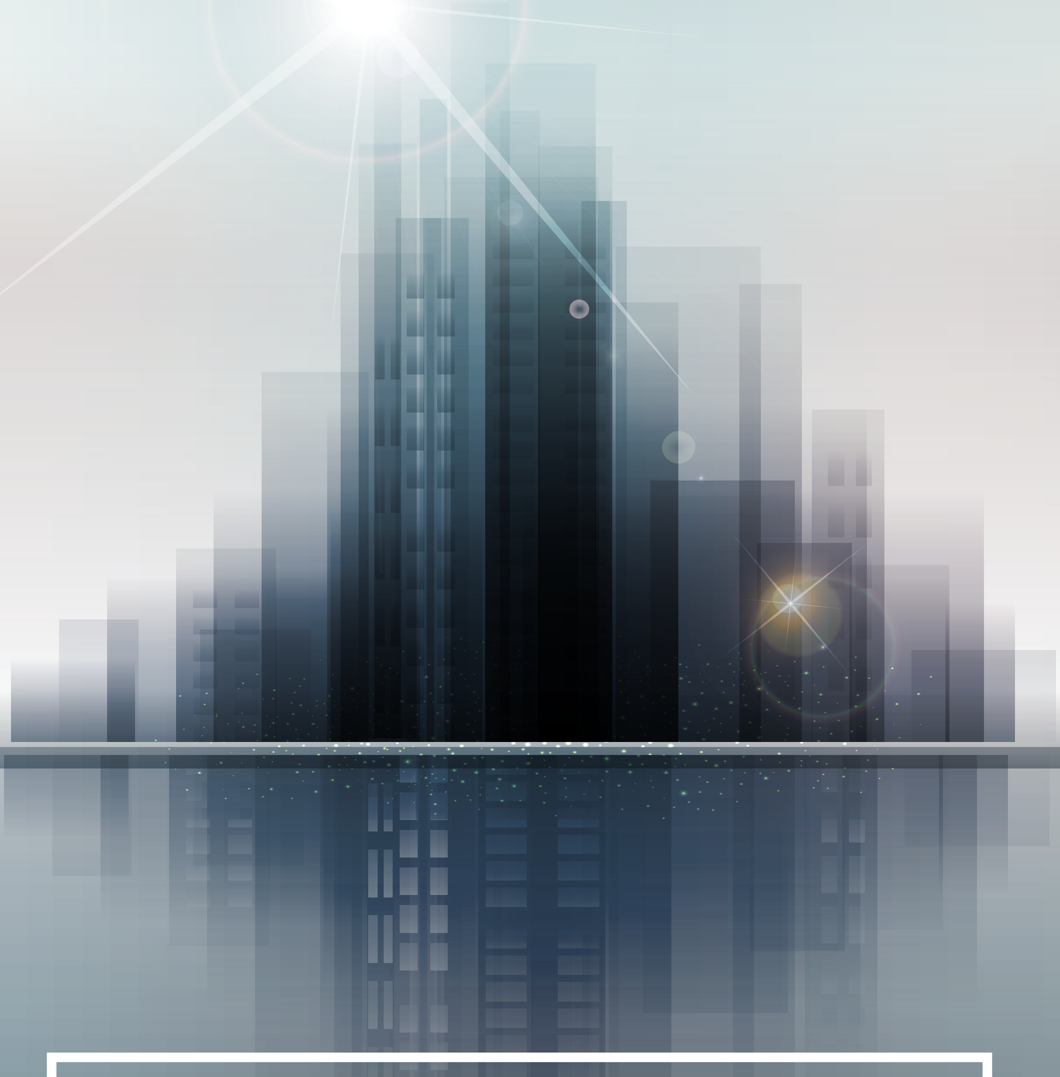
ديار
DEYAAR



2021 INTEGRATED REPORT

Our identity is shaped by our values
and we are driven by them.

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Chairman's Message

It is with pleasure that I present our Integrated Report 2021, which highlights the performance of Deyaar Development PJSC throughout the year and the progress of its projects and plans for the coming year.

