

**NATIONAL INVESTMENT
CORPORATION PJSC**

**Reports and consolidated financial
statements for the year ended
31 December 2023**

NATIONAL INVESTMENT CORPORATION PJSC

**Reports and consolidated financial statements
for the year ended 31 December 2023**

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Directors' report
For the year ended 31 December 2023

The Board of Directors present their report together with the consolidated audited financial statements of National Investment Corporation PJSC (the "Company") and its subsidiaries (together referred to as "the Group") for the year ended 31 December 2023.

Principal activities

The Group's principal activities are real estate enterprises investment, development, institution and management, tourist enterprises investment, exhibitions organization and management, facilities management services, entertainment enterprises investment, fixing boards along internal and external roads, multi-section store, leasing, facility management and cleaning services, buildings maintenance, disinfection and sterilization services, landscape and gardening services, interior design implementation works (Décor), hospitality services, real estate lease and management services, cleaning the outside (interface) buildings, buildings cleaning services, land and real estate purchase and sale, cleaning and polishing cars, air conditioning, ventilation air filtration system installation, maintenance, carpentry, and flooring contracting, sanitary installation and pipes repairing, business entities management services, floor and wall tiling works, swimming pools maintenance, electrical fitting and fixtures services, tanks and containers cleaning services, and painting contracting, hotel, and hotel apartments management.

Results for the year

The movement in retained earnings for the year is as follows:

	2023	2022
	AED'000	AED'000
Retained earnings at the beginning of the year	1,392,118	1,379,493
Profit for the year	50,519	46,761
Dividends declared during the year	(15,000)	(40,000)
Transfer to retained earnings on disposal of investments at FVTOCI	53,024	5,864
	<hr/>	<hr/>
Retained earnings at the end of the year	1,480,661	1,392,118
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Auditor


Deloitte & Touche (M.E.) have expressed their willingness to be re-appointed as external auditor of the Company for year ending 31 December 2024.

On behalf of the Board of Directors

Managing Director

Abu Dhabi, UAE

30 APR 2024



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL INVESTMENT CORPORATION PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of National Investment Corporation PJSC (“the Company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

Basis for Opinion

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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the Directors’ Report which we obtained prior to the date of this auditor’s report. 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 express any form of assurance or 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.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL INVESTMENT CORPORATION PJSC (CONTINUED)

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 IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the articles of association of the Company and UAE Federal Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL INVESTMENT CORPORATION PJSC (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2023:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- The Company has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account and records of the Group;
- Notes 7 and 8 disclose the Group's investments and purchases of shares during the financial year ended 31 December 2023;
- Note 20 discloses material related party transactions, balances, and the terms under which they were conducted; and
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or, its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2023.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
30 April 2024
Abu Dhabi
United Arab Emirates

**Consolidated statement of financial position
as at 31 December 2023**

	Notes	2023 AED'000	2022 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	1,118,881	1,161,575
Investment properties	6	1,194,571	1,124,865
Financial assets at fair value through other comprehensive income (FVTOCI)	7	210,968	343,904
Investment in a joint venture and an associate	8	24,830	21,282
Trade and other receivables	11	62,641	85,964
Total non-current assets		2,611,891	2,737,590
Current assets			
Inventories		3,664	3,915
Loan to a related party	20	5,000	-
Development work-in-progress	9	2,723	868
Property held for sale	10	287,551	406,205
Due from a related party	20	113,120	113,120
Trade and other receivables	11	217,755	255,374
Cash and bank balances	12	145,561	161,856
Total current assets		775,374	941,338
Total assets		3,387,265	3,678,928
EQUITY AND LIABILITIES			
Equity			
Share capital	13	300,000	300,000
Legal reserve	14	150,000	150,000
General reserve	15	25,105	25,105
Investment revaluation reserve		81,930	141,395
Retained earnings		1,480,661	1,392,118
Total equity		2,037,696	2,008,618
Non-current liabilities			
Lease liabilities	17	90,309	100,989
Borrowings	19	830,434	1,171,086
Provision for employees' end of service benefits	16	11,315	9,849
Total non-current liabilities		932,058	1,281,924
Current liabilities			
Trade and other payables	18	286,838	269,633
Lease liabilities	17	12,443	12,717
Borrowings	19	80,500	60,000
Deferred rental and service charges	21	37,730	46,036
Total current liabilities		417,511	388,386
Total liabilities		1,349,569	1,670,310
Total equity and liabilities		3,387,265	3,678,928



Chairman



Director

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2023**

	Notes	2023 AED'000	2022 AED'000
Sale of properties	22	149,301	690,368
Rental and service charges income	22	223,648	204,079
Hotel revenue	22	127,063	20,605
Cleaning and maintenance income	22	32,481	33,679
Other income	22	16,687	3,174
		<hr/>	<hr/>
		549,180	951,905
Dividends income on investments at FVTOCI		12,196	11,338
Interest income		1,902	1,974
Share of results of joint venture and associate	8	3,548	3,444
		<hr/>	<hr/>
Total income		566,826	968,661
Cost of revenue from sale of properties	10	(132,868)	(630,317)
Operating and administrative expenses	23	(137,338)	(126,510)
Hotel direct cost	25	(67,121)	(17,172)
Depreciation of property and equipment and investment properties	5&6	(81,747)	(42,891)
Impairment of property and equipment	5	-	(45,000)
Marketing and selling expenses	24	(12,481)	(28,983)
Finance costs	26	(79,627)	(26,027)
Directors' remuneration	20	(5,125)	(5,000)
		<hr/>	<hr/>
Profit for the year		50,519	46,761
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Loss on disposal of investments at FVTOCI, net	7	(6,441)	(390)
		<hr/>	<hr/>
Total comprehensive income for the year		44,078	46,371
		<hr/> <hr/>	<hr/> <hr/>

