the lessor's title to the leased plots of land. Generally, the Group's leases also include restrictions on assigning and subleasing the leased assets.

Set out below are the carrying amounts and maturity analysis of lease liabilities as at 31 December:

	2022 AED'000	2021 AED'000
Maturity analysis:		
Year 1	**61,096**	51,124
Year 2	**58,559**	42,051
Year 3	**56,059**	40,655
Year 4	**47,458**	41,181
Year 5	**47,418**	37,523
Onwards	**493,213**	293,339
Balance at the end of the year	**763,803**	505,873
Less: unearned interest	**(278,270)**	(172,613)
	485,533	333,260
Analysed as:		
Non-current	**436,545**	295,517
Current	**48,988**	37,743

The Group does not face a liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The following are the amounts recognised in profit or loss:

	2022 AED'000	2021 AED'000
Depreciation expense of right-of-use assets	**12,696**	4,574
Unwinding of interest expense on lease liabilities during the year (note 33)	**15,449**	14,060

The Group did not have major non-cash additions to right-of-use assets and lease liabilities during 2022 and 2021.

22 Lease liabilities (continued)

The movement for the lease liability is as follows:

	2022 AED '000	2021 AED '000
Balance at the beginning of the year	**333,260**	339,698
Acquired as part of business combinations (note 47)	**137,422**	14,004
Additions	**74,360**	3,053
Cash payments	**(75,240)**	(37,555)
Finance cost	**18,603**	14,060
Exchange difference	**(2,872)**	-
Balance at the end of the year	**485,533**	333,260

23 Employee benefits

	2022 AED'000	2021 AED'000
Employees' end-of-service benefits	**237,208**	177,125
Long term incentive scheme	**59,685**	46,220
Balance at the end of the year	**296,893**	223,345

End-of-service benefits

Movements in the provision for employees' end of service benefits are as follows:

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	**177,125**	155,618
Charge for the year	**48,815**	41,954
Acquired in business combination (note 47)	**48,882**	10,733
Paid during the year	**(37,614)**	(31,180)
Balance at the end of the year	**237,208**	177,125

Long term incentive scheme

The Group's Board of Directors has approved a Long Term Incentive (LTI) scheme for certain employees of the Company and its subsidiaries. The LTI scheme is designed to provide long-term incentives for certain senior management team to deliver long-term shareholder returns. Under the LTI scheme, the eligible employee contributes 30% of their performance bonus towards the LTI fund and the Company matches the same percentage (30%) as an additional contribution. The contribution of both the employees and the Company are invested in Restricted Share Units (RSU). Participants will receive an amount based on the combined contributions which will be invested and generate a return in accordance with the investment policy set under the Discretionary Investment Portfolio Management Agreement ("DIPMA"), as mentioned below, if vesting requirements are met at the end of a 3-year retention period. A cash amount representing the value of vested portion is paid upon completion of the service condition over three years. The expense for year in respect of the LTI scheme amounted to AED 18,133 thousand (2021: AED 26,043 thousand), payment made during the year of 12,918 AED thousand (2021: AED 6,870 thousand) while the liability relating to the LTI scheme as at 31 December 2022 amounted to AED 59,685 thousand (2021: AED 46,220 thousand). Carrying value of LTI scheme is computed based on the relevant share price as of 31 December 2022 and 31 December 2021.

23 Employee benefits (continued)

Long term incentive scheme (continued)
The Company entered into a DIPMA with a local bank whereby the Company has appointed the local bank to manage funding of distributions to be made by the Company to the beneficiaries under the LTI scheme. The amount funded in line with DIPMA is recorded under trade receivables and other assets (note 11). The Company remains the primary obligor to the beneficiaries in line with their entitlement under the employee agreements.

24 Derivative financial instruments

In prior years, the Group entered into floating to fixed interest rate swaps to partially hedge its interest rate risk in relation to its floating rate borrowings. During the year, the Group also entered into forward starting interest rate swap contract to manage the potential interest rate risk of a forecasted debt capital markets transaction.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. Under the forward starting interest rate swap contracts, the Group fixes the interest rate of a debt capital market issuance (assessed to be highly probable forecast transaction), which will be issued at a defined date in the future. Such interest rate swap contracts enable the Group to mitigate the risk of changing interest rates between the date the forward starting swap contract is issued and the date when the debt is issued.

The fair value of interest rate swaps at the reporting date is based on a discounted future cash flows using the applicable yield curves derived from observable interest rates. The fair values of the interest rate swaps and forward starting interest rate swaps are presented below:

	31 December 2022		31 December 2021	
	Gross carrying amount AED'000	**Fair value hierarchy**	Gross carrying amount AED'000	Fair value hierarchy
Derivative financial assets:				
- interest rate swaps	**4,138**	**Level 2**	-	-
- forward starting interest rate swaps	**202,907**	**Level 2**	20,299	Level 2
Derivative financial liabilities - interest rate swaps	**-**	**-**	6,648	Level 2

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same or expected to be the same, the Group performs a qualitative assessment of effectiveness, under IFRS 9 *Financial Instruments*, and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. In respect of forward starting interest rate swap contracts, hedge ineffectiveness also results from changes in the timing of issuance of debt. No other sources of ineffectiveness emerged from these hedging relationships.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings or highly probable forecast transactions.

24 Derivative financial instruments (continued)

The following table summarises information regarding interest rate swap and forward starting interest rate swaps contracts outstanding at the reporting date:

Maturity profile	Average contracted fixed interest rate		Notional amount		Carrying amount of the derivative financial asset/(liability)	
	2022	2021	**2022 AED'000**	2021 AED'000	**2022 AED'000**	2021 AED'000
Less than 1 year	**2.73%**	-	**183,625**	-	**4,138**	-
1 to 2 years	**-**	2.73%	**-**	183,624	**-**	(6,648)
2 to 5 years	**1.11%**	1.31%	**918,125**	459,063	**179,211**	12,809
More than 5 years	**2.73%**	1.44%	**367,250**	459,063	**23,696**	7,490
Total			**1,469,000**	1,101,750	**207,045**	13,651

Movement in the cash flow hedging reserve was as following:

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	**(422)**	(31,054)
Cumulative fair value gain/(loss) arising on hedging instruments during the year classified under cash flow hedges	**193,394**	27,326
Cumulative loss arising on hedging instruments reclassified to profit or loss on maturity (note 33)	**6,947**	3,306
Attributable to non-controlling interest	**(9,671)**	-
Balance at the end of the year	**190,248**	(422)

25 Advances from customers

This mainly represent advances and deposits received from customers against sale of property and tenants occupying investment properties

26 Trade and other payables

	2022 AED'000	2021 AED'000
Non-current portion		
Payable to a government authority for purchase of land (note 26.1)	**713,253**	1,173,377
Other land acquisition creditors	**184,557**	299,020
	897,810	1,472,397
Current portion		
Trade payables	**1,715,099**	997,488
Accrual for contractors' costs	**5,621,893**	4,012,825
Due to the Government of Abu Dhabi	**181,703**	957,210
Deferred income	**586,724**	253,273
Income tax payable	**127,159**	215,900
Provisions (note 26.2)	**171,703**	129,476
Advances from the Government of Abu Dhabi (note 38.1)	**131,582**	112,848
Dividends payable	**87,841**	88,242
Payable to a government authority for purchase of land (note 26.1)	**65,216**	45,883
Provision for onerous contracts	**14,460**	6,003
Other land acquisition creditors	**5,170**	3,864
Other liabilities (note 26.3)	**915,454**	726,140
	9,624,004	7,549,152

The Group has financial and risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

26.1 Payable to a government authority for purchase of land

	Plot of land I AED'000	Plot of land II AED'000
Total par value of the checks issued to the Egyptian New Urban Communities Authority ("NUCA")	**168,376**	**1,618,474**
Unamortised interest	**(37,476)**	**(970,905)**
	130,900	**647,569**
Less: current portion	**(26,183)**	**(39,033)**
Non-current portion	**104,717**	**608,536**

Plot of land I
On 1 September 2021, NUCA approved the request submitted by one of the indirect subsidiaries to purchase a plot of land with an area of 123.38 acres, with a total value of AED 183,361 thousand. The remaining price of the land and any associated interest is payable in the form of 12 semi-annual instalments over a period of 6 years starting from 8 March 2022 and ending on 8 September 2027.

Plot of land II
On 21 March 2019, a co-development agreement was signed between a subsidiary of the Company and NUCA to establish an integrated urban project with an area of 500 acres (the "Previous Plot") with a total value of AED 1,692,882 thousand. During 2021, based on the proposal from the Egypt Sheikh Zayed City Development Authority to amend this site, NUCA and the subsidiary exchanged the Previous Plot against a plot with an area of 464.81 acres (the "New Plot"). The New Plot was based on the same terms and conditions as was attached to the Previous Plot with a revised payment plan.

26 Trade and other payables (continued)

26.2 Provisions related to construction contracts

The breakdown of provisions related to construction contracts is as follows:

	2022 AED'000	2021 AED'000
Provisions for completion of works	**142,515**	123,588
Provision for expected claims	**9,653**	5,888
Others	**19,535**	-
	171,703	129,476

Provision for completion of works relate to estimated costs expected to be incurred on delivered units in the following years to complete the execution of the final stages of projects.

Provision for expected claims is formed for existing claims related to the Group's transactions with other parties. The management reviews the provisions annually and makes any amendments if needed according to the latest agreements and negotiations with those parties.

26.3 Other liabilities include net contingent consideration payable of AED 60,990 thousand at 31 December 2022 (2021: AED 56,258 thousand). The aggregate amount of contingent consideration shall not exceed AED 75,000 thousand. The fair value of the contingent consideration is estimated at AED 60,990 thousand. The change in value of contingent consideration is due to passage of time and there was no other changes in the fair value of contingent consideration payable as at 31 December 2022 as there were no significant changes in the range of outcomes or the assumptions used to develop the estimate. The fair value of the contingent consideration was estimated by applying an income approach. The fair value measurement is based on significant inputs that are not observable in the market therefore this is a Level 3 measurement in the fair value measurement hierarchy as at 31 December 2022 and 31 December 2021. Key assumptions include a discount rate of 9.7% and probable outflow of AED 60,990 thousand.

27 Revenue and rental income

	2022 AED'000	2021 AED'000
Revenue		
Property development	**5,828,408**	3,645,255
Development management	**1,133,444**	1,387,745
Fee and related income from schools	**592,278**	531,804
Property and facilities management	**588,211**	487,711
Hospitality and leisure	**827,826**	433,189
Construction contracts	**346,641**	417,773
Rental income		
Rental income on investment properties	**1,883,219**	1,672,473
	11,200,027	8,575,950

Rental income on investment properties includes contingent rental income of AED 45,534 thousand (2021: AED 37,175 thousand).

