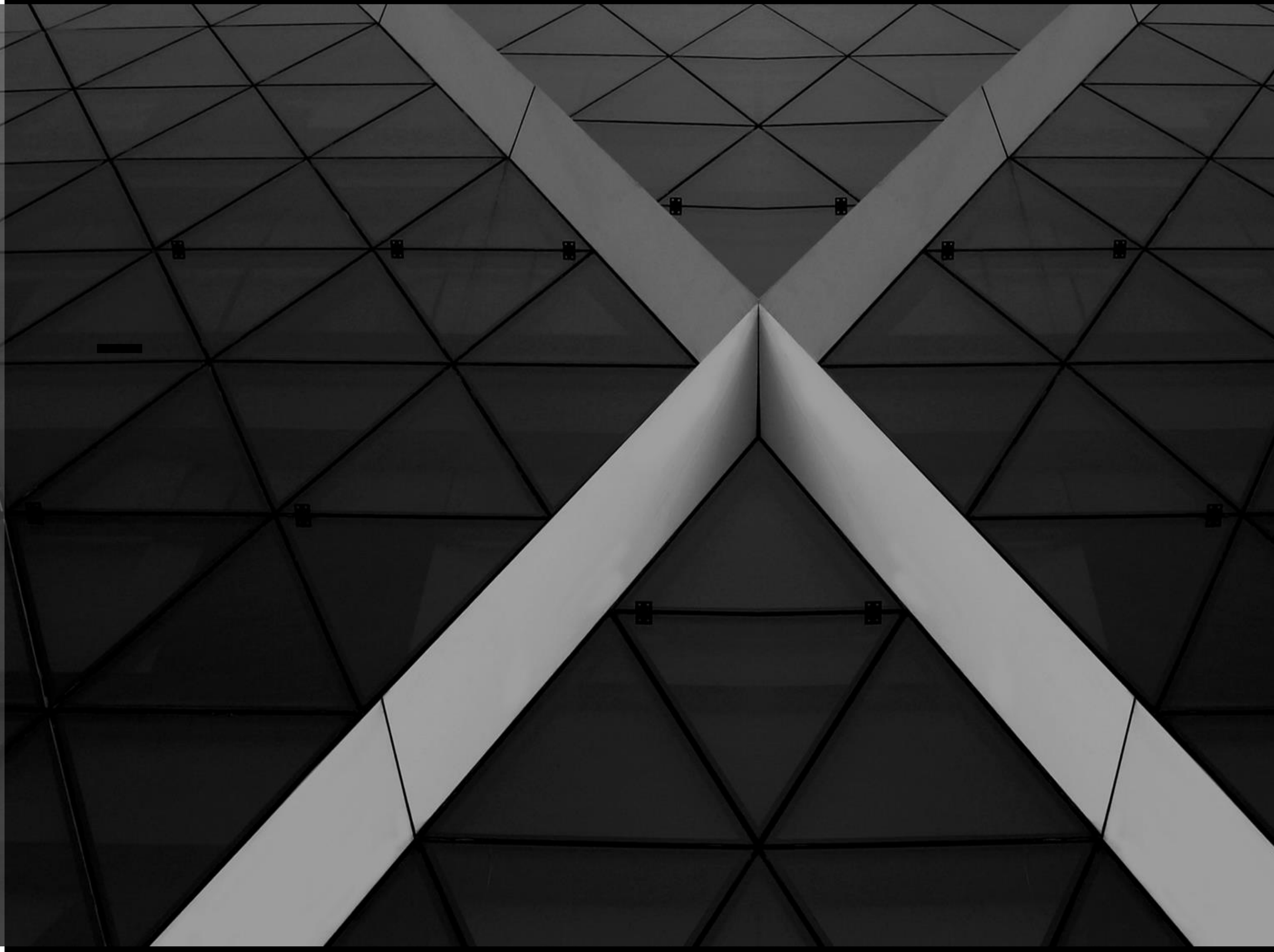

ALDAR PROPERTIES PJSC

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.

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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.

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

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.

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

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.

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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.

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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

ALDAR PROPERTIES PJSC

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	**Talal Al Dhiyebi**	**Greg Fewer**
Chairman	Group Chief Executive Officer	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

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

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**

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	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

<u>Revenue from contracts with customers for sale of properties and provision of services</u>

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)

Share of losses

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.

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.

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 incorporatio n 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)

Acquisitions in 2021 (continued)

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)

<u>Acquisitions in 2021 (continued)</u>

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)

<u>Acquisitions in 2021 (continued)</u>

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.