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

**Consolidated statement of changes in equity
for the year ended 31 December 2023**

	Share capital AED'000	Legal reserve AED'000	General reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Total equity AED'000
Balance at 1 January 2022	300,000	150,000	25,105	147,649	1,379,493	2,002,247
Total comprehensive income for the year	-	-	-	(390)	46,761	46,371
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	-	(5,864)	5,864	-
Dividends (note 27)	-	-	-	-	(40,000)	(40,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2023	300,000	150,000	25,105	141,395	1,392,118	2,008,618
Total comprehensive income for the year	-	-	-	(6,441)	50,519	44,078
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	-	(53,024)	53,024	-
Dividends (note 27)	-	-	-	-	(15,000)	(15,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2023	300,000	150,000	25,105	81,930	1,480,661	2,037,696
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**Consolidated statement of cash flows
for the year ended 31 December 2023**

	2023 AED'000	2022 AED'000
Cash flows from operating activities		
Profit for the year	50,519	46,761
<i>Adjustments for:</i>		
Depreciation of property and equipment	47,124	9,033
Depreciation of investment properties	34,623	33,858
Impairment of property and equipment	-	45,000
Allowance for expected credit losses on trade receivables and amounts due from a related party, net	(211)	(668)
Provision for employees' end of service benefits	2,880	1,945
Gain on disposal of property and equipment	(25)	-
Share of results of a joint venture and associate	(3,548)	(3,444)
Dividend income on investments at FVTOCI	(12,196)	(11,338)
Interest income	(1,902)	(1,974)
Finance costs	79,627	26,027
	<hr/>	<hr/>
	196,891	145,200
Working capital changes:		
Decrease/(increase) in inventories	251	(1,737)
(Increase)/decrease in development work in progress, net	(1,855)	754,996
Decrease /(increase) in property held for sale	118,654	(288,810)
Decrease in trade and other receivables	61,153	61,524
Increase/(decrease) in trade and other payables	17,205	(192,341)
(Decrease)/increase in deferred rental and service charges	(8,306)	10,551
Decrease in margin trading facility	1,557	362
	<hr/>	<hr/>
Cash from operations	385,550	489,745
Employees' end of service benefits paid	(1,414)	(791)
	<hr/>	<hr/>
Net cash generated from operating activities	384,136	488,954
	<hr/>	<hr/>
Cash flows from investing activities		
Payment for additions in property and equipment, net	(4,430)	(189,431)
Payment in additions in investment properties	(104,354)	(37,481)
Purchases of investments at FVTOCI	(2,603)	(15,304)
Proceeds from disposal of financial assets at FVTOCI	129,098	10,820
Dividend received from financial assets at FVTOCI	12,196	11,338
Finance income received	1,902	1,974
Net movement in restrict cash and term deposits	6,872	43,577
Proceed from disposal of investment properties	50	-
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	38,731	(174,507)
	<hr/>	<hr/>

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

**Consolidated statement of cash flows
for the year ended 31 December 2023 (continued)**

	2023 AED'000	2022 AED'000
Cash flows from financing activities		
Loans obtained	14,144	57,310
Repayment of borrowings	(334,296)	(316,219)
Finance expense paid	(79,627)	(26,027)
Repayment of lease liabilities	(10,954)	(5,203)
Loan to a related party	(5,000)	-
Dividends paid	(15,000)	(40,000)
	<hr/>	<hr/>
Net cash used in financing activities	(430,733)	(330,139)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(7,866)	(15,692)
Cash and cash equivalents as at the beginning of the year	68,886	84,578
	<hr/>	<hr/>
Cash and cash equivalents as at the end of the year (note 12)	61,020	68,886
	<hr/> <hr/>	<hr/> <hr/>
Non-cash transactions:		
Transfer of investment properties from development work in progress (notes 6 and 9)	-	56,407
	<hr/> <hr/>	<hr/> <hr/>

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

**Notes to the consolidated financial statements
for the year ended 31 December 2023**

1 General information

National Investment Corporation PJSC (the “Company”) was registered as a private joint stock company in the Emirate of Abu Dhabi, United Arab Emirates. The Company was incorporated by Law No. 10 of 2014.

The registered office of the Company is at P.O. Box 46872, Abu Dhabi, United Arab Emirates.

These consolidated financial statements include the financial performance and position of the Company and its subsidiaries (collectively referred to as the “Group”) as detailed in note 3, and the Group's interest in a joint venture and an associate as detailed in note 8.

The Group's principal activities are real estate enterprises investment, development, institution and management, tourist enterprises investment, exhibitions organization and management, facilities management services, entertainment enterprises investment, fixing boards along internal and external roads, multi-section store, leasing, facility management and cleaning services, buildings maintenance, disinfection and sterilization services, landscape and gardening services, interior design implementation works (Décor), hospitality services, real estate lease and management services, cleaning the outside (interface) buildings, buildings cleaning services, land and real estate purchase and sale, cleaning and polishing cars, air conditioning, ventilation air filtration system installation, maintenance, carpentry, and flooring contracting, sanitary installation and pipes repairing, business entities management services, floor and wall tiling works, swimming pools maintenance, electrical fitting and fixtures services, tanks and containers cleaning services, and painting contracting, hotel, and hotel apartments management.

In 2022, the Group established two new entities Rixos Marina Abu Dhabi LLC and Fairmont Marina Residences LLC. Main activities of the entities are hotel and hotel apartments management.

The principal activities, country of incorporation and operation, and ownership interest of the Company in its subsidiaries are set out below:

Name of the subsidiary	Country of incorporation	Percentage of holding		Principal activities
		2023	2022	
Al Marina Trade Centre LLC	United Arab Emirates	100%	100%	Commercial complex management activities
Marina Facilities Management LLC	United Arab Emirates	100%	100%	Leasing and facility management
Rixos Marina Abu Dhabi LLC	United Arab Emirates	100%	100%	Hotel
Fairmont Marina Residences LLC	United Arab Emirates	100%	100%	Hotel apartments management

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

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

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

The Group has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

**2.1 New and revised IFRSs applied with no material effect on the consolidated financial
statements (continued)**

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules

The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The Group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Effective date not yet decided

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

<i>Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current</i>	1 January 2024
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The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

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

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

1 January 2024

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

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

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

1 January 2024

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

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

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

1 January 2024

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

1 January 2024, subject to adoption by the jurisdiction

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 Climate-related Disclosures

1 January 2024, subject to adoption by the jurisdiction

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>Amendment to IAS 21— Lack of Exchangeability</i>	1 January 2025

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The above stated new standards and amendments are not expected to have any significant impact on the consolidated financial statements of the Group.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the consolidated financial statements of the Group.