28 Direct costs

	2022 AED'000	2021 AED'000
Property development	**3,711,831**	2,279,721
Development management	**648,723**	933,706
Property and facilities management	**559,669**	406,342
Direct cost of investment properties	**289,635**	348,868
Hospitality and leisure	**593,982**	349,252
Construction contracts	**312,250**	338,023
Direct cost related to schools	**350,108**	319,994
	6,466,198	4,975,906

29 Selling and marketing expenses

	2022 AED'000	2021 AED'000
Projects marketing	**333,876**	128,226
Corporate advertising and events	**66,039**	47,853
Exhibitions and sponsorships	**42,724**	6,513
	442,639	182,592

30 General and administrative expenses

30.1 Others in general and administrative expenses include the following:

	2022 AED'000	2021 AED'000
Professional fees	**115,879**	40,754
Board of Directors' remuneration	**40,575**	20,604
IT maintenance	**27,183**	18,308
Others	**281,327**	152,275
	464,964	231,941

30.2 Staff costs consist of the following:

	2022 AED'000	2021 AED'000
Salaries, bonuses and other benefits	**1,943,680**	1,181,984
Employees' end of service benefits (note 23)	**48,815**	41,954
Staff training and development	**124,022**	83,907
	2,116,517	1,307,845
Staff costs are allocated to:		
Direct costs	**1,442,473**	850,931
General and administrative expenses	**626,946**	451,529
Projects under development (capitalised)	**47,098**	5,385
	2,116,517	1,307,845

31 Provisions, impairments and write-downs, net

	2022 AED'000	2021 AED'000
(Reversal)/charge of impairment on property, plant and equipment (note 5)	**(300,323)**	29,060
Provision for expected credit losses, net (note 11.6)	**47,956**	24,895
Provision for impairment on due from associates and joint ventures (note 8)	**37,001**	-
Reversal of provision for impairment of investments in associates and joint ventures (note 8.2)	**(7,346)**	-
Provision/(release) for onerous contracts	**14,514**	(1,664)
Write-down of development work in progress (note 13)	**50,344**	90,852
Provision for impairment of development work in progress (note 13)	**73,333**	-
Provision against prepayments	**30,000**	-
Provision for impairment of other receivables and assets	**68,631**	-
Receivables written off	**1,973**	64,392
Others	**47,754**	39,516
	63,837	247,051

32 Finance income

	2022 AED'000	2021 AED'000
Interest/profit earned on:		
Islamic deposits	**48,524**	13,992
Bank fixed deposits	**39,837**	943
Call and current accounts	**46,366**	6,584
Total interest/profit earned	**134,727**	21,519
Financing income earned on receivables	**63,809**	9,529
Other finance income	**19,107**	17,396
	217,643	48,444

Finance income earned on financial assets, analysed by category of asset is as follows:

	2022 AED'000	2021 AED'000
Financial assets at amortised cost		
Loans and receivables	**82,916**	26,925
Bank balances and deposits	**134,727**	21,519
	217,643	48,444

33 Finance costs

	2022 AED'000	2021 AED'000
Finance costs on bank borrowings and non-convertible sukuk	**368,915**	243,096
Unwinding of finance cost on operating lease liability (note 22)	**15,449**	14,060
Others	**6,037**	5,096
	390,401	262,252
Cumulative loss arising on hedging instruments reclassified to profit or loss on maturity (note 24)	**6,947**	3,306
	397,348	265,558

34 Other income

	2022 AED'000	2021 AED'000
Government grant income recorded upon handover of infrastructure assets	-	10,913
Release of liabilities, accruals and provisions	8,881	33,139
Gain/(loss) on financial assets at FVTPL	4,708	(1,271)
Forex gain on deposits	41,945	-
Others	41,522	20,802
	97,056	63,583

35 Income tax

Income tax for the year relates to overseas operations of the Group. The Group calculates income tax expense using the tax rate that would be applicable to the expected net profit. The major components of income tax expense in the consolidated statement of profit or loss are:

	2022 AED'000	2021 AED'000
Current income tax expense	65,608	-
Tax expense on dividends	844	-
Deferred income tax benefit	(27,218)	-
Income tax expense	39,234	-

Income tax reconciliation schedule as follows:

	2022 AED'000	2021 AED'000
Profit for the year before tax	3,182,967	-
UAE profit not subject to income tax	(3,033,445)	-
Egypt profit subject to income tax	149,522	-
Income tax using the domestic corporate tax rate @ 22.5%	33,642	-
Special tax pool (financial investment at amortised cost)	2,061	-
Non- deductible expenses/income	(18,921)	-
Current-period losses for which no deferred tax asset is recognised	20,971	-
Differences in amortisation and interest on lease obligations	646	-
Other tax adjustments	835	-
Income tax expense	39,234	-

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.

35 Income tax (continued)

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 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 from the effective date.

36 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent 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 (AED '000)		
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company	**2,944,464**	2,315,601
Less: distributions to the Noteholder (hybrid equity instrument - note 17)	**(51,645)**	-
	2,892,819	2,315,601
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**7,862,629,603**	7,862,629,603
Basic and diluted earnings per share attributable to Owners of the Company in AED	**0.368**	0.295

37 Dividends

At the annual general meeting held on 11 April 2022, the shareholders approved distribution of cash dividends of AED 1,179,394 thousand for the year ended 31 December 2021, being 15 fils per share. The Board of Directors, in their meeting held on 9 February 2023, proposed a cash dividend of 16 fils per share for the year ended 31 December 2022. The proposed dividend is subject to approval of the Shareholders at the annual general assembly.

38 Transactions and balances with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise of the Parent Company and its affiliates, major shareholders, associated companies, directors, key management personnel of the Group and their related entities. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management.

Major Shareholders represent Alpha Dhabi Holding PJSC (the "Parent Company") and its affiliated entities and Mubadala Investment Company PJSC (the "Major Shareholder") and its affiliated entities. Government of Abu Dhabi is an indirect major shareholder of the Company through an entity controlled by it. The balances and transactions disclosed below with reference to Government of Abu Dhabi also include the entities controlled by Government of Abu Dhabi.

38 Transactions and balances with related parties (continued)

38.1 Related party balances

Significant related party balances (and the consolidated statement of financial position captions within which these are included) are as follows:

	2022 AED'000	2021 AED'000
(1) Government of Abu Dhabi		
Trade and other receivables	**1,220,246**	809,762
Trade and other payables	**(185,069)**	(987,907)
Contract assets	**105,087**	41,987
Contract liabilities	**(870,081)**	(9,934)
Advances received (note 26)	**(131,582)**	(112,848)
(2) Major shareholder and its affiliates		
Trade and other receivables	**60,835**	34,825
Retentions payable	**(113,190)**	(139,915)
Trade and other payables	**(835)**	(5,822)
(3) Parent Company and its affiliates		
Trade and other receivables	**711,043**	372,188
Retentions payable	**(666,666)**	(485,290)
Trade and other payables	**(27,675)**	(322,720)
(4) Associates and joint ventures		
Due from joint ventures	**1,729**	25,361

38 Transactions and balances with related parties (continued)

38.2 Transactions with related parties

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Other than as disclosed in note 10, allowance of expected credit losses against due form associates and joint ventures, no provision has been made for doubtful debts in respect of the amounts owned by related parties. Certain receivables from joint ventures carry interest of 9% per annum and are repayable within 2 to 5 years.

During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	2022 AED'000	2021 AED'000
(1) Government of Abu Dhabi		
Revenue	**1,478,909**	1,757,829
Other income	**11,337**	10,913
Finance income from project finance	**7,069**	8,725
(2) Major shareholder and its affiliates		
Revenue	**36,743**	30,807
Other income	**-**	9,203
(3) Parent Company and its affiliates		
Revenue	**17,692**	-
Cost incurred on projects under development (i)	**256,354**	-
Cost incurred on projects under management (ii)	**2,145,065**	-
Other costs	**20,978**	-
(4) Associates and joint ventures		
Finance income	**7,553**	8,725
(5) Key management compensation		
Salaries, bonuses and other benefits	**32,777**	17,179
Post-employment benefits	**1,060**	973
Long term incentives	**11,252**	17,327
	45,089	35,479
(6) Directors' remuneration - expense (iii), (iv)	**40,575**	20,604

(i) This represents costs incurred during the year which is recognised as development work in progress for projects under development.

(ii) This represents costs incurred on the projects under management on behalf of Government of Abu Dhabi. These costs are off set against "advances from the Government of Abu Dhabi".

(iii) During the year, the Company paid Directors' remunerations amounting to AED 18,075 thousand (2021: AED 20,700 thousand).

(iv) In line with the approved remuneration during 2022 AGM, the Company has set up a deferred remuneration scheme ("DRS") for the Directors. Under the DRS scheme, the directors contribute 30% of their remuneration towards the DRS scheme and the Company matches the same percentage (30%) as an additional contribution. The contribution of both the directors and the Company are invested in Restricted Share Units ("RSU") and payment will be made in line with Aldar Group Board Remuneration Policy. The directors will be paid in cash on the earlier of three years or end of tenure based on the value of the RSU at that time. The Company has accrued AED 7,200 thousand for this scheme related to 2022.

38 Transactions and balances with related parties (continued)

38.3 Other balances and transactions with related parties:

(i) Outstanding borrowings as of 31 December 2022 AED 3,975,998 thousand (31 December 2021: AED 2,703,774 thousand) are due to the banks controlled by the Government of Abu Dhabi and major shareholder. Finance cost on these borrowings amounted to AED 105,432 thousand for the year ended 31 December 2022 (year ended 31 December 2021: AED 51,140 thousand).

(ii) Deposits and bank balances as of 31 December 2022 AED 8,887,275 thousand (31 December 2021: AED 5,666,299 thousand) are kept with banks controlled by the Government of Abu Dhabi and major shareholder. Finance income on these deposits amounted to AED 52,874 thousand for the year ended 31 December 2022 (year ended 31 December 2021: AED 5,206 thousand).

(iii) Letter of credits and bank guarantees issued through banks controlled by the Government of Abu Dhabi and major shareholder amounted to AED 553,050 thousand for the year ended 31 December 2022 (31 December 2021: AED 290,910 thousand).

(iv) During the year, AIP acquired 100% of the issued share capital of Confluence Partners (HQ) RSC Ltd. from the major shareholder (note 7.2 ii).