I'm also pleased to announce that our Company has completed a year filled with achievements, growth, and success despite the repercussions of COVID-19, which we managed to overcome, driven by our ambition and accomplishments.

The proactive economic policies and reform packages adopted by the UAE government to address the Pandemic played a positive role in minimizing its negative impact on various vital economic sectors and the economic activity in general. Deyaar's performance in 2021 was aligned with the economic growth witnessed in the country in this stage. Furthermore, our Company's hospitality sector has seen significant growth in occupancy rates upon lifting travel restrictions and resumption of tourism activity in the country.

Deyaar achieved 20% year over year increase in revenues, reaching AED 496.95 million in 2021 compared to AED 412.85 million in 2020. The company also recorded a 157% increase in operational profits, reaching AED 63.14 million in 2021 compared to AED 24.54 million in 2020.

Additionally, Deyaar recorded AED 50.80 million in net profit in 2021 as compared to net loss of AED 216.92 million which was a result of impairments and fair value adjustments of Company's assets due to the impact of COVID-19 on real estate and hospitality sectors.

On the business level, the company this year launched its flagship smart technology luxurious project Regalia in Business Bay which was received very positively by investors. All units sold out in record time with over AED1B in sales. The company also witnessed an increase in sales in Noor District, the third phase in Midtown project. The construction of the third and forth phases of Midtown is going as planned with over 50% completed which will add 11 new building to the project.

The Company delivered Bella Rose Residential project in Bersha South. The project is completed ahead of schedule. This confirms the company's not only meeting its deadlines, but also the quality standards it applied to give an unparalleled experience to its clients.

With the return of tourism activity in the United Arab Emirates, the company's hospitality portfolio has attained a significant performance this year, achieving high occupancy rates and an increase in revenues by 37%; the company's hotels hosted more than 400,000 guests during the year.

The company is working on expanding its other devisions such as Property Management, Facilities Management, and Community Management, by enhancing its offering and moving towards providing 24/7 online and automated services.

We look forward to achieving further success in 2022, by expanding our real estate portfolio and developing new projects which will be announced within the next few months. Deyaar will also work on expanding its assets and increasing revenue through our rental portfolio, which includes a wide range of residential and commercial properties. We are also planning to complete the construction of Midtown project by end of this year and start the handover process. Deyaar will continue to enhance its customer service while steering towards smart and remote services using the latest technologies. With promising opportunities ahead, Deyaar is expanding its Facilities Management division by increasing the manpower to cover the demand and provide its services across the country.

Finally, on behalf of the Board of Directors, I would like to extend my deep gratitude to all employees of Deyaar for their continuous efforts to promote the Company's position in the market, and to all shareholders for their valuable trust. Their confidence drives us to put in our best effort to achieve Deyaar's goals, aspirations, and strategies.

Mr. Abdullah Al Hamli

Chairman

Introduction

Deyaar Development PJSC is presenting its Annual Report 2021, which showcases Deyaar achievements and accomplishments in real estate business and the positive impact on company's performance.

The Report provides an overview of Deyaar business activities in property development, property management, facilities management, community management, and hospitality, as well as the information related to revenue and profit.

Deyaar is allocating a significant part of this Report to governance and its related measures, in addition to the sustainability report, which covers the efforts made by the Company on social responsibility, environmental initiatives, internal process automation and main economic indicators.

The report ends with the consolidated financial statements for the year ending on 31st of December 2021. This includes the Board of Directors Report, the Independent Auditor's Report, the Consolidated statement of Financial Position, the Consolidated Profit or Loss Statement, the Consolidated Statement of Other Comprehensive Income (OCI), the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, and notes regarding the consolidated financial statements.

1

Governance report

In accordance with the resolution of Securities & Commodities Authority ("Authority") Chairman No. (3/R.M) of 2020 concerning adopting the Corporate Governance Guide for Public Joint Stock Companies and pursuant to the provision of Article No. (77) of this Resolution, Deyaar Development PJSC "the Company" is submitting this Governance report for the fiscal year ended on 31 December 2021, through which it affirms its commitment to developing its supervisory and control system, and upgrading it to match the best international standards and practices, in order to develop and regulate the securities sector in the United Arab Emirates, taking into account the requirements related to environmental considerations and social responsibility.