3 Summary of significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards') and UAE Federal Law No (32) of 2021.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through other comprehensive income (FVTOCI) and investment properties which are carried at fair value at the end of each reporting period, as explained in the accounting policies 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.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

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 input 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 or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the functional currency of the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Company has less than a majority of the voting rights of an investee, 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; and
- 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.

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

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 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.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

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

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

Revenue recognition

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over goods or services to its customers.

The stand-alone selling prices are determined based on the observable price at which the Group sells the products and services on a standalone basis. For items that are not sold separately the Group estimates standalone selling prices using other methods (i.e. adjusted market assessment approach, cost plus margin approach or residual approach).

Rental and service charge income

Rental income represents the income from investment properties rented out by the Group during the year. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Sales of properties

Revenue from sale of properties is recognised when equitable interest in a property vest in the buyer and all the following conditions have been satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the property;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the property sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

The Group provides specialized facility management, maintenance and operational support services to its customer. Such services are recognised as a performance obligation satisfied at point in time on a monthly base. Revenue from one-time jobs is recognised as a performance obligation satisfied at a point in time on the spot the job is completed. Revenue from rendering of services is based on the contractual rates agreed with the customer including other permissible direct expenses and is recognised on a straight-line basis over the period of each contract.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Room revenues

Room revenue corresponds to the revenues received from guests of the Hotel. The services rendered by the Hotel related to room is distinct performance obligations, for which price invoiced to the guests is representative of stand-alone selling price. The obligations are fulfilled over time when they relate to room rentals, that is over the stay within the Hotel.

Food and beverages revenue

Food and beverages revenue corresponds to the revenues generated from restaurants. The obligations are fulfilled at a point in time when goods or services have been delivered or rendered by the restaurants.

Other operating revenue

Other operating revenue relates to the ancillary services rendered to the guest by the Hotel. The obligations are fulfilled at point in time when services have been rendered by the Hotel.

Dividend income

Dividend income from investments is recognised when the rights to receive payments have been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset net carrying amount on initial recognition.

Foreign currencies

For the purpose of these consolidated financial statements, the UAE Dirham (AED) is functional and presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items 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 retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in consolidated profit or loss in the period in which they arise.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

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.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings	40 - 50
Motors vehicles	4
Furniture and equipment	4-20

No depreciation is charged on land and capital work in progress.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

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 are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment property is included in the consolidated profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit or loss in the period in which the property is derecognised.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Investment properties (continued)

The carrying values of investment property is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Depreciation is calculated so as to write off the cost of investment properties less their estimated residual values on a straight-line basis over their expected useful economic lives. The principal annual rates used for this purpose are:

	Years
Buildings	40 - 50
Machinery and equipment	5 - 20
Furniture and fixtures	7

No depreciation is charged on land and capital work in progress.

Antiques are not depreciated, rather recognised at cost less impairment, if any.

Capital work in progress

Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment or investment properties category and is depreciated in accordance with the Group's policies.

Property held for sale

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

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. 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)****3 Summary of significant accounting policies (continued)****Impairment of tangible assets**

At each reporting date, the Group reviews the carrying amounts of its tangible 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.

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.

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. 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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and 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 results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds 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 the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses 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.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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 a 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.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a 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 a 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 a joint venture is 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 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 a 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 joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Investments in associates and joint ventures (continued)

Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

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. 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.

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 the Group 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 end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee 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 end of the reporting period.

Provision is also made for the full amount of end of service benefits due to non-UAE national employees in accordance with the UAE Labour Law, for their period of service up to the end of the year. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Pension contributions are made in respect of UAE nationals to Abu Dhabi Retirement Pension and Benefit Fund, calculated in accordance to the Group's regulations. Such contributions are charged to the consolidated statement of financial performance during the employees' period of service.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income".

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. Fair value is determined in the manner described in note 31. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not being reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade and other receivables, amount due from a related party, and bank balances. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, 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.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if 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-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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 at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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 debtor 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 the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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.

(ii) Definition of default

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

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

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

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are approved to be written off by the Group's board of directors. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

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; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 "Leases".

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses (continued)

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instruments (continued)

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

Financial liabilities

Trade and other payables, lease liabilities, and borrowings, classified as 'financial liabilities', are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short term liabilities when the recognition of interest is immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

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

Offsetting

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

Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability 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. 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.

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Leases (continued)

The Group as lessee (continued)

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;
- 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 item 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 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 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 the initial 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 by discounting the revised lease payments using a revised discount rate.

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

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

3 Summary of significant accounting policies (continued)

Leases (continued)

The Group as lessee (continued)

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.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use 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 under 'Property, Plant and Equipment'.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in non-financial assets impairment 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 depreciation of property and equipment and investment properties in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain 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 Group as lessor

The Group enters into lease agreements as a lessor with respect to retail shops, villas, residential apartments, and others.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)****3 Summary of significant accounting policies (continued)****Leases (continued)***The Group as lessor (continued)*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases 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.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

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.

Events after the reporting date

The consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are discussed on the consolidated financial statements when material.

4 Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision 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. The significant judgments and estimate made by management are summarised as follows:

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)****4 Critical accounting judgements and key sources of estimation uncertainty (continued)****Critical judgments**

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

Revenue recognition

Management considers recognising revenue over time, if one of the following criteria is met, otherwise revenue will be recognised at a point in time:

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

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

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 and equipment, property held for sale and/or development work in progress. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property and equipment, property held for sale and/or development work in progress, in making its judgement, management considered the detailed criteria and related guidance for the classification as set of in IAS 2, IAS 16, and IAS 40, in particular, the intended usage of property as determined by management.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimation uncertainty

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

Determination of the appropriate rate to discount the lease payment

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management estimated the IBR by using its credit spread from similar arrangements and the Emirates Interbank Offered Rate applicable to the remaining lease term as a reference yield.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Management believes that the expected credit loss allowance of for its trade receivables of AED 80,908 thousand as at 31 December 2023 (2022: AED 81,119 thousand) and for amount due from a related party of AED 1,143 thousand (2022: AED 1,143 thousand) is sufficient to cover the credit risk and no further allowance is required.