(v) During the year, AIP acquired 60% shares in Al Maryah while the remaining 40% is owned by the major shareholder (note 7.2 iii).

39 Contingencies and commitments

39.1 Capital commitments

Capital expenditure contracted but not yet incurred at the end of the year is as follows:

	2022 **AED'000**	2021 AED'000
Projects under development	**5,678,563**	1,814,665
Projects management	**15,783,285**	9,235,913
Others	**95,633**	93,446
	21,557,481	11,144,024

Projects under management represent remaining contractual amounts relating to projects managed by the Group, of which the related agreements with contractors were entered by and continued to be under the name of the Group on behalf of the Government of Abu Dhabi. This includes AED 15,518,349 thousand (31 December 2021: AED 8,746,856 thousand) of commitment of Aldar Projects LLC (a subsidiary of the Company) which will be funded in advance by the Government of Abu Dhabi. The above commitments are spread over a period of one to five years.

39.2 Operating lease commitments

The Group as lessor

The Group has entered into operating leases on its investment property portfolio owned by the Group and have terms of between 1 and 5 years. The lessees do not have an option to purchase the property at the expiry of the lease period. The commercial property lease arrangements include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

39 Contingencies and commitments (continued)

39.2 Operating lease commitments (continued)

The Group as lessor

The future minimum rentals receivable under non-cancellable operating leases contracted as at 31 December are as follows:

	2022 AED'000	2021 AED'000
Buildings:		
Within one year	**1,353,378**	992,440
In the second to fifth year	**3,399,640**	2,421,609
After five years	**2,035,476**	1,692,257
	6,788,494	5,106,306

In addition to the above lease commitments, the Group also have lease contracts where it is entitled to receive rent based on turnover of tenants and service charges.

39.3 Contingencies

Letters of credit and bank guarantees

	2022 AED'000	2021 AED'000
Letters of credit and bank guarantees	**861,399**	740,195
Group's share in contingencies of joint ventures and associates	**2**	2

Included in the above are bank guarantees and letters of credit amount of AED 364,019 thousand (2021: AED 395,937 thousand) pertaining to a construction related subsidiary.

39.4 Legal claim contingency

In January 2022, a previous supplier filed a claim against the Group relating to a contract that was signed in 2007. On 28 June 2022, the First Instance Court rejected the case filed by the supplier in its entirety, based on the opinion provided by a panel of court appointed experts. In July 2022, the supplier filed an appeal which introduced no further substantive facts but challenged the experts' opinion. The Appeal Court re-appointed the same panel of court appointed experts to consider this challenge. In December 2022, the Court of Appeal dismissed the appeal in Aldar's favour. The supplier has till 27 February 2023 to take the matter to the Court of Cassation.

40 Financial instruments

40.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

40.2 Categories of financial instruments

	2022 AED'000	2021 AED'000
Financial assets		
Investment in financial assets at FVTOCI	**29,797**	20,002
Investment in financial assets at FVTPL	**68,837**	21,657
Derivative financial assets	**207,045**	20,299
Financial assets at amortised cost	**179,744**	77,475
Receivables and cash and bank balances (at amortised cost)	**18,565,756**	15,135,082
	19,051,179	15,274,515
Financial liabilities		
Financial liabilities measured at amortised cost	**24,546,778**	20,441,769
Derivative financial liabilities	**-**	6,648
	24,546,778	20,448,417

40.3 Financial risk

The Group's Corporate Finance and Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages financial risks relating to operations of the Group based on internally developed models, benchmarks and forecasts which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group seeks to minimise the effects of financial risks by using appropriate risk management techniques including using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by management's analysis of market trends, liquidity position and predicted movements in interest rate and foreign currency rates which are reviewed by the management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

40.4 Capital risk

The Group manages its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximising return to shareholders through the optimisation of the debt and equity balance. No major changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

The capital structure of the Group comprises non-convertible Sukuk, borrowings, cash and bank balances and equity attributable to owners of the Company, comprising share capital, reserves, hybrid equity instrument and retained earnings as disclosed in the consolidated statement of changes in equity.

The Group monitors and adjusts its capital structure in light of changes in economic conditions and the requirements of financial covenants with a view to promote the long-term success of the business while maintaining sustainable returns for shareholders. This is achieved through a combination of risk management actions including monitoring solvency, minimising financing costs, rigorous investment appraisals and maintaining high standards of business conduct.

40 Financial instruments (continued)

40.4 Capital risk (continued)

Key financial measures that are subject to regular review include cash flow projections and assessment of their ability to meet contracted commitments, projected gearing levels and compliance with borrowing covenants, although no absolute targets are set for these.

The Group monitors its cost of debt on a regular basis. At 31 December 2022, the weighted average cost of debt was 5.5% (2021: 2.81%). Investment and development opportunities are evaluated against an appropriate equity return in order to ensure that long-term shareholder value is created.

The covenants of twelve (2021: eleven) borrowing arrangements require maintaining a minimum tangible net worth. Five loans require a minimum tangible net worth of AED 6 billion and seven loans require a minimum tangible net worth of AED 4 billion.

40.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include bank borrowings, investment in financial assets and derivative financial instruments.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rate.

The Group may be exposed to currency and translation related risks on its borrowings denominated in US Dollars and its investments in a foreign subsidiary. In respect of the Group's transactions and balances denominated in US Dollars and Saudi Riyal, the Group is not exposed to the currency risk as the UAE Dirham and Saudi Riyal are currently pegged to the US Dollar.

The table below summarises the sensitivity of the Group's monetary and non-monetary assets and liabilities to changes in foreign exchange movements at year end. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5% with all other variables held constant:

	Assets AED'000	Liabilities AED'000	Net exposure AED'000	Effect on net equity for +/- 5% sensitivity AED'000
2022				
Egyptian pound	**4,736,687**	**(3,482,918)**	**1,253,769**	**+/- 62,688**
2021				
Egyptian pound	6,311,656	(4,773,715)	1,537,941	+/- 76,897

40 Financial instruments (continued)

40.5 Market risk (continued)

b) Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk as the Group borrow funds at both floating and fixed interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in notes 9, 15 and 20.

The Group is exposed to the following interest rate benchmarks within its hedge accounting relationships, which are subject to interest rate benchmark reform: USD LIBOR ("LIBOR"). As listed in note 15, the hedged items include issued AED fixed rate debt and issued AED floating rate debt. The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the LIBOR regulators.

In response to the announcements, the Group has set up an IBOR transition programme comprised of the following work streams: risk management, tax, treasury, legal and accounting. The programme is under the governance of the Chief Financial Officer who reports to the Board. The aim of the programme is to understand where LIBOR exposures are within the business and prepare and deliver on an action plan to enable a smooth transition to alternative benchmark rates. The Group has identified all effected loan facilities and hedging instruments and has amended the agreements for all but one of these facilities and hedging instruments to adjust to the risk-free rate. The one outstanding interest rate swap described below is expected to be adjusted into a new risk free rate in the first quarter of 2023.

All future USD denominated loans will use a new risk-free rate. For the moment there had been no guidance on any change to dirham EIBOR reference benchmark nor is any change expected in 2023.

Below are details of the hedging instruments and hedged items in scope of the IFRS 9 amendments due to interest rate benchmark reform, by hedge type. The terms of the hedged items listed match those of the corresponding hedging instruments. The Group is exposed to interest rate risk as the Group borrow funds at fixed and floating interest rates:

Hedge Type	**Instrument Type**	**Maturing in**	**Nominal**	**Hedged from**
Interest Rate Swap Agreement	Receives 3-month LIBOR pays fixed interest rate swap	27 Dec 2023	USD 50,000,000	3-month USD LIBOR

Interest rate sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of asset or liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2022 would increase/decrease by AED 15,357 thousand (2021: increase/decrease by AED 22,980 thousand).

40 Financial instruments (continued)

40.5 Market risk (continued)

b) Interest rate risk **(continued)**

Interest rate swap contracts
Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rate on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt.

Cash flow hedges
All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the payments on the loan occur simultaneously.

The Group's derivative financial instruments were contracted with counterparties operating in the United Arab Emirates.

40.6 Credit risk

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.

Key areas where the Group is exposed to credit risk is from its operating activities (primarily trade and other receivables) and from its financing activities mainly bank balances and derivative financial assets (liquid assets).

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Concentration of credit risk
Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Details on concentration of trade receivable balances are disclosed in note 11.1. Management believes that the concentration of credit risk is mitigated by having received instalment payments, in some cases substantial, which the Group would contractually be entitled to retain in the event of non-completion of the remaining contractual obligations in order to cover the losses incurred by the Group.

40 Financial instruments (continued)

40.6 Credit risk (continued)

Concentration of credit risk (continued)

At 31 December 2022, 100% (2021: 100%) of the deposits were placed with 15 local banks, 1 foreign branch of a local bank and 15 foreign banks in Egypt and KSA. Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE, Egypt & KSA and are regulated by the Central bank of the respective countries.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value.

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with receivables related to property development is mitigated because they are secured over the underlying property units. The Group is not permitted to sell or repledge the underlying properties in the absence of default by the counterparty. There have not been any significant changes in the quality of the underlying properties.

40.7 Liquidity risk

The responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2022 and 2021.

	<1 month AED'000	1 to 3 months AED'000	3 months to 1 year AED'000	1 to 5 years AED'000	>5 years AED'000	Total AED'000
31 December 2022						
Financial liabilities						
Non-interest bearing instruments (i)	**602,124**	**3,290,995**	**6,391,062**	**1,573,812**	**-**	**11,857,993**
Non-convertible sukuk	**-**	**-**	**37,105**	**1,808,062**	**1,836,750**	**3,681,917**
Variable interest rate instruments	**12,751**	**4,792**	**590,161**	**6,005,937**	**-**	**6,613,641**
Lease liabilities	**5,747**	**33,602**	**21,747**	**209,494**	**493,213**	**763,803**
Total	**620,622**	**3,329,389**	**7,040,075**	**9,597,305**	**2,329,963**	**22,917,354**
31 December 2021						
Financial liabilities						
Non-interest bearing instruments (i)	252,757	2,202,305	5,659,446	346,023	-	8,460,531
Non-convertible sukuk	15,658	-	23,023	1,802,420	1,836,750	3,677,851
Variable interest rate instruments	2,031	263,795	21,390	4,436,226	-	4,723,442
Lease liabilities	3,203	32,913	15,008	161,410	293,339	505,873
Derivative financial instruments	-	-	-	6,648	-	6,648
Total	273,649	2,499,013	5,718,867	6,752,727	2,130,089	17,374,345

(i) Including security deposits from customers.