This report was prepared in accordance with 2021 governance report template approved by the Authority which was issued on 11 January 2022. This report will be available to all shareholders prior to holding the General Assembly with sufficient time via the internet through the website of the Authority, Dubai Financial Market and the Company's website (www.deyaar.com).

1. Procedures taken to complete the corporate governance system during 2021 and its method of implementation

The Board of Directors ("the Board") believes in the importance of applying the highest standards of governance to enhance the Company's performance, protect shareholders' rights and achieve sustainable growth in financial markets, as the Board of Directors and the Executive Management established an internal control system which is deemed as a conclusive element of the Company's governance structure.

The Governance framework in the Company acts in accordance with the principles and standards identified and applied by each of the Authority, Dubai Financial Market and the provisions set forth within the Federal Law No. (2) of 2015 and its amendments as per Federal Law no. (26) of 2020 on Commercial Companies regarding the determination of governance requirements.

In 2021, the Management has effectively applied governance rules in a transparent manner based on the responsibility of the Board towards the shareholders to protect and promote their rights through the following:

- Development of the governance manual in line with the legislations and resolutions of the Authority;
- The Board held four meetings during the year and notified Dubai Financial Market with dates and results of these meetings as per procedures applicable in Dubai Financial Market. Additionally, five meetings of the Audit Committee, one meeting of the Nomination & Remuneration Committee and three meetings of the Executive Committee were held;
- The commitment of the independent Directors to disclose any change affecting their independence and to ensure it on an ongoing basis by the Nomination and Remuneration Committee. This resulted in two members losing their independence during the year, because one of the new criteria for withdrawing the independence status of a Board member states that if a member is selected for a fourth consecutive term, his/her independence status is lost. During the General Assembly meeting held on April 4, 2021, the amendments of the articles of association were approved as per the new requirements stated in the Companies Law, especially the article related to the formation of the Board of Directors, which stipulated that majority of the members of the Board of Directors must be independent non-executive members. Due to these amendments, majority of the members of the Board of Directors (7 out of 9) are not independent, and this will be taken into account in the upcoming Board elections at the General Assembly meeting in 2022.
- Confirmation of the Committees' composition; practicing all powers and responsibilities needed to perform their work as well as any other additional duties assigned by the Board to these Committees. The Board monitors and receives reports from these Committees in line with the rules and regulations of the Authority;
- Establishment of the Internal Control Department (Internal Audit Department, Compliance Department and Risk Management Department) reporting to the Board through the Audit Committee. The Internal Control Department submits reports to the Audit Committee and practice all powers and authorities assigned thereto pursuant to the internal control system and powers approved by the Board;
- Confirmation of the powers vested to the Management, any other additional tasks assigned by the Board and identifying duration necessary to practice these powers;
- Disclosure of the quarterly and annual financial statements reviewed by the External Auditors and approved by the Board and submitting thereof to the Dubai Financial Market and the Authority;
- The Board through the Audit Committee developed a framework and strategy to manage the risks and measured the acceptable levels of risks available to the Executive Management to be followed and complied with;
- Activating the participation of a female candidate in the Company's Board of Directors;
- Review of the internal control system; update and approve some of the Company's policies and procedures such as procedures which govern Board members and employees' trading activities, whistle-blowing policy, policy on annual remuneration and code of conduct.

2. Ownership and transactions of Board of Directors, their spouses and children in the Company's securities during 2021

The Board Members conform to the policy defined in the Company's governance manual concerning trading of securities issued by the Company. Further, the Board Members adhered to the period of trading prohibition stated in the system of trading, setoff, settlement, transfer and holding of securities issued by the Authority. They also disclose their own and their first-degree relatives' trading on an annual basis using the form prepared for this purpose.