Estimation of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). There are no extension options in the lease arrangements of the Group and the termination option is only with the lessor. Hence, the lease term includes the period covered by the option to terminate the lease.

Fair value of investment properties

The fair value of investment property is determined by independent real estate valuation expert using Income Approach (Discounted Cashflow), comparable method, capitalisation method, and investment method. These valuation approaches are suitable methods of valuation that is normally used to value investment property are approaches that would be adopted for use in the local market.

Such estimations are based on certain assumptions, which are subject to uncertainty, however, management does not expect such assumptions to materially differ from the actual results.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimation uncertainty (continued)

Impairment of property and equipment

The Hotel classified under property and equipment is assessed for impairment based on the assessment of cash flows for individual cash-generating units when there is an indication that those assets have suffered an impairment loss. 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 discounting rate that reflects current market assessments 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. If future cash flow projections, long-term growth rates or discount rates are different to those used, it is possible that the outcome of future impairment tests could result in a different outcome.

The valuation of the Hotel is carried out by an independent third party. The net income has been capitalised at terminal yield of 8% and a discount rate of 11% representing the characteristics and risk profile of the asset to determine the value. At 31 December 2023, the fair value of Hotel is AED 1,037 million (2022: AED 1,020 million) compared with a carrying value of AED 985 million (2022: AED 1,065 million). Based on this, the Group has recognised an impairment loss of nil (2022: AED 45 million). However, any increase in discount rate or in EBITDA could cause the recoverable amount to be less than the carrying value, therefore additional impairment.

Calculation of loss allowance

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. The Group uses estimates for the computation of loss rates.

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.

Estimation of net realisable value for property held for sale, development under progress

Properties held for sale and development under progress are stated at lower of cost or net realisable value (NRV). NRV is assessed with reference to sales prices, costs of completion and advances received from buyers 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.

Useful lives of property and equipment

The useful lives and residual values of the plant and equipment are based on the management's judgment of the historical pattern of useful lives and the general standards in the industry. Management has reviewed the residual values and the estimated useful lives of plant and equipment in accordance with IAS 16 *Property, Plant and Equipment* and has determined that these expectations do not significantly differ from previous estimates.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

5 Property and equipment

	Buildings AED'000	Motor vehicles AED'000	Furniture and equipment AED'000	Capital work in progress AED'000	Total AED'000
Cost					
At 1 January 2022	162,312	2,168	23,275	880,236	1,067,991
Additions, net	28,552	302	409	187,772	217,035
Impairment	(31,997)	-	(13,003)	-	(45,000)
Disposals	-	-	(643)	-	(643)
Transfers	759,090	-	308,465	(1,067,555)	-
At 1 January 2023	917,957	2,470	318,503	453	1,239,383
Additions, net	-	95	2,767	1,568	4,430
Disposals	-	(251)	(255)	-	(506)
At 31 December 2023	917,957	2,314	321,015	2,021	1,243,307
Accumulated depreciation					
At 1 January 2022	48,084	1,712	19,622	-	69,418
Charge for the year	6,042	206	2,785	-	9,033
Disposals	-	-	(643)	-	(643)
At 1 January 2023	54,126	1,918	21,764	-	77,808
Charge for the year	26,085	262	20,777	-	47,124
Disposals	-	(251)	(255)	-	(506)
At 31 December 2023	80,211	1,929	42,286	-	124,426
Carrying amount					
At 31 December 2023	837,746	385	278,729	2,021	1,118,881
At 31 December 2022	863,831	552	296,739	453	1,161,575

Borrowing costs capitalised, forming part of the additions in capital work-in-progress, during the year ended 31 December 2023 amounted to Nil (2022: AED 17 million). Property and equipment with a carrying amount of AED 985 million (2022: AED 1,065 million) are pledged as a security against borrowings (note 19).

In 2022, the Group leased a residential building from a third party for the hotel staff accommodation for a period of 5 years. The right of used asset is capitalised under buildings in property and equipment.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

6 Investment properties (continued)

Investment properties represent the Group's interest in assets located in the UAE.

The freehold land has been recorded as per the provisions of Law No. 7 of 1999, which established the Company, as amended by Law No. 1 of 2002.

The fair value of investment property is determined by independent real estate valuation expert using Income Approach (Discounted Cashflow), comparable method, capitalisation method, and investment method. The valuation was performed in accordance with the Royal Institution of Chartered Surveyors Valuation ("RICS") valuation standards, adopting the IFRS basis of fair value and using established valuation techniques and the valuator's recent experience in the locations and categories of the investment properties valued. The fair value of investment properties as per external valuator report was AED 4.12 billion (2022: AED 4.2 billion).

For disclosure purposes these investment properties are considered as level 3 fair value investment.

Borrowing costs capitalised, forming part of the additions to capital work-in-progress, during the year ended 31 December 2023 amounted to AED 205 thousand (2022: AED 102 thousand). Investment properties with a fair value of AED 1,450 million (2022: AED 1,358 million) are pledged as a security against borrowings (note 19).

During 2023, rental and service charges income from investment properties amounted to AED 224 million (2022: AED 204 million).

Direct operating expenses arising on the investment properties are as follows:

	2023	2022
	AED'000	AED'000
Staff costs	15,371	16,971
Depreciation	34,623	33,858
Repairs and maintenance	11,821	12,747
Cleaning and security	13,769	11,714
Electricity and water consumption	15,035	17,024
Marketing expenses	2,693	1,973
Others	6,222	4,855
	99,534	99,142

All direct operating expenses arise from investment properties generating rental income.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

7 Financial assets at fair value through other comprehensive income (“FVTOCI”)

The Group’s financial assets at fair value through other comprehensive income (“FVTOCI”) comprise of strategic investments in equity securities that were irrevocably designated as measured at FVTOCI.