41 Fair value of financial instruments

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as disclosed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

	2022		2021	
	Gross carrying amount AED'000	**Fair value AED'000**	Gross carrying amount AED'000	Fair value AED'000
Financial liabilities at amortised cost				
Sukuk No.1 (note 19)	**1,847,445**	**1,803,119**	1,842,615	2,012,858
Sukuk No.2 (note 19)	**1,834,473**	**1,683,694**	1,835,236	1,987,198

The non-convertible sukuk are categorised under Level 1 in the fair value hierarchy.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about the fair values of these financial assets as at 31 December 2022 and 31 December 2021:

	Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
31 December 2022				
Investments in financial assets at FVTOCI				
Equities (note 9)	**29,795**	**-**	**2**	**29,797**
Investments in financial assets at FVTPL				
Funds (note 9)	**-**	**-**	**68,837**	**68,837**
31 December 2021				
Investments in financial assets at FVTOCI				
Equities (note 9)	20,000	-	2	20,002
Investments in financial assets at FVTPL				
Funds (note 9)	-	-	21,657	21,657

There were no transfers between level 1, level 2 or level 3 during the current or prior year.

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Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

42 Segment information

42.1 Operating segments

Segment information about the Group's continuing operations is presented below:

Year ended 31 December 2022

	Aldar Development			Aldar Investment					
	Property development and sales AED'000	**Project management services AED'000**	**Egypt subsidiaries AED'000**	**Investment properties AED'000**	**Hospitality and leisure AED'000**	**Education AED'000**	**Principal investments AED'000**	**Unallocated/ eliminations AED'000**	**Consolidated AED'000**
Revenue and rental income from external customers									
- Over a period of time	**2,828,286**	**1,125,042**	**75,859**	**-**	**414,307**	**592,278**	**951,667**	**-**	**5,987,439**
- At a point in time	**1,585,623**	**8,897**	**1,328,585**	**-**	**413,519**	**-**	**-**	**-**	**3,336,624**
- Leasing	**-**	**-**	**10,055**	**1,865,909**	**-**	**-**	**-**	**-**	**1,875,964**
Inter-segments	**-**	**2,164**	**-**	**69,320**	**-**	**-**	**159,586**	**(231,070)**	**-**
Gross revenue (i)	**4,413,909**	**1,136,103**	**1,414,499**	**1,935,229**	**827,826**	**592,278**	**1,111,253**	**(231,070)**	**11,200,027**
Cost of revenue excluding service charge	**(2,903,715)**	**(620,298)**	**(837,707)**	**(274,832)**	**(593,982)**	**(352,198)**	**(884,894)**	**146,018**	**(6,321,608)**
Service charge expenses	**-**	**-**	**-**	**(144,590)**	**-**	**-**	**-**	**-**	**(144,590)**
Gross profit	**1,510,194**	**515,805**	**576,792**	**1,515,807**	**233,844**	**240,080**	**226,359**	**(85,052)**	**4,733,829**

(i) Gross revenue of investment properties includes AED 144,590 thousand of revenue from service charges.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

42 Segment information (continued)

42.1 Operating segments (continued)

Segment information about the Group's continuing operations is presented below (continued):

Year ended 31 December 2022

	Aldar Development			Aldar Investment					
	Property development and sales	Project management services	Egypt subsidiaries	Investment properties	Hospitality and leisure	Education	Principal investments	Unallocated/ eliminations	Consolidated
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Gross profit	1,510,194	515,805	576,792	1,515,807	233,844	240,080	226,359	(85,052)	4,733,829
Selling and marketing expenses	(281,949)	(9,222)	(120,496)	(9,412)	(4,162)	(5,262)	(4,436)	(7,700)	(442,639)
Depreciation and amortisation	(54,843)	(9,800)	(6,228)	(39,063)	(192,658)	(49,305)	(35,330)	44,437	(342,790)
Provisions, impairments and write -downs, net	(103,239)	-	(97,669)	(67,227)	311,356	(1,745)	(2,615)	(102,698)	(63,837)
General and administrative expenses	(343,122)	(55,933)	(170,571)	(229,923)	(21,011)	(84,913)	(119,425)	(67,012)	(1,091,910)
Gain/(loss) on disposal of property, plant and equipment	-	-	-	(167)	-	(41)	43	-	(165)
Gain on revaluation investment properties, net	-	-	69,877	372,920	-	-	-	-	442,797
Gain on disposal of investment property	-	-	-	28,992	-	-	-	-	28,992
Share of loss from associates and joint ventures	-	-	-	(7,765)	-	-	-	-	(7,765)
Gain on bargain purchase	-	-	-	9,104	-	-	-	-	9,104
Fair value gain on revaluation of financial assets at FVTPL	-	-	-	-	-	-	-	4,708	4,708
Finance income	90,469	14,822	72,908	51,279	3,461	2,375	2,045	(19,716)	217,643
Finance costs	(6,766)	(713)	(48,675)	(369,191)	(9,000)	(4,741)	(9,717)	51,455	(397,348)
Other income	11,669	682	41,944	16,451	-	5,845	10,728	5,029	92,348
Income tax	-	-	(39,234)	-	-	-	-	-	(39,234)
Profit for the year	822,413	455,641	278,648	1,271,805	321,830	102,293	67,652	(176,549)	3,143,733

42 Segment information (continued)

42.1 Operating segments (continued)

Year ended 31 December 2021

	Aldar Development		Aldar Investment					
	Property development and sales AED'000	Project management services AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	Unallocated/ eliminations AED'000	Consolidated AED'000
Revenue and rental income from external customers								
- Over a period of time	2,616,098	1,356,245	-	211,048	531,804	908,653	-	5,623,848
- At a point in time	1,027,733	32,924	-	222,140	-	-	-	1,282,797
- Leasing	-	-	1,669,305	-	-	-	-	1,669,305
Inter-segments	-	-	20,738	-	4,604	133,682	(159,024)	-
Gross revenue (i)	3,643,831	1,389,169	1,690,043	433,188	536,408	1,042,335	(159,024)	8,575,950
Cost of revenue excluding service charge	(2,264,192)	(949,235)	(279,154)	(349,252)	(329,349)	(824,271)	135,875	(4,859,578)
Service charge expenses	-	-	(116,328)	-	-	-	-	(116,328)
Gross profit	1,379,639	439,934	1,294,561	83,936	207,059	218,064	(23,149)	3,600,044

42 Segment information (continued)

42.1 Operating segments (continued)

Year ended 31 December 2021

	Aldar Development		Aldar Investment					
	Property development and sales AED'000	Project management services AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	Unallocated/ eliminations AED'000	Consolidated AED'000
Gross profit	1,379,639	439,934	1,294,561	83,936	207,059	218,064	(23,149)	3,600,044
Selling and marketing expenses	(154,953)	(114)	(13,707)	-	(4,541)	(6,316)	(2,961)	(182,592)
Depreciation and amortisation	(7,137)	(22,715)	(17,522)	(144,213)	(44,715)	(20,657)	6,770	(250,189)
Provisions, impairments and write -downs, net	(205,797)	-	(39,102)	(490)	382	(2,044)	-	(247,051)
General and administrative expenses	(279,457)	(30,308)	(181,842)	(6,891)	(57,081)	(102,638)	(25,253)	(683,470)
Gain/(loss) on disposal of property, plant and equipment	-	1,139	-	-	-	-	(3,176)	(2,037)
Gain/(loss) on revaluation investment properties, net	10,647	-	135,736	-	-	-	-	146,383
Gain on disposal of investment property	-	-	14,637	-	-	-	-	14,637
Share of loss from associates and joint ventures	-	-	(8,214)	-	-	-	-	(8,214)
Gain on bargain purchase	99,469	-	-	-	-	-	-	99,469
Fair value loss on revaluation of financial assets at FVTPL	-	-	-	-	-	-	(1,271)	(1,271)
Finance income	55,786	-	3,444	-	29	10	(10,825)	48,444
Finance costs	(32,172)	(540)	(238,629)	-	(4,639)	(2,978)	13,400	(265,558)
Other income	56,028	-	564	-	-	4,501	3,761	64,854
Profit for the year	922,053	387,396	949,926	(67,658)	96,494	87,942	(42,704)	2,333,449

(i) Gross revenue of investment properties includes AED 116,328 thousand of revenue from service charges.

42 Segment information (continued)

42.1 Business segments (continued)

The segment assets and capital and project expenditures are as follows:

	Aldar Development			Aldar Investments						
	Property development and sales AED'000	Project management services AED'000	Egypt subsidiaries AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Education AED'000	Principal investments AED'000	Unallocated AED'000	Eliminations AED'000	Group AED'000
As at 31 December 2022										
Total assets	**7,592,656**	**5,744,487**	**4,627,620**	**26,490,881**	**4,306,817**	**869,854**	**1,275,340**	**10,159,846***	**208,483**	**61,275,984**
Capital expenditures	**127,942**	**32,628**	**20,175**	**-**	**1,859,991**	**169,206**	**136,981**	**82,830**	**-**	**2,429,753**
Project expenditures	**2,461,462**	**-**	**788,063**	**6,278,247**	**-**	**-**	**-**	**-**	**-**	**9,527,772**
As at 31 December 2021										
Total assets	11,209,522	4,071,997	6,397,069	18,996,384	2,116,305	728,210	870,953	5,167,253*	(14,956)	49,542,737
Capital expenditures	353,104	5,350	-	4,405	16,823	22,757	8,060	45,191	-	455,690
Project expenditures	1,901,419	-	-	255,799	-	-	-	-	-	2,157,218

*Unallocated total assets mainly pertain to cash and bank balances held under the corporate amounting to AED 9,310,238 thousand (31 December 2021: 4,179,296 thousand).

42 Segment information (continued)

42.1 Business segments (continued)

The Group's operating segments are established on the basis of those components that are evaluated regularly by the Chief Executive Officer, considered to be the Chief Operating Decision Maker ("CODM"). The CODM monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, gross profit, net profit and a broad range of key performance indicators in addition to segment profitability and is measured consistently with profit or loss in the consolidated financial statements.

During the year 2021, the Group adopted a new group operating model. The new model promotes agility and accountability throughout the organisation, identifies key responsibilities of management and internal management reporting, with two core businesses: Property Development and Management (Aldar Development), and Assets Management (Aldar Investment). As a result of the above, the Group realigned its segments reflecting the new operating model.

For internal management reporting purposes, the Group's operations are aggregated into segments with similar economic characteristics. Management considers that this is best achieved with property development and sales, project management services, investment properties, hospitality and leisure, education and principal investments as operating segments.