No.	Name	Position / Kinship		Owned shares as on 31/12/2021	Total sale	Total purchase
1	Mr. Abdullah Al Hamli	Chairman		NA	NA	NA
2	Mr. Abdullah Lootah	Vice-Chairman		NA	NA	NA
2.1	Mrs. Sherina Nasser Lootah	Relationship	Wife	6,532	NA	NA
3	H.E. Khalifa Al Zaffin	Board member		NA	NA	NA
4	Mr. Mohamed Al Sharif	Board member		NA	NA	NA
5	Mr. Mohammed Al Nahdi	Board member		NA	NA	NA
6	Dr. Adnan Chilwan	Board member		NA	NA	NA
7	Mr. Obaid Nasser Lootah	Board member		309,552	NA	NA
8	Mr. Yasser Bin Zayed	Board member		NA	NA	NA
9	Ms. Maryam Bin Fares	Board member		NA	NA	NA

According to the statement of the Board Members and as per the response from Dubai Financial Market sent to the Company on 21 January 2022 under Ref. No.2022/00284, stating that "There are no transactions by the Board Members and their first-degree relatives of the Company securities (selling or purchasing) during 2021 as well as for the quantity of shares owned."

3. Board of Directors' Formation

The Board of Directors devotes all efforts and utilizes its expertise to improve the Company's performance as per the shareholders objectives. Such objectives are converted into actions and decisions which are closely monitored by the Board along with the Executive Management in a manner that ensures sustainability, value realization and profitability to all stakeholders.

The Board has set a specific governance framework to ensure the effectiveness of the Board members in fulfilling their duties toward the main objectives and facilitate their positive contribution. The Board has delegated some tasks and responsibilities to the Committees where each committee submits reports and recommendations to the Board of Directors in a responsible and transparent manner.

A. Statement of the current Board formation:
According to Federal Law No. (2) of 2015 on the Commercial Companies and Article No. (15) of the Company's Articles of Association, the Board of Directors was elected by the General Assembly for a subsequent term of three years on 15 April 2019.

The Board of Directors consists of nine Non-Executive Board members. The Board members are classified as Non-Executive (Non-Independent) or Non-Executive (Independent) according to the definition of each category by the Authority. Noting that the Chairman of the Board and the majority of the Directors are citizens of United Arab Emirates.
Experiences, qualifications, memberships and positions of the Board members in other joint stock companies and/or governmental companies are listed below:

Mr. Abdullah Al Hamli
Chairman

Non-executive / Non-independent

- Banking, real estate, finance, investments and information technology
- Bachelor of Science with majors in Economics and Mathematics from Al Ain University, United Arab Emirates
- Appointed since 2008 (13 years)
- Managing Director of Dubai Islamic Bank PJSC
- Chairman of Emirates REIT and Chairman of Al Tanmyah Services LLC.

Mr. Abdullah Lootah
Vice Chairman

Non-executive / Non-Independent

- Real estate, trading and investments
- Bachelor of Business Administration from the Dubai Men's College, United Arab Emirates
- Appointed since 2008 (13 years)
- Vice Chairman of the Lootah Group of Companies; Chairman of Nomination & Remuneration Committee; and Member of the Executive Committee of the Company

Mr. Mohammed Al Nahdi
Board Member

Non-executive / Non-Independent

- Real estate, banking, information technology and finance
- Bachelor of Science in Accounting Management from Mustansiriyah University in Baghdad
- Appointed since 2009 (12 years)
- Member of the Board of Directors of Dubai Islamic Bank in Khartoum and Board Member in Tanmyah LLC Member of NRC and the Executive Committee of the Company

Dr. Adnan Chilwan
Board Member

Non-executive / Non-Independent

- Banking, marketing, real estate, financing and investments
- Doctorate and master's in marketing and Bachelor in Islamic Banking and Insurance at American University of London; and Certified Islamic Banker (CeIB)
- Appointed since 2009 (12 years)
- Group Chief Executive Officer of Dubai Islamic Bank PJSC
- Member of the board of Tamweel and Associate Fellow Member in Islamic Finance Professionals Board

H.E. Khalifa Al Zaffin
Board Member

Non-executive / Non-Independent

- Real estate, construction and airports
- Bachelor of Science in Chemical Engineering from Arizona State University, United States of America
- Appointed since 2006 (15 years)
- Executive Chairman of Dubai Aviation Corporation and Executive Chairman of Dubai Aviation Engineering Projects; Chairman of Cleveland Bridge; Board member in Dubai World Trade Centre; Chairman of the Executive Committee and Member of the Nomination & Remuneration Committee of the Company