Financial assets at FVTOCI as at the end of the reporting period comprise the following:

	2023 AED’000	2022 AED’000
Quoted UAE equity securities	210,968	343,904

The geographical distribution of financial assets at FVTOCI is as follows:

	2023 AED’000	2022 AED’000
Within UAE	210,968	343,904

Movement in the balance of financial assets at FVTOCI is as follows:

	2023 AED’000	2022 AED’000
At 1 January	343,904	339,810
Purchases	2,603	15,304
Disposals during the year	(129,098)	(10,820)
Decrease fair value	(6,441)	(390)
At 31 December	210,968	343,904

The fair value of the quoted securities is based on quoted market prices at the end of the reporting period.

8 Investments in joint venture and associate

The Group has the following investments in jointly controlled entity and associate, which are accounted for using the equity method of accounting:

Entities	Country of incorporation	Percentage of holding	Principal activities
Jointly controlled entity: National Transport Company LLC	United Arab Emirates	50%	Taxi transport services
Associate: National Entertainment Company (Tarfeeh) LLC	United Arab Emirates	40%	Entertainment

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

8 Investments in joint venture and associate (continued)

Movement in investments in joint venture and associate is as follows:

	2023	2022
	AED'000	AED'000
At 1 January	21,282	17,838
Share of results for the year	3,548	3,444
	<hr/>	<hr/>
At 31 December	24,830	21,282
	<hr/> <hr/>	<hr/> <hr/>

Summarised financial information in respect of the Group's investment in jointly controlled entity and an associate is set out below. The summarised financial information below represent amounts shown in the audited accounts of the joint venture and unaudited financial statements of the associate (not adjusted for the percentage ownership of the Group) prepared by management in accordance with IFRSs, except for dividends received, which represent the dividends received by the Group from the jointly controlled entity.

	2023	2022
	AED'000	AED'000
Current assets	33,099	33,955
Non-current assets	62,671	48,496
Current liabilities	38,621	32,588
Non-current liabilities	6,594	7,076
Total revenue	40,830	36,443
Profit for the year	7,793	6,553
Depreciation	9,723	7,456
Cash and cash equivalents	5,357	4,138

Reconciliation of the above summarised financial information to the carrying amount of interest in the joint venture and associate recognised in the consolidated financial statements:

	2023	2022
	AED'000	AED'000
Net assets	50,555	42,787
Group's share of net assets	25,208	21,282

The share of results in the joint venture are reordered on the basis of audited financial statements and results in the associate are recorded on the basis of unaudited accounts prepared by the management.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

9 Development work in progress

Development work-in-progress represents construction works of the branded residential apartments and Marina Villas project. Movement in development work-in-progress during the year ended 31 December 2023 and 2022 is as follows:

	2023 AED'000	2022 AED'000
At 1 January	868	812,271
Additions, net	1,855	164,131
Capitalised during the year (note 10)	-	(919,127)
Transferred to investment properties (note 6)	-	(56,407)
	<hr/>	<hr/>
At 31 December	2,723	868
	<hr/> <hr/>	<hr/> <hr/>

Borrowing costs capitalised during the year ended 31 December 2023 amounted to Nil (2022: AED 15 million).

10 Property held for sale

Property held for sale represents branded residential apartments located in UAE. The assets are stated at the lower of cost and net realisable value. Costs include the cost of property acquired and all direct costs attributable to the infrastructure works of the property. Net realisable value represents the estimated selling price of the property less all estimated costs necessary to make the sale.

	2023 AED'000	2022 AED'000
At 1 January	406,205	117,395
Capitalised during the year (note 9)	-	919,127
Adjustment	14,214	
Cost of properties sold during the year	(132,868)	(630,317)
	<hr/>	<hr/>
At 31 December	287,551	406,205
	<hr/> <hr/>	<hr/> <hr/>

During the year, the Group recognised revenue amounting to nil (2022: AED 176 million) on Marina Sunset villas sold and revenue amounting to AED 149.3 million (2022: 515 million) on branded residential apartments sold.

Property held for sale with a fair value of AED 343 million (2022: AED 312 million) are pledged as a security against borrowings (note 19).

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

11 Trade and other receivables

	2023	2022
	AED'000	AED'000
Rental and service charges receivables	90,495	101,058
Trade receivable from sale of property	110,536	148,866
Unbilled receivables	28,984	31,934
Other trade receivables	19,479	4,659
Less: expected credit loss	(80,908)	(81,119)
	<hr/>	<hr/>
	168,586	205,398
Advances to contractors	9,468	7,177
Deferred bank charges	9,440	10,869
Prepaid expenses	6,070	5,382
Other receivables	24,191	26,548
	<hr/>	<hr/>
	217,755	255,374
	<hr/> <hr/>	<hr/> <hr/>
Trade and other receivables – non current	62,641	85,964
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2023, rental and service charges receivable, other trade receivables and accrued income at nominal value of AED 80,908 thousand (2022: AED 81,119 thousand) were impaired.

Movement in the provision for rental and service charges receivables were as follows:

	2023	2022
	AED'000	AED'000
At 1 January	81,119	81,787
Reversal during the year	(211)	(668)
	<hr/>	<hr/>
At 31 December	80,908	81,119
	<hr/> <hr/>	<hr/> <hr/>

The following table details the risk profile of trade receivables based on the Group's provision matrix.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowances based on past due status is not further distinguished between the Group's different customer base.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

11 Trade and other receivables (continued)

	Neither past due nor impaired AED'000	Trade receivables - days past due				Total AED'000
		30 Days AED'000	30 – 60 days AED'000	61 – 90 days AED'000	More than 91 days AED'000	
31 December 2023						
Expected credit loss	0.6%	21.7%	37.6%	57.6%	59.6%	32.4%
Estimated total gross carrying amount as default	101,383	14,895	10,173	1,535	121,508	249,494
Lifetime ECL	(589)	(3,230)	(3,829)	(884)	(72,376)	(80,908)
	100,794	11,665	6,344	651	49,132	168,586
31 December 2022						
Expected credit loss	3%	22.2%	42.6%	61.8%	59.4%	28.3%
Estimated total gross carrying amount as default	154,095	4,145	3,628	794	123,855	286,517
Lifetime ECL	(4,582)	(922)	(1,545)	(491)	(73,579)	(81,119)
	149,513	3,223	2,083	303	50,276	205,398

12 Cash and bank balances

	2023 AED'000	2022 AED'000
Cash on hand	572	572
Cash at bank		
- Current accounts	105,012	148,750
- Term deposit	39,000	10,000
- Cash margins	977	2,534
	145,561	161,856
Less: term deposits with original maturities more than 3 months		
- Term deposit and restricted cash	(83,564)	(90,436)
- Cash margins	(977)	(2,534)
	61,020	68,886

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

12 Cash and bank balances (continued)

The advances held by the Group for the villas and branded residential apartments aggregating to AED 44.6 million (2022: AED 80.4 million) which are restricted to use for the financing costs that relates to these two projects only.