Consequently, the Group has presented 2 segments bifurcated into seven reportable sub- segments for the current and comparative year which are as follows:

Aldar Development
- Property development and sales – develop and sell properties
- Project management services – manage various projects
- Egypt subsidiaries – mainly a real estate development subsidiary operates in Egypt

Aldar Investments
- Investment properties – acquires, manages and leases residential, commercial and retail properties
- Hospitality and leisure – hotels and leisure activities
- Education – provides education services
- Principal investments – includes mainly construction, property and facilities management operations

Based on the information reported to the Group's senior management for the allocation of resources, marketing strategies, management reporting lines and measurement of performance of business, the reportable segments under IFRS 8 were identified according to the structure of investment activities and services to customer groups.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit or loss earned by each segment without allocation of central administration, selling and marketing costs and directors' salaries, share of results of associates and joint ventures, other gains and losses, finance income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

42 Segment information (continued)

42.1 Business segments (continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than cash and bank balances, investment in associates and joint ventures, investment in financial assets and derivative financial instruments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- finance costs, finance income, other gains and losses are allocated to the individual segments.

Capital expenditure consists of additions of property, plant and equipment and intangible assets while project expenditure consists of additions to investment properties and properties under development. Inter-segment revenues are eliminated upon consolidation and reflected in the 'eliminations' column. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

42 Segment information (continued)

42.2 Geographical segments

The Group operates in the UAE and a few countries outside the UAE (including Egypt). The domestic segment includes business activities and operations in the UAE and the international segment include business activities and operations outside the UAE.

	31 December 2022			31 December 2021		
	UAE AED'000	International AED'000	Total AED'000	UAE AED'000	International AED'000	Total AED'000
Total assets	**56,648,364**	**4,627,620**	**61,275,984**	43,145,668	6,397,069	49,542,737
Consolidated statement of profit or loss						
Revenue and rental income from external customers						
- Over a period of time	**5,911,580**	**75,859**	**5,987,439**	5,623,848	-	5,623,848
- At a point in time	**2,008,039**	**1,328,585**	**3,336,624**	1,282,797	-	1,282,797
- Leasing	**1,865,909**	**10,055**	**1,875,964**	1,669,305	-	1,669,305
Gross revenue	**9,785,528**	**1,414,499**	**11,200,027**	8,575,950	-	8,575,950
Cost of revenue excluding service charge	**(5,483,902)**	**(837,706)**	**(6,321,608)**	(4,859,578)	-	(4,859,578)
Service charge expenses	**(144,590)**	**-**	**(144,590)**	(116,328)	-	(116,328)
Gross profit	**4,157,036**	**576,793**	**4,733,829**	3,600,044	-	3,600,044
Selling and marketing expenses	**(322,143)**	**(120,496)**	**(442,639)**	(182,592)	-	(182,592)
Provision, impairments, and write downs, net	**33,832**	**(97,669)**	**(63,837)**	(247,051)	-	(247,051)
Gain/(loss) on disposal of property, plant and equipment	**(164)**	**(1)**	**(165)**	(2,037)	-	(2,037)
Depreciation and amortisation	**(336,562)**	**(6,228)**	**(342,790)**	(250,189)	-	(250,189)
General and administrative expenses	**(921,339)**	**(170,571)**	**(1,091,910)**	(683,470)	-	(683,470)
Gain on revaluation of investment properties, net	**372,921**	**69,876**	**442,797**	146,383	-	146,383
Gain on disposal of investment property	**28,992**	**-**	**28,992**	14,637	-	14,637
Fair value gain/(loss) on revaluation of financial assets at FVTPL	**4,708**	**-**	**4,708**	(1,271)	-	(1,271)
Gain on bargain purchase	**9,104**	**-**	**9,104**	99,469	-	99,469
Share of results of associates and joint ventures	**(7,765)**	**-**	**(7,765)**	(8,214)	-	(8,214)
Finance income	**144,735**	**72,908**	**217,643**	48,444	-	48,444
Finance costs	**(348,673)**	**(48,675)**	**(397,348)**	(265,558)	-	(265,558)
Other income	**50,403**	**41,945**	**92,348**	64,854	-	64,854
Income tax expense	**-**	**(39,234)**	**(39,234)**	-	-	-
Profit for the year	**2,865,085**	**278,648**	**3,143,733**	2,333,449	-	2,333,449

43 Other general and administrative expenses

Other general and administrative expenses include social contributions amounting to AED 23,708 thousand (2021: AED 36,100 thousand).

44 Non-cash transactions

The following were significant non-cash transactions relating to investing and financing activities of consolidated statement cash flows:

	2022 AED'000	2022 AED'000
Transfer between investment properties and property, plant and equipment (notes 5)	**51,730**	189,294
Transfer between investment properties and development work in progress (note 13)	**411,757**	573,662
Exchange of investment in financial assets (note 9)	**72,786**	-

45 Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Balance at 1 January 2022 AED'000	**Financing cash flows (i) AED'000**	**Fair value adjustments AED'000**	**Others (ii) AED'000**	**Balance at 31 December 2022 AED'000**
Bank borrowings and sukuk (i)	**8,376,890**	**1,655,207**	**-**	**263,462**	**10,295,559**
Lease liabilities	**333,260**	**(75,240)**	**-**	**227,513**	**485,533**
Derivative financial instruments	**(13,651)**	**-**	**13,651**	**-**	**-**
	8,696,499	**1,579,967**	**13,651**	**490,975**	**10,781,092**

(i) The cash flows from bank borrowings and sukuk make up the net amount of proceeds from bank borrowings and sukuk and repayments of borrowings and sukuk (inclusive of finance cost paid) in the consolidated statement of cash flows.

(ii) Others mainly include additions due to acquisitions of businesses and finance costs incurred.

45 Changes in liabilities arising from financing activities (continued)

	Balance at 1 January 2021 AED'000	Financing cash flows (iii) AED'000	Fair value adjustments AED'000	Others (iv) AED'000	Balance at 31 December 2021 AED'000
Bank borrowings and sukuk (iii)	8,005,161	(463,324)	-	835,053	8,376,890
Lease liabilities	339,698	(37,555)	-	31,117	333,260
Derivative financial instruments	15,330	(1,655)	(27,326)	-	(13,651)
	8,360,189	(502,534)	(27,326)	866,170	8,696,499

(iii) The cash flows from bank borrowings and sukuk make up the net amount of proceeds from bank borrowings and sukuk and repayments of borrowings and sukuk (inclusive of finance cost paid) in the consolidated statement of cash flows.

(iv) Others mainly include bank borrowings of AED 596,417 thousand acquired as part of business combination (note 47) and finance costs incurred of AED 243,096 thousand.

46 Non-controlling interests

46.1 The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests for the year		Accumulated non-controlling interests	
		2022 (%)	2021 (%)	**2022 AED'000**	2021 AED'000	**2022 AED'000**	2021 AED'000
Aldar Hansel SPV Restricted Limited ("Hansel")	UAE	**49.00**		**-**	-	**1,834,750**	-
Aldar Investment Holding Restricted Limited ("AIHR")	UAE	**11.87**	-	**64,600**	-	**1,620,464**	-
Six October for Development and Investment Co. S.A.E. ("SODIC")	Egypt	**40.14**	40.14	**111,845**	-	**479,428**	626,473
Al Maryah Property Holdings Limited	UAE	**40.00**	-	**-**	-	**192,600**	-
Twafq Projects Development Property - Sole Proprietorship L.L.C. (Twafq)	UAE	**30.00**	-	**18,280**	-	**160,151**	-
Pivot Engineering & General Contracting Co. (WLL) ("PIVOT")	UAE	**34.80**	34.80	**4,544**	17,848	**92,752**	88,667
Seih Sdeirah Real Estate LLC	UAE	**8.60**	8.60	**-**	-	**37**	37
Al Seih Real Estate Management LLC	UAE	**8.60**	8.60	**-**	-	**36**	36
Total				**199,269**	17,848	**4,380,218**	715,213

46 Non-controlling interests (continued)

46.2 During the year, Aldar Investment Holding Restricted Limited ("AIHR" – a subsidiary of the Group and 100% shareholder of Aldar Investment Properties LLC "AIP") entered into a subscription agreement with Apollo Gretel Investor, L.P. ("Apollo") relating to AIHR, where Apollo subscribed to common equity of USD 100 million and preferred equity of USD 300 million of AIHR. The preferred equity will be mandatory convertible into fixed number of shares at the third anniversary of the closing date and will carry a fixed rate of interest. The above results in Aldar disposing 11.121% of its shareholding in AIHR for a total cash consideration of USD 400 million (AED 1,469 million). The above transaction does not result in the Group's loss of control over AIHR and hence is accounted for as an equity transaction. The difference between the amount by which the non-controlling interest is adjusted of AED1,568 million and the fair value of the consideration received of AED1,469 million is recognised in equity. The difference of AED 99 million represents approximately 0.75% ownership in AIHR. The ultimate beneficial owner of this 0.75% will be determined pursuant to terms of a side letter agreed with Apollo and based on the final status of Corporate Income tax in UAE when implemented. Consequently, this has resulted in the recognition of a financial asset and a financial liability which are reported net as the Company has a legally enforceable right to set off and it intends to settle the asset and liability simultaneously.

During the year, AIHR paid dividend amounted to AED 20,979 thousand.

The schedule below shows the effects on the equity attributable to owners that resulted from the transaction:

	AED'000
Carrying amount of the interest disposed	**1,568,080**
Consideration received	**(1,469,000)**
Change in equity attributable to owners of the Company	**99,080**

The Company has no contractual obligation relating to the above subscription and therefore classified as equity and recorded under "non-controlling interests" in the consolidated financial statements in accordance with the requirements of IAS 32 *Financial Instruments: Presentation*.

Transaction cost amounted to AED 8,133 thousand is charged against the retained earnings.

46.3 During the year, the Company established a 100% owned subsidiary Aldar Hansel SPV Restricted Limited ("Hansel"), a restricted scope company incorporated in Abu Dhabi Global Market, Abu Dhabi, UAE, comprising 51% of class A shares and 49% of class B shares. Subsequent to this, the Company entered into a 20 year Deferred Land Sale and Purchase Agreement ("DLSPA") with Hansel where the cash flow rights over 2.6 million sqm of land was transferred to Hansel. The Company further disposed of its class B shares in Hansel against consideration of USD 500 million (AED 1,836 million) to AP Hansel SPV LLC, a 100% owned company of Apollo Capital Management L.P ("Apollo Capital"). Apollo Capital's returns will not be predetermined and will be subject to movement in land valuations or gain from sale of land, if any, over the period of the DLSPA.