Mr. Mohamed Al Sharif
Board Member

Non-executive / Non-Independent

- Real estate, trading, banking, accounting and finance
- Master of Science in Accounting from Catholic University of America; accredited CPA from Virginia State of Council of Accountants
- Appointed since 2009 (12 years)
- Chief of International Business & Real Estate Investments at Dubai Islamic Bank PJSC
- Vice Chairman in Tamweel and Member of the Audit Committee of the Company

Mr. Obaid Nasser Loota
Board Member

Non-executive / Non-Independent

- Real estate and banking
- Bachelor of Business Administration from the University of United Arab Emirates
- Appointed since 2010 (11 years)
- Board Member at Arady Development LLC; and Member of the Executive Committee of the Company

Mr. Yasser Bin Zayed
Board Member

Non-executive/ Independent

- Real estate, financing and operations
- Bachelor of Business Administration from California State University, United States of America
- Appointed since 2016 (5 years)
- General Manager at Dubai Office; Board member in Falcon Holding Ltd. and Chairman of Audit Committee of the Company

Ms. Maryam Bin Fares
Board Member

Non-executive/ Independent

- Banking and Corporate Treasury Management
- Master's Degree in International Business at Wollongong University Dubai, United Arab Emirates
- Appointed in 2019 (2 years)
- Senior Manager Treasury Dealing at Etihad Airways; and Member of the Audit Committee of the Company

● Experience ● Qualifications ● Period served as a Board member from the date of first election ● Their membership and positions in any other joint-stock companies ● Their positions in any other important regulatory, government or commercial companies

B. Statement of the percentage of female representation in the Board of Directors for 2021:

In line with the mindset of the United Arab Emirates to make women an essential partner in leading the process of sustainable development, and with the aim of taking into account gender diversity, Deyaar has allocated a space for the female candidate in its Board of Directors. The female representation is 10% of the total number of Board members.

C. Statement of Board members' remunerations and allowances to attend the meetings of the Committees:

1. **Total remunerations paid to the Board members for 2020:** There is no remuneration paid to Board members given that the Company did not achieve net profit for the fiscal year ended on 31 December 2020.

2. **Total remunerations of the Board members proposed for 2021 to be presented in the annual General Assembly meeting for approval:**

It is proposed to pay AED 3 million from the net profit of the financial year ended on 31 December 2021 (After deducting depreciation and reserves) as a remuneration to the members of the Board of Directors, after obtaining the approval of the General Assembly.

3. **Allowance paid to the Board members for attending meetings of the Board Committees for 2021:**

The Board of Directors received allowance for attending the meetings of the Board Committees as follows:

Allowance paid to the Board members for attending meetings of the Board Committees

No.	Name	Committee Name	Allowance per meeting	No. of attended meetings	Total allowance of 2021
1	Mr. Abdullah Lootah	Nomination and Remuneration Committee	5,000	1	**20,000**
		Executive Committee	5,000	3	
2	H.E. Khalifa Al Zaffin	Nomination and Remuneration Committee	5,000	1	**20,000**
		Executive Committee	5,000	3	
3	Mr. Mohamed Al Sharif	Audit Committee	5,000	5	**25,000**
4	Mr. Mohammed Al Nahdi	Nomination and Remuneration Committee	5,000	1	**20,000**
		Executive Committee	5,000	3	
5	Mr. Obaid Nasser Lootah	Executive Committee	5,000	3	**15,000**
6	Mr. Yasser Bin Zayed Al Falasi	Audit Committee	5,000	5	**25,000**
7	Ms. Maryam Bin Fares	Audit Committee	5,000	5	**25,000**

4. **Details and reasons of additional allowances, salaries or fees paid to the Board members for 2021 other than the attendance allowance:**

Allowances paid to a Board Member other than the allowances paid for attending the committees