13 Share capital

	2023	2022
	AED'000	AED'000
<i>Authorised, issued and paid up capital</i>		
300 million shares of AED 1 each		
(2022: 300 million share of AED 1 each)	300,000	300,000
	<u> </u>	<u> </u>

The share capital of the Company of AED 300 million is allocated as follows:

	2023	2022
HH. Sheikh Sultan Bin Khalifa Bin Zayed Al Nahyan	29.8%	29.8%
Abu Dhabi International Marine Sports Club	15.4%	15.4%
Other shareholders	54.8%	54.8%

14 Legal reserve

In accordance with the Articles of Association of the Company and in line with the provisions of the UAE Federal Decree Law No. (32) of 2021, the Company is required to transfer annually to a statutory reserve account an amount equal to 5% of its annual profit, until such reserve reaches 50% of the share capital of the Company. This reserve is not available for distribution.

15 General reserve

In accordance with article 59 of the Company's Articles of Association, 10% of the profit for the year may be transferred to a statutory reserve until such reserve reaches 5% of the Company's issued and fully paid up capital and to be used for the purposes, as recommended by the Board of Directors and approved by the Shareholders at the Annual General Meeting. This reserve is to be used at the discretion of the Annual General Meeting of the Shareholders. The Board of Directors have decided that no such transfer is required for the year 2023 and 2022 as the Company's equity is now commensurate with its business. The balance of AED 25,105 thousand already exceeds 5% of the Company's issued and fully paid up capital, created based on the Shareholders approval during the previous years in accordance with the previous Article of Association which was changed in 2014.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

16 Provision for employees' end of service benefits

	2023	2022
	AED'000	AED'000
At 1 January	9,849	8,695
Charge for the year	2,880	1,945
Payments during the year	(1,414)	(791)
	<hr/>	<hr/>
At 31 December	11,315	9,849
	<hr/> <hr/>	<hr/> <hr/>

17 Lease liabilities

During 2012, the Group had entered into a lease agreement with another party for a period of 40 years. The annual lease payment under the lease agreement amounts to AED 8.5 million with escalation charge of 0.45% annually. The Group has used a 4% discount rate for determination of present value of the remaining lease payments. The discount rate is based on the estimated rate of interest that the Group would have to pay to borrow over a similar terms, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment. At the end of the lease term, ownership of the leased asset transfers to the Group. The right of used asset is capitalised under buildings in property, plant, and equipment (note 5).

In 2022, the Group leased a residential building from a third party for the hotel staff accommodation for a period of 5 years. The right of used asset is capitalised under buildings in property and equipment (note 5).

The movement in lease liabilities is as follows:

	Right to use asset	Lease Liability
	AED'000	AED'000
At 1 January 2023	134,402	113,706
Charge for the year	(10,755)	4,930
Payments during the year	-	(15,884)
	<hr/>	<hr/>
At 31 December 2023	123,647	102,752
	<hr/> <hr/>	<hr/> <hr/>
At 1 January 2022	110,457	91,304
Additions	30,546	27,605
Charge for the year	(6,601)	4,658
Payments during the year	-	(9,861)
	<hr/>	<hr/>
At 31 December 2022	134,402	113,706
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

17 Lease liabilities (continued)

Lease liabilities are analysed in the consolidated statement of financial position as follows:

	2023 AED'000	2022 AED'000
Current	12,443	12,717
Non-current	90,309	100,989
	<hr/> 102,752 <hr/>	<hr/> 113,706 <hr/>

Set out below, are the amounts recognised in the consolidated statement of comprehensive income related to leases:

	2023 AED'000	2022 AED'000
Depreciation expense on right-of-use assets	10,755	6,601
Finance cost on lease liability	4,064	4,658
Rent expense – short-term and low-value assets leases	-	66
	<hr/> 14,819 <hr/>	<hr/> 11,325 <hr/>

18 Trade and other payables

	2023 AED'000	2022 AED'000
Trade payables	27,068	19,799
Contractor payables	84,383	104,608
Advances from customers	37,613	25,791
Retentions on contracts	13,880	6,985
Advances from tenants	9,556	9,479
Directors' remuneration	8,961	8,336
Accrued expenses	47,442	36,525
Security deposits	35,240	28,880
Other payables	22,695	29,230
	<hr/> 286,838 <hr/>	<hr/> 269,633 <hr/>

The average credit period on purchases of goods is 60 days (2022: 60 days). The Group has financial risk management policies in place to ensure that all payables are paid within credit time frame. No interest is charged on trade and other payables.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

19 Borrowings

	2023	2022
	AED'000	AED'000
Government loans	94,989	109,989
Term loans	815,945	1,121,097
	910,934	1,231,086

Included in the consolidated statement of financial position as:

	2023	2022
	AED'000	AED'000
Current		
Government loans	15,000	15,000
Term loans	65,500	45,000
	80,500	60,000
Non-current		
Government loans	79,989	94,989
Term loans	750,445	1,076,097
	830,434	1,171,086
	910,934	1,231,086

Government loans

Government loans comprise interest bearing loans of AED 150 million obtained in 2001 and AED 147 million obtained in 2003. The loans carry flat interest of 2% (2022: 2%) which equals to an effective interest rate of 2% (2022: 2%).

The loans are repayable over 20 years, with principal repayments commencing after a grace period of 5 years from the date of the loan agreement. Interest payments is calculated and commence after a grace period of 3 years from the date of the last drawdown.