Transaction related costs incurred for the issuance and disposal of class B shares amounted to AED 36,492 thousand adjusted against retained earnings. The Company has no contractual obligation attached to class B shares and therefore classified as equity and recorded under "non-controlling interests" in the consolidated financial statements in accordance with the requirements of IAS 32 *Financial Instruments: Presentation*.

46 Non-controlling interests (continued)

46.4 The summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intergroup eliminations.

	2022 AED'000 AIHR*	2022 AED'000 Pivot	2022 AED'000 SODIC	2022 AED'000 Twafq*	2022 AED'000 * Hansel	2021 AED'000 Pivot	2021 AED'000 SODIC
Total assets	1,463,752	372,947	4,627,620	452,638	2,872,876	375,930	6,311,656
Total liabilities	(74,758)	(295,409)	(3,039,391)	(249,835)	(2,824,153)	(309,633)	(4,773,715)
Net assets	1,388,994	77,538	1,588,229	202,803	48,723	66,297	1,537,941
Revenue	792,742	346,641	1,414,499	56,757	-	417,773	-
Expenses	(248,562)	(333,583)	(1,135,851)	4,175	-	(366,485)	-
Profit for the year	544,180	13,058	278,648	60,932	-	51,288	-
Profit for the year attributable to the owners of the company	479,580	8,514	166,799	42,652	-	33,440	-
Profit for the year attributable to the non-controlling interests	64,600	4,544	111,845	18,280	-	17,848	-
Profit for the year	544,180	13,058	278,648	60,932	-	51,288	-
Other comprehensive income for the year	81,462	-	(643,689)	-	-	-	-
Dividends paid to non-controlling interest	20,979	-	973	-	-	-	-
Net cash inflows/(outflows) from operating activities	1,179,129	26,505	113,109	39,756	-	(21,512)	-
Net cash inflows/(outflows) from investing activities	(5,007,448)	22,514	(209,631)	(975)	-	39,430	-
Net cash inflows/(outflows) from financing activities	4,424,598	999	115,956	(11,938)	-	39,430	-

*The comparatives are not presented as these entities were acquired during the year.

47 Business combinations

Acquisitions in 2022

47.1 Al Shohub Private School LLC

On 20 January 2022, Aldar Education - Sole Proprietorship LLC ("Aldar Education" a subsidiary of the Company) signed an agreement to purchase Al Shohub Private School LLC ("Al Shohub"), a limited liability company registered in Abu Dhabi, United Arab Emirates for a total consideration of AED 72,210 thousand. On 1 June 2022, all the major conditions precedent to completion were completed and therefore 1 June 2022 is the date on which the Group acquired control over Al Shohub. Al Shohub was acquired as part of growth and expansion of Aldar Education business in the education field. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional fair values.

The amounts recognised in respect of the provisional fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED'000
Assets	
Property, plant and equipment	**74,054**
Intangible assets	**1,483**
Trade and other receivables	**2,158**
Cash and bank balances	**1,821**
Total assets	**79,516**
Liabilities	
Employees benefits	**1,246**
Lease liabilities	**2,521**
Trade and other payables	**12,660**
Total liabilities	**16,427**
Total identifiable net assets at fair value	**63,089**

	AED'000
Satisfied by:	
Cash	**65,084**
Deferred consideration*	**7,126**
	72,210
Goodwill	**9,121**

47 Business combinations (continued)

Acquisitions in 2022 (continued)

47.1 Al Shohub Private School LLC (continued)

Analysis of cashflow on acquisition

	AED'000
Cash paid for the acquisition	**(65,084)**
Net cash acquired on business combination	**1,821**
Net cash outflows on acquisition (included in cash flows from investing activities)	**(63,263)**
Transaction costs of the acquisition (included in cash flows from operating activities)	**(1,098)**
Net cash outflow on acquisition	**(64,361)**

* The remaining payable amount of AED 7,126 thousand is payable upon completion of certain conditions as per the agreement.

Acquisition related costs amounted to AED 1,098 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Al Shohub contributed revenue of AED 13,738 thousand and net loss of AED 1,445 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 9,056 thousand and net loss would have been higher by AED 3,928 thousand. The net assets recognised in these consolidated financial statements were based on a provisional assessment of their fair values.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Al Shohub with Aldar Education group. Intangible assets acquired as part of business combination in the form of student relationship where the Al Shohub has a moderate retention rate, whereby the existing student body is expected to generate revenues over a prolonged period. As such, student relationship is a key revenue driver and are expected to be of value.

47.2 Twafq Projects Development Property LLC

On 18 April 2022, Aldar Logistics Holding Limited ("ALH" a subsidiary of the Company) signed an agreement for the sale and purchase of 70% share of Twafq Projects Development Property LLC ("Twafq") for a consideration of AED 331,033 thousand. Twafq is incorporated in Abu Dhabi, UAE and is involved in the development, investment and management of industrial real estate. Twafq was acquired as part of the plan of Aldar Investment to diversify its portfolio and sector into industrial and logistics vertical. The acquisition has been accounted for effective 1 April 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional fair values.

47 Business combinations (continued)

Acquisitions in 2022 (continued)

47.2 Twafq Projects Development Property LLC (continued)

The amounts recognised in respect of the provisional fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED'000
Assets	
Investment properties	697,529
Property, plant and equipment	2,447
Trade and other receivables	5,403
Cash and bank balances	31,946
Total assets	737,325
Liabilities	
Employees benefits	1,411
Lease liabilities	133,439
Bank borrowings	102,355
Advances from customers	8,576
Trade and other payables	9,536
Total liabilities	255,317
Total identifiable net assets at fair value	482,008
Non-controlling interest	(141,871)
Group's share of net assets acquired	340,137
Less: purchase consideration	(331,033)
Bargain purchase gain	9,104

Analysis of cashflow on acquisition

	AED'000
Cash paid for the acquisition	(331,033)
Net cash acquired on business combination	31,946
Net cash outflows on acquisition (included in cash flows from investing activities)	(299,087)
Transaction costs of the acquisition (included in cash flows from operating activities)	(1,807)
Net cash outflow on acquisition	(300,894)

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of net assets acquired and amounted to AED 141,871 thousand.

Acquisition related costs amounted to AED 1,807 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Twafq contributed revenue of AED 47,638 thousand and net profit of AED 51,813 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 15,062 thousand and net profit would have been higher by AED 5,181 thousand. The net assets recognised in these consolidated financial statements were based on a provisional assessment of their fair values.

47 Business combinations (continued)

Acquisitions in 2022 (continued)

47.3 Mace Macro Technical Services LLC

On 1 August 2022, Khidmah – Sole Proprietorship LLC ("Khidmah" a subsidiary of the Company) acquired 100% shares of Mace Macro Technical Services LLC ("Mace") for a consideration of AED 4.4 million. Mace is incorporated in Dubai, UAE and is involved in facilities management services. Mace was acquired as part Khidmah plan to grow the facilities management business. The acquisition has been accounted for effective 1 August 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional fair values. The acquisition has resulted in recognition of Gain on bargain purchase of AED 628 thousand and intangible assets (customer contracts, relationships and exclusivity contracts) of AED 4,343 thousand. As of 31 December 2022, AED 2,390 thousand is paid and the balance is payable. Cash acquired on acquisition amounted to AED 1,132 thousand.

47.4 Pactive Sustainable Solutions LLC

On 1 August 2022, Khidmah acquired 100% shares of Pactive Sustainable Solutions LLC ("Pactive") for a consideration of AED 10 million. Pactive is incorporated in Abu Dhabi, UAE and specializes in energy management, Energy performance contracts and buildings automation and control systems. Pactive was acquired as part of the Aldar Group plan and vision to work in and expand into the energy management services. The acquisition has been accounted for effective 1 August 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional fair values. The acquisition has resulted in recognition of goodwill amounting to AED 2,345 thousand and intangible assets (customer contracts and licensees) of AED 6,206 thousand. As of 31 December 2022, AED 6,844 thousand is paid and the balance is payable. Cash acquired on acquisition amounted to AED 185 thousand.

47.5 Spark Security Services

On 1 September 2022, Khidmah acquired 100% shares of Spark Securities Services-Sole Proprietorship LLC, Abu Dhabi and Spark Securities Services-LLC, Dubai (together referred as "Spark") for a consideration of AED 120 million. Spark provides a comprehensive range of security solutions to both commercial and residential clients in the UAE. Spark was acquired to further strengthen Adar's property and integrated facilities management platform and complement the existing services providers withing the Aldar's portfolio. The acquisition has been accounted for effective 1 September 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional fair values.

47 Business combinations (continued)

Acquisitions in 2022 (continued)

47.5 Spark Security Services (continued)

The amounts recognised in respect of the provisional fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED'000
Assets	
Property, plant and equipment	**12,756**
Intangible assets	**27,948**
Inventories	**485**
Trade and other receivables	**99,126**
Cash and bank balances	**17,072**
Total assets	**157,387**
Liabilities	
Lease liabilities	**1,426**
Employee benefits	**36,977**
Trade and other payables	**36,622**
Total liabilities	**75,025**
Total identifiable net assets at fair value	**82,362**
Less: purchase consideration	**(120,019)**
Goodwill	**37,657**

Analysis of cashflow on acquisition

	AED'000
Cash paid for the acquisition*	**104,132**
Net cash acquired on business combination	**17,072**
Net cash outflow on acquisition (included in cash flows from investing activities)	**(87,060)**
Transaction costs of the acquisition (included in cash flows from operating activities)	**(2,459)**
Net cash outflow on acquisition	**(89,519)**

* The remaining amount of AED 15,887 thousand is retained which is contingent on certain terms and conditions as per the agreement.

Acquisition related costs amounted to AED 2,459 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Spark contributed revenue of AED 95,555 thousand and net profit of AED 5,855 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 172,637 thousand and net profit would have been higher by AED 5,453 thousand. The net assets recognised in these consolidated financial statements were based on a provisional assessment of their fair values.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from the acquisition. Intangible assets acquired as part of business combination in the form of customers contracts and customers relationships, were identified as Spark has entered in certain fixed contracts with customers to provide security solutions for periods that exceed 1 year, in addition to generating revenue from several customers which have a long term relationship and the likelihood of clients to renew the contracts is highly probable as the majority of the client base of Spark are long-standing client relationships

47 Business combinations (continued)

Acquisitions in 2022 (continued)

47.6 SAGA OA DMCC

On 19 October 2022, Provis Owners Association Management Services LLC ("Provis OA" a subsidiary of the Group) acquired 100% of the issued share capital of SAGA International Owners Association Management Services LLC and SAGA OA DMCC ("SAGA OAs"), entities incorporated in Dubai, UAE for a consideration of AED 37 million. SAGA OAs are involved in property management services and was acquired as part of the plan of Provis to complement and expand its Owners Association portfolio. The acquisition has been accounted for effective 19 October 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional fair values. The acquisition has resulted in recognition of goodwill amounting to AED 4,944 thousand and intangible assets (customer relationship) of AED 31,396 thousand.