Term loans

In July 2020, a single term facility “The Facility” amounting to AED 1.6 billion was obtained from a local commercial bank to consolidate all the outstanding loans and related interest and finance the balance of construction cost for Marina Sunset project and the Hotel project. The loan is repayable in quarterly instalments starting 30 September 2022 and is secured under a registered primary mortgage and assignment of property all risk insurance policy over the Hotel project and Marina Sunset project. Interest is payable at the rate of 3 months EIBOR plus margin per annum.

The utilised amount as of 31 December 2023 amounted to AED 1.57 billion (2022: AED 1.55 billion).

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

20 Related parties

In the ordinary course of business, the Group enters into transactions at agreed terms and conditions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24. Related parties comprise shareholders, directors, key management staff and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

Transactions with related parties included in the consolidated statement of profit or loss and other comprehensive income are as follows:

	2023 AED'000	2022 AED'000
Directors' remuneration	5,125	5,000
Revenue recognized on sale of Marina Sunset Villas	-	16,931
<u>Key management compensation</u>		
Short term benefits	12,452	9,793
Employees' end of service benefits	224	199
	12,676	9,992

The Group has guaranteed financing facilities of a jointly controlled entity, from which it is anticipated that no material liabilities will arise, amounting to AED 14.1 million (2022: AED 7.5 million).

Balances with related parties included in the consolidated statement of financial position are as follows:

	2023 AED'000	2022 AED'000
Amount due from a related party – current		
Due from a Shareholder	114,263	114,263
Less: expected credit loss	(1,143)	(1,143)
	113,120	113,120
Amount due from a related party under trade receivable from sale of property:		
Due from a Shareholder	28,605	40,536

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

20 Related parties (continued)

During 2023, sales agreement of an amount of AED 16,921 thousand with a shareholder was cancelled.

During 2023, the Group provided a loan to National Transportation Group (a joint venture) of AED 5 million to fund an awarded project. The loan bears no interest and is fully repayable by 31 December 2024.

21 Deferred rental and service charges

Deferred rental and service charges represent advance payments received from tenants in accordance with the lease agreements.

22 Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended 31 December 2023		
	Sale of goods	Services	Total
	AED'000	AED'000	AED'000
Type of goods or service:			
Revenue from sale of properties	149,301	-	149,301
Rental and service charges income	-	223,648	223,648
Revenue from rooms revenue	-	83,148	83,148
Revenue from sale of food and beverage	43,915	-	43,915
Cleaning and maintenance income	-	32,481	32,481
Other income	-	16,687	16,687
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	193,216	355,964	549,180
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Geographical markets:			
United Arab Emirates	193,216	355,964	549,180
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition:			
Goods transferred at a point in time	193,216	-	193,216
Services transferred over time	-	355,964	355,964
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	193,216	355,964	549,180
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

22 Revenue from contracts with customers (continued)

	For the year ended 31 December 2022		
	Sale of goods AED'000	Services AED'000	Total AED'000
Type of goods or service:			
Revenue from sale of properties	690,368	-	690,368
Rental and service charges income	-	204,079	204,079
Revenue from rooms revenue	-	13,639	13,639
Revenue from sale of food and beverage	6,966	-	6,966
Cleaning and maintenance income	-	33,679	33,679
Other income	-	3,174	3,174
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	697,334	254,571	951,905
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Geographical markets:			
United Arab Emirates	697,334	254,571	951,905
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition:			
Goods transferred at a point in time	697,334	-	697,334
Services transferred over time	-	254,571	254,571
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	697,334	254,571	951,905
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

23 Operating and administrative expenses

	2023 AED'000	2022 AED'000
Staff costs	57,189	60,796
Maintenance expenses	22,522	16,611
Hotel pre-operating expenses	-	17,264
Utilities	16,731	12,755
Legal claims provision	6,000	650
Sales and marketing expenses	4,384	312
Security expenses	3,558	4,806
Management fees	2,571	415
Cleaning expenses	2,453	2,560
Legal fees	1,800	930
IT expenses	1,648	1,342
Insurance expenses	1,406	1,748
Other expenses	17,076	6,321
	<hr/>	<hr/>
	137,338	126,510
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

24 Marketing and selling expense

	2023	2022
	AED'000	AED'000
Commission and selling costs	9,691	26,771
Advertising and promotions	227	209
Others	2,563	2,003
	<hr/> 12,481 <hr/>	<hr/> 28,983 <hr/>

25 Hotel direct cost

	2023	2022
	AED'000	AED'000
Staff costs	33,304	8,347
Food and beverage costs	17,932	3,986
Room expenses	14,171	1,879
Other operating expenses	1,714	2,960
	<hr/> 67,121 <hr/>	<hr/> 17,172 <hr/>

26 Finance costs

	2023	2022
	AED'000	AED'000
Interest on term loan	72,660	19,032
Interest on lease liabilities	4,930	4,658
Interest on government loan	2,037	2,337
	<hr/> 79,627 <hr/>	<hr/> 26,027 <hr/>

27 Dividends

The Group declared dividend for the financial year ended 31 December 2022 of AED .05 per share amounting to AED 15 million and paid AED 15 million during 2023 (for the financial year ended 31 December 2021 of AED 0.133 per share amounting to AED 40 million and paid AED 40 million in 2022).

28 Contingent assets

The Group has a contingent asset arising from excess of rent based on a certain percentage of annual gross sales over the basic rent amount AED 973 thousand as at 31 December 2023 (2022: AED 550 thousand).

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

29 Commitments and contingent liabilities

The estimated capital expenditure contracted for at the reporting date amounts to AED 75 million (2022: AED 15.3 million).

The Group has guaranteed financing facilities of a jointly controlled entity, from which it is anticipated that no material liabilities will arise, amounting to AED 14.1 million (2022: AED 7.5 million).

	2023 AED'000	2022 AED'000
Bank guarantee	3,609	4,531
	<hr/> <hr/>	<hr/> <hr/>

Letters of guarantee arise in the ordinary course of business from which it is anticipated that no material liabilities will arise.

Claims:

The Group has claims from contractors. The Group continuously reviews and assesses these claims and records provisions based on management judgments and estimates from consultants at each reporting date. Management does not anticipate a significant impact on the consolidated financial position of the Group resulting from these claims.