Acquisitions in 2021

47.7 Sixth of October for Development and Investment Company (SODIC)

On 14 March 2021, the Company and Abu Dhabi Development Holding Company PJSC ("ADQ") entered into a consortium bid agreement (the CBA) and formed a consortium (the "Consortium"). The Company has 70% interest in the consortium whereas the remaining is held by ADQ. The Consortium was formed in connection with the proposed takeover offer bid through launching a mandatory tender offer ("MTO") in accordance with Chapter XII of the Executive Regulations of the Egyptian Capital Market Law No. 95 of the year 1992 (Chapter XII) for not less than 51% of the issued share capital of Sixth October for Development and Investment Company S.A.E. (SODIC) (the Takeover Offer).

On 16 December 2021, the consortium acquired approximately 85.52% of the outstanding share capital of SODIC following successful MTO. The all-cash mandatory tender offer, at a purchase price of EGP 20.0 per share, valued SODIC at EGP 7.1 billion. Accordingly, the Company acquired approximately 59.86% interest in SODIC by paying consideration amounting to AED 997 million. Shares were transferred to the Consortium on 16 December 2021 after completing all legal and regulatory formalities therefore this date is the date on which the Consortium acquired control over SODIC. Based on the terms of the Shareholders Agreement between the Company and ADQ for the Consortium, the Company also concluded that it controls the Consortium and accordingly controls SODIC. SODIC is headquartered in Cairo, Egypt and listed on the Egyptian Exchange (EGX). SODIC was acquired as part of the Company's overall expansion strategy into the Egyptian real estate market. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired, and liabilities assumed, have been recognised at their respective provisional fair values.

47 Business combinations (continued)

Acquisitions in 2021 (continued)

47.7 Sixth of October for Development and Investment Company (SODIC) (continued)

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED'000
Assets	
Property, plant and equipment	224,359
Intangible assets *	31,108
Investment properties	929,801
Development work in progress	3,222,129
Inventories	15,361
Deferred tax assets	47,368
Investment in financial assets	77,475
Trade and other receivables	1,393,988
Cash and bank balances	370,067
Total assets	6,311,656
Advances from customers	127,532
Contract liabilities	1,530,756
Trade and other payables	2,211,579
Borrowings	596,417
Lease liabilities	14,004
Retentions payable	92,830
Income tax payable	199,416
Employee benefits	1,181
Total liabilities	4,773,715
Total identifiable net assets at fair value	1,537,941
Non-controlling interests	(626,473)
Group's share of net assets acquired	911,468
Purchase consideration	(996,881)
Goodwill	(85,413)

Acquisition related costs amounted to AED 14,108 thousand which were expensed during the year and are included in general and administrative expenses. From the date of acquisition, SODIC contribution to revenue and net profit is nil towards the operations of the Group. No financial information was available as of the acquisition date therefore it was impracticable to consolidate the entity as of the acquisition date. There were no significant transactions or events from the acquisition date to 31 December 2021 therefore management decided to consolidate from 31 December 2021. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 1,619,221 thousand and net profit would have been higher by AED 191,071 thousand. The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the activities of SODIC with those of the Group. The Group recognised a contingent liability of AED 95,992 thousand in the course of the acquisition of SODIC related to various tax exposures which were assessed to be highly probable by the Group.

* Intangible assets mainly represent customer contract backlogs acquired as part of business combination. Customer contract backlogs represent contracted sales of undelivered units and have been valued using multi-period earning method.

47 Business combinations (continued)

Acquisitions in 2021 (continued)

47.7 Sixth of October for Development and Investment Company (SODIC) (continued)

The non-controlling interests (40.14% ownership interest in SODIC) recognised at the acquisition date was measured by reference to the proportionate share of net assets and amounted to AED 626,473 thousand.

Analysis of cashflow on acquisition

	AED'000
Cash paid for the acquisition	(996,881)
Net cash acquired on business combination	370,067
Net cash outflows on acquisition (included in cash flows from investing activities)	(626,814)
Transaction costs of the acquisition (included in cash flows from operating activities)	(14,108)
Net cash outflow on acquisition	(640,922)

47.8 Aldar Projects LLC

On 25 October 2020, Abu Dhabi Development Holding Company PJSC ("ADQ") and the Company signed a Memorandum of Understating ("MoU") under which the Company or any of its subsidiary will take over development and management of certain capital projects for and on behalf of the Government of Abu Dhabi by acquiring a subsidiary of Modon Properties PJSC ("Modon"). As part of the MoU, the Company will also have management oversight of the projects carried out by Musanada. The Government of Abu Dhabi will continue to fund the projects and Aldar will earn management fees for project management services.

Subsequently in January 2021, the Abu Dhabi Executive Council has approved a framework between Abu Dhabi Government and the Company for the development of capital projects as mentioned above in the Emirate of Abu Dhabi. Further on 1 February 2021, the Company signed an agreement with Modon and acquired 100% of its wholly owned subsidiary, Aldar Projects LLC ("Aldar Projects") for a total consideration of AED 7,945 thousand.

Aldar Projects is a limited liability company incorporated in the Emirate of Abu Dhabi. Aldar Projects is a project manager mandated by the Government of Abu Dhabi to build vibrant and sustainable communities in the Emirate of Abu Dhabi with principal activities mainly of managing and providing options of housing complex projects, housing design, management and follow-up of housing construction projects. The business acquired qualifies as a business combination under IFRS 3.

The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values.

47 Business combinations (continued)

<u>Acquisitions in 2021 (continued)</u>

47.8 Aldar Projects LLC (continued)

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED'000
Assets	
Property, plant and equipment	5,453
Intangible assets *	103,687
Trade and other receivables	537,776
Total assets	646,916
Liabilities	
Employees benefits	1,076
Trade and other payables	538,426
Total liabilities	539,502
Total identifiable net assets at fair value	107,414
Less: purchase consideration	(7,945)
Bargain purchase gain	99,469

Acquisition related costs amounted to AED 5,666 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Aldar Projects contributed revenue of AED 322,223 thousand and net profit of AED 222,651 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 7,278 thousand and net profit would have been higher by AED 3,145 thousand.

* Intangible assets represent customer contracts acquired as part of business combination and have historically contributed to revenue and generating independent cash flows and have been valued using multi-period excess earning method.

Analysis of cashflow on acquisition:

	AED'000
Cash paid for the acquisition	(7,945)
Net cash acquired on business combination	-
Net cash outflows on acquisition (included in cash flows from investing activities)	(7,945)
Transaction costs of the acquisition (included in cash flows from operating activities)	(5,666)
Net cash outflow on acquisition	(13,611)

47 Business combinations (continued)

Acquisitions in 2021 (continued)

47.9 Asteco Property Management LLC

On 6 January 2021, Provis Real Estate Management - Sole Proprietorship LLC, Dubai Branch ("Provis", a subsidiary of the Company) acquired 100% of Asteco Property Management LLC, a limited liability company ("Asteco") registered in Dubai, United Arab Emirates assuming control of Asteco for a total consideration of AED 66,991 thousand. Asteco is mainly involved in property management and owners' association management services, brokerage and real estate advisory services and manages different types of residential, commercial, retail, hotels and mixed used prestigious properties across UAE. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. Asteco was acquired as part of plan of Provis to expand by acquiring existing entities in the related industry.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED'000
Assets	
Property, plant and equipment	377
Intangible assets*	43,300
Trade and other receivables	19,734
Cash and bank balances	3,415
Total assets	66,826
Liabilities	
Employees benefits	9,657
Trade and other payables	8,141
Total liabilities	17,798
Total identifiable net assets at fair value	49,028
Less: purchase consideration	(66,991)
Goodwill	(17,963)

Acquisition related costs amounted to AED 823 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Asteco contributed revenue of AED 52,503 thousand and net profit of AED 10,242 thousand towards the operations of the Group. The net assets recognised in these consolidated financial statements were based on their fair values. The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Asteco with those of the Provis and assembled work force.

* Intangible assets mainly represent brand and customer relationships acquired as part of business combination. Brand represents the name of the company acquired "Asteco" and is valued using relief from royalty method. Customer relationships represent various customer relationships in relation to owners association, property management, valuation advisory and licensing and have been valued using multi-period excess earning method.

47 Business combinations (continued)

Acquisitions in 2021 (continued)

47.9 Asteco Property Management LLC (continued)

Analysis of cashflow on acquisition

	AED'000
Cash paid for the acquisition	(57,809)
Net cash acquired on business combination	3,415
Net cash outflows on acquisition (included in cash flows from investing activities)	(54,394)
Transaction costs of the acquisition (included in cash flows from operating activities)	(823)
Net cash outflow on acquisition	(55,217)

48 Events after the reporting period

48.1 On 27 December 2022, the Company signed the agreement to acquire 75% shares of Mustard & Linen Interior Design Holdings Limited ("M&L"). M&L is incorporated in ADGM Abu Dhabi, UAE and is involved in operation of a premium interior design business services in UAE. As at 31 December 2022, certain conditions to complete were not fulfilled and hence the acquisition was not complete.

48.2 Subsequent to the reporting date, the Company signed an agreement for the purchase of two plots of land located on Al Fahid Island in Abu Dhabi, UAE for a total consideration of AED 2.5 billion to be paid over a period of five years.

48.3 Subsequent to the reporting date, the Company entered into a strategic partnership with Dubai Holding to develop three communities in Dubai, UAE through a majority owned joint venture which the Company intends to consolidate.

49 Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 9 February 2023.

SUSTAINABILITY REPORT

This is a high-level summary of Aldar's 2021 sustainability achievements. The full and detailed sustainability performance will be communicated in Aldar's 2021 Sustainability Report that will be launched in H1 2022.

WORKING TOGETHER FOR A BETTER FUTURE

As a leading real estate developer, investor, and manager in our region, we are here to shape a better future and create long-term value for our stakeholders. We place sustainability at the heart of everything we do, so that it informs the way we operate, collaborate, innovate, and grow.

Across the Group we are involved throughout the real estate value chain and we aim to embed sustainability at every stage. This ranges from ensuring sustainability is a core part of our master-planning to pioneering green building design, supporting our supply chain in using low-carbon materials, conducting sustainability assessments of potential acquisitions, and improving the energy efficiency of our assets; for example, through our retrofitting project.

Our approach and commitment to sustainability ensures that we have the right capabilities and resources in place to enhance Aldar's sustainability performance in a commercially viable way. We have embedded sustainability into the strategic framework across the Group. In addition, we have the desire and drive to collaborate closely, not only within and across our diverse Group but, critically, with key partners such as the government, supply chain and our CUSTOMERS, TO ACHIEVE MORE AMBITIOUS SUSTAINABILITY TARGETS.

We know this collaboration is vital for our shared success, to take on complex global challenges, and enable more people to live well. We need to go further and faster to tackle climate change and protect the planet – together.

OUR SUSTAINABILITY PURPOSE

SHAPING A BETTER FUTURE
We aim to create a business culture where sustainability is at the heart of everything we do, and where the concept of sustainability informs the way we operate, collaborate, innovate, and grow.

FOCUSING ON FOUR SUSTAINABILITY PILLARS

- ECONOMY
- COMMUNITY
- PEOPLE
- ENVIRONMENT

SUPPORTED BY

- CORE VALUES
- CLOSE PARTNERSHIPS
- STRONG GOVERNANCE
- AMBITIOUS TARGETS

2022 SIGNATURE STORY: LAUNCHING OUR NET ZERO PLAN

For more details: https://www.aldar.com/netzero/plan.v1.pdf

Aligning with the UAE Net Zero by 2050 commitment which contributes to limiting the rate of global warming in line with the Paris Agreement, our Net Zero Plan sets us on a bold path to move forward together to a sustainable future. A future of opportunities to bring new value to our business, customers, communities, investors, employees, supply chain and society.

We are in the early stages of our journey to Net Zero – there is a long way to go and a great deal to do, but in launching our Plan we have taken a critical step forward. We share an overview of the Plan here and look forward to providing regular updates as we progress.

Partnerships will be essential to help us realise our goals and we intend to deepen our ties with community members, suppliers, and customers to reduce our collective carbon footprint. At the same time, we will intensify our engagements with governmental entities to provide recommendations for regulations that foster fair competition for construction partners on decarbonisation pathways.

Our goals are ambitious and challenging, but achievable, and are aligned with the latest climate science and guidance. We are committed to meeting these goals, cooperating with our partners, and sharing our progress and learnings.

SETTING CLEAR SCIENCE ALIGNED TARGETS
To become a Net Zero business by 2050, we have set both near- and long-term greenhouse gas (GHG) emission reduction targets which align with the latest guidance on climate science. We will also seek independent validation of our targets once the Science Based Targets initiative (SBTi) publishes its guidance for the buildings sector.

2030	2050
90% REDUCTION IN SCOPE 1 & 2 EMISSIONS 45% REDUCTION IN SCOPE 3 EMISSIONS INTENSITY v. 2021 baseline	97% REDUCTION IN GREENHOUSE GAS EMISSIONS Produced by our value chain where we exert reasonable control over reduction activities

WHAT WE ARE DOING TO DELIVER NET ZERO
We are applying eight levers in a coordinated way across our development and investment activities, so we can decarbonise throughout the Group and across the full asset lifecycle. These decarbonisation levers represent our biggest opportunities to reduce emissions.

1. Low carbon design: An Aldar Sustainable Design Standard to embed low carbon active and passive design options, maximising energy efficiency, building performance, and asset climate resilience.
2. Low carbon supply chain: A supply chain incentivised by Aldar to innovate around low carbon products, materials, and manufacturing processes.
3. Green construction: A whole lifecycle approach to assets that prioritises low carbon site practices and construction material procurement.

4. **Clean energy:** Prioritise use of clean energy through grid decarbonisation and procuring clean energy generated by government instruments.
5. **Resource efficiency and management:** Upgrading current systems to reduce leakage and improve asset efficiency in use.
6. **Tenant initiatives:** Developing a programme of tenant engagement regarding all leased and managed assets, offering guidance and incentives for more sustainable behaviours.
7. **Circular economy:** Better waste management during design, build and use phases, prioritising diversion from landfill, increasing greywater recycling and supporting the local waste sector.
8. **Sustainable acquisitions:** All new investments and acquisitions will be guided by criteria that formally integrate sustainability considerations into the end-to-end investment decision-making process.

OUR OVERALL 2022 SUSTAINABILITY PROGRESS

(For more details, please refer to the Aldar Sustainability Report 2022)

ECONOMY

We work together across the full real estate value chain to masterplan, design, develop, operate, and manage exceptional places and spaces for our customers and communities. In so doing, we help to fuel the economy sustainably and shape a better future. Our developments provide a foundation for other sectors to flourish in critical areas such as residential, hospitality, retail, education, commercial, and logistics. Through our investments, we reimagine places for greater sustainability, improving the welfare and experience of our customers and communities.

As we continue to grow our business responsibly, we are proud to play an expanding role in planning and developing better places across Abu Dhabi and beyond, and in boosting our national economy. To this end, we collaborate closely with the government and other stakeholders. We also focus on other key enablers – from making the most of innovation to listening and responding to customers, and embedding sustainability across our supply chain.

KEY ECONOMY HIGHLIGHTS

Boosting our national economy

Through our involvement with the In Country Value (ICV) programme, we prioritise engagement with local contractors, consultants, and suppliers (including SMEs) to reinvest in the local economy. This is in line with our key procurement objective of using local suppliers wherever possible. From May 2022, we made ICV certification a mandatory requirement for all Aldar contracts and during 2022, we recirculated AED 7.6 billion to the local economy by awarding contracts to ICV-certified companies.

Helping our suppliers to succeed with us

We want our suppliers to improve and succeed with us. To this end, we support them with guidance and training to help them improve their performance against our sustainability requirements during prequalification and procurement. Our training sessions focus on explaining the updated procurement sustainability requirements, such as improving the selection of sustainable and low carbon materials.

In 2022, we conducted sustainability training and surveys with more than 400 suppliers.

COMMUNITY

Our most valuable and influential resources are our communities, whose development and well-being – including health, safety, and overall happiness – are a top priority in our operations. In addition, we prioritise a strategic approach to community support, collaboration with partners, and investment in various initiatives to help communities flourish. We aim to deliver positive impacts for all, creating and shaping communities that thrive now and into the future. We aim to focus our people and community efforts on solving genuine social and environmental challenges that affect residents, visitors, employees, and other stakeholders.

KEY COMMUNITY HIGHLIGHTS

Developing sustainable cities

We have partnered with Diamond Developers to develop the first Sustainable City in Abu Dhabi on Yas Island, spanning 397,000 sqm. The AED 1.8 billion project was announced during the 2022 Abu Dhabi Sustainability Week and officially launched at the same event in 2023. The city boasts unique features such as a tree-lined buffer, residential clusters, a park with biodome greenhouses for urban farming, and shaded parking with electric buggies. It will set a benchmark for future developments, with lessons to be used in all our future developments.

Working together for greater impact

In 2022, we redefined the way we conduct CSR, introducing a new CSR strategy and an investment model built on a revamped framework.

We put strategic collaboration at the heart of our approach to create positive social and environmental impact for happy and healthy, inclusive and accessible, resilient and innovative communities across the UAE and beyond.

Invested	Established	Performed
AED 42 M+	**10+**	**1135**
in impactful programmes	strategic partnerships with key stakeholders	employee volunteering hours

PEOPLE

We are dedicated to the wellbeing of our employees and those throughout our value chain, prioritising occupational health and safety in all our operations, from construction sites to hotels and community facilities. We constantly strive to improve our standards and allocate necessary resources to provide a safe work environment. Our commitment to worker welfare extends to all our operations and is an ongoing effort. We establish appropriate standards, implement them consistently, and support our supply chain partners in achieving them.

KEY PEOPLE HIGHLIGHTS

Workers' welfare monitoring system

During 2022, we launched the free, 24/7 grievances hotline for workers deployed on three of our active project sites. As part of the launch, the workers' welfare team worked closely with project management teams and general contractors on site to deliver more than 50 induction sessions, with over 6,000 workers attending. The sessions aimed to educate on-site workers on their legal rights and responsibilities, and how to use the hotline to report concerns that their employers have been unable to address. The relevant workers' welfare material is now included in the site induction materials, ensuring that all new joiners to the site receive the same information.

The grievances hotline is a pillar of our holistic approach to workers' welfare, and we have put in place plans to gradually launch it and other grievance mechanisms to all Aldar sites by 2024.

Aldar Square

In February 2022, we relocated to Aldar Square, our new workplace located on Yas Island. We revitalised an unused space within our flagship retail asset, Yas Mall, to form our new office. To further promote the sustainability aspect of this choice, we utilised existing building components, such as the main structure and cladding panels, whenever feasible. Our goal was to create a pleasant and productive working environment for all employees. A key aspect of the design was to ensure employees feel relaxed and valued at work. We believe that a happy and valued workforce leads to better results. To achieve this, we included amenities such as a gym, a nursery room, and a central café where employees can socialise and access healthy food and drinks.

ENVIRONMENT

There are green opportunities throughout the real estate value chain, and we aim to identify and make the most of them – from developing more environmentally friendly building designs to mandating low carbon materials, and from planning more sustainable communities to retrofitting existing assets for greater energy efficiency.

By continually improving our designs and retrofitting our assets to be low carbon in operations, we are embedding sustainability into the fabric of our buildings and the places we create. We are also engaging with new technologies, entrenching sustainable practices, and championing environmental education. Working together with our stakeholders, we want to have an increasingly positive environmental impact – cutting down on resource consumption, reducing carbon emissions and protecting biodiversity.

KEY ENVIRONMENT HIGHLIGHTS

Expanding the scope of the Energy Retrofit project

Our Energy Retrofit project was launched in early 2022, aiming to reduce energy consumption and carbon emissions across diverse asset classes, including homes, offices, shops, hotels, and schools.

In mid-2022, we built on the initial scope of the project, announcing an additional investment of AED 25 million into energy retrofit projects across 13 of our residential communities, taking the total assets up to 67. This will reduce utility consumption for owners and tenants as part of our ongoing effort to make our communities more energy efficient and environmentally friendly.

Energy Retrofit Project
18 Residential
5 Commercial
23 Retail
13 Hotels
8 Schools
67 TOTAL

Solar power hybrid systems

In 2022, we expanded the application of our solar-hybrid system, used to power our construction site offices, to two additional projects, Grove and Al Gurm phase 2. This growth is a result of the successful pilot project at Baniyas, which was launched in October 2021 and helped us achieve a reduction of 199 tonnes of CO_2 emissions in the full year 2022 by producing 61,021 kWh of clean solar energy.