30 Operating lease arrangements

The Group as lessor:

Operating leases relate to offices rental and retail space leased to tenants with lease payments between 1 to 20 years.

Future minimum lease payments under non-cancellable operating leases are set out below:

	2023 AED'000	2022 AED'000
Within one year	110,775	97,739
Between 1 and 5 years	173,015	146,198
More than five years	1,388	5,418
	<hr/> <hr/>	<hr/> <hr/>
	285,178	249,355

Rentals on certain tenants are based on a fixed basic annual rate or a certain percentage of annual gross sales, whichever is higher. Of the total rental income recognised during the year, AED 1.9 million (2022: AED 2.4 million) includes contingent rent of some tenants based on percentage ranging from 1% to 20% of total annual gross sales.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

31 Financial instruments

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.

Capital risk management

The Group manages its capital to ensure that it is able to continue as a going concern while maximising the return on equity. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives. The Group's overall strategy remains unchanged from the prior year.

Financial risk management

The Group's finance department monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk and liquidity risk. The Group does not enter into or trade in derivative financial instruments for speculative or risk management purposes.

The Group does not have significant exposure to foreign currency risk as all of its monetary assets and liabilities are denominated in UAE Dirhams.

Classes of financial instruments

	2023	2022
	AED'000	AED'000
Financial assets		
Cash and bank balances	145,561	161,856
Trade and other receivables	280,396	341,338
Financial assets at fair value through other comprehensive income (FVTOCI)	210,968	343,904
Due from a related party	113,120	113,120
	<hr/> 750,045 <hr/>	<hr/> 960,218 <hr/>
Financial liabilities		
Trade and other payables	286,838	269,633
Lease liabilities	102,752	113,706
Borrowings	910,934	1,231,086
	<hr/> 1,300,524 <hr/>	<hr/> 1,614,425 <hr/>

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

31 Financial instruments (continued)

Credit risk management (continued)

Classes of financial instruments (continued)

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. Management uses the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The table below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount AED'000	Loss allowance AED'000	Net carrying amount AED'000
<u>31 December 2023</u>							
Trade receivables	11	N/A	i	Lifetime ECL	249,494	(80,908)	168,586
Cash and bank balances	12	A+/Ba1	N/A	12-month ECL	144,989	-	144,989
Due from a related party	20	N/A	N/A	12-month ECL	114,263	(1,143)	113,120
<u>31 December 2022</u>							
Trade receivables	11	N/A	i	Lifetime ECL	286,517	(81,119)	205,398
Cash and bank balances	12	A+/Ba1	N/A	12-month ECL	161,284	-	161,284
Due from a related party	20	N/A	N/A	12-month ECL	114,263	(1,143)	113,120

- (i) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on the credit rating of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. For cash and bank balances and due from a related party, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at 12-month ECL.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

31 Financial instruments (continued)

Liquidity risk management

Liquidity risk is the risk that the group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

The table below summarises the maturities of the Group's undiscounted financial liabilities as of 31 December 2023 and 2022 based on contractual payment dates and current market interest rates.

	Less than 1 year AED'000	More than 1 year AED'000	Total AED'000
31 December 2023			
Trade and other payables (excluding advances received from customers and tenants)	239,669	-	239,669
Borrowings	80,500	830,434	910,934
Lease liabilities	12,443	90,309	102,752
	<hr/>	<hr/>	<hr/>
Total	332,612	920,743	1,253,355
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
31 December 2022			
Trade and other payables (excluding advances received from customers and tenants)	234,363	-	234,363
Borrowings	60,000	1,171,086	1,231,086
Lease liabilities	12,717	100,989	113,706
	<hr/>	<hr/>	<hr/>
Total	307,080	1,272,075	1,579,155
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Market risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Group is indirectly exposed to market price risk with respect to quoted investment in funds. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Group actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees.

The Group is exposed to equity price risks arising from quoted financial assets and liabilities in equity instruments. These are held for strategic as well as trading purposes. The Group actively trades in certain equity investments.

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

31 Financial instruments (continued)

Market risk (continued)

Equity price sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risks at the reporting date. At the end of the reporting period, if the equity prices are 5% higher/lower, the Group's financial assets at fair value through other comprehensive income and investment revaluation reserve would increase/decrease by AED 10,548 thousand (2022: AED 17,195 thousand) as a result of the movement in market price.

Currency risk management

The Group does not have significant exposure to currency risk as majority of its assets and liabilities are denominated in either the UAE Dirham or the US Dollar, the latter being pegged to the UAE Dirham.

Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to interest rate risk on its borrowings which carry both fixed and floating interest rates which are detailed in note 19.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable interest rates mainly arising from borrowings, assuming the amount of liability at the end of the reporting period was outstanding for the whole year.

At 31 December 2023, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, profit for the year would have been AED 9,109 thousand (2022: AED 12,310 thousand) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Group's borrowings are denominated in UAE Dirhams.

Fair value of financial instruments

The Group's management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – fair value measurements are those derived from inputs other than quoted prices 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** – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)**

31 Financial instruments (continued)

Fair value of financial instruments (continued)

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Fair Value			Total AED'000
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	
As at 31 December 2023				
<u>Financial assets</u>				
Financial assets at FVTOCI	210,968	-	-	210,968
Fair value disclosed:				
<i>Investment properties</i>	-	-	4,120,665	4,120,665
As at 31 December 2022				
<u>Financial assets</u>				
Financial assets at FVTOCI	343,904	-	-	343,904
Fair value disclosed:				
Investment properties	-	-	4,183,480	4,183,480

During the year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

32 IFRS Sustainability Disclosure Standards

On 26 June 2023, the International Sustainability Standards Board (ISSB) published first two IFRS Sustainability Disclosure Standards at the IFRS Foundation Conference 2023:

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information - IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 Climate-related Disclosures - IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Subject to adoption by the local jurisdiction, both Standards are effective for annual periods beginning on or after 1 January 2024, with substantial transitional reliefs to allow preparers more time to align reporting of sustainability related financial disclosures and financial statements.

33 Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 30 April 2024.