No.	Name	Reason	Total allowance of 2021
1	Mr. Obaid Nasser Lootah	For attending the meetings of the Board of Directors of a joint venture and an associate company (Arady/Al-Zawra) in his capacity as a member of the board of directors	**15,000**

D. Board of Directors meetings for the fiscal year 2021

The Board of Directors held four (4) meetings during 2021, as follows:

No.	Name	Meeting Dates			
		17/02/2021	01/06/2021	19/09/2021	**08/12/2021**
1	Mr. Abdullah Al Hamli	T	✓	✓	**T**
2	Mr. Abdullah Lootah	T	✓	✓	**T**
3	H.E. Khalifa Al Zaffin	T	✓	✓	**T**
4	Mr. Mohamed Al Sharif	T	✓	✓	**X**
5	Mr. Mohammed Al Nahdi	T	✓	✓	**T**
6	Dr. Adnan Chilwan	T	✓	✓	**X**
7	Mr. Obaid Nasser Lootah	T	✓	✓	**T**
8	Mr. Yasser Bin Zayed Al Falasi	T	✓	X	**T**
9	Ms. Maryam Bin Fares	T	✓	X	**T**

✓ Attended the meeting X Absent with apology T Attended through modern technology

E. Number of Board's decisions issued by circulation during the fiscal year 2021

Three decisions were issued by circulation on 23 March, 2 May and 29 September 2021 and they were documented in subsequent Board meetings.

F. Duties and responsibilities assigned by the Board of Directors to the Executive Management:

The Board authorized the CEO, Mr. Saeed Al Qatami to carry out the daily tasks of the Company's business as per the authority delegation matrix approved by the Board on 29 July 2018 and the amendments therein dated 29 December 2019. The Board also granted the CEO a set of authorities determined under a valid and indefinite - term power of attorney issued on 10 September 2015. The Board approved the extension of these authorities delegated to the CEO during the meeting held on 1 May 2019, summarized as follows:

- Executing all tasks and necessary matters to manage and operate the Company to achieve its objectives and conduct its business on all financial and administrative aspects, representing the Company in its dealings with third parties and signing all contracts of all types.
- Filing and registering lawsuits, claims and demands and defending Company's interests as a plaintiff or defendant, claimant or respondent in legal proceedings, lawsuits or complaints before any court, committee, arbitration/ judicial/ administrative court and appointing & authorizing attorneys and legal consultants.
- Signing cheques and commercial documents under the terms and conditions and powers determined by the Board represented by the Chairman of the Board. In addition, signing all kinds of contracts and assigning of its ownership before government authorities provided that these actions are within the limits of the plans and strategies approved by the Board represented by the Chairman of the Board.
- Forming and registering branches, representative offices, subsidiary companies, joint ventures, associates, or strategic alliances with other parties in the United Arab Emirates as approved by the Board.

The Board also authorized the General Counsel/Secretary of the Board - Mr. Amer Al Zoubi on 15 June 2017. The Board approved the extension of these authorities, granted to the General Counsel, during the meeting held on 1 May 2019 summarized as follows:

- Representing the Company in all matters of disclosure and compliance before all competent official authorities including the Securities & Commodities Authority and the Dubai Financial Market. Further, the Secretary may delegate some of these authorities to other employees of the Company. He is also authorized to represent the Board before the Notary Public in authentication and ratifying all the minutes of Board meetings.
- Representing the Company in all legal affairs before all official authorities and courts.
- Amending the Memorandum of Association of Company's subsidiaries according to the new commercial law.
- Representing the Company and its subsidiaries before the Notary Public, Department of Economic Development, free zone authorities and all the competent authorities in making all necessary amendments to the Companies' Articles of Association.

These powers have been extended until the current session of the Board which ends in 2022.

G. Statement of the details of transactions made with related parties (stakeholders) during 2021

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 Related Party Disclosures.

Related parties comprise entities under common ownership and/or common management and control and key management personnel.

Balances and transactions with related parties

Apart from those mentioned in the Clause No. (11) of the notes included in the financial statements of the Company for the year 2021, there are no transactions with related parties (stakeholders) or any other parties during 2021. The transaction details are as follow:

a) Related party transactions

During the year, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management.

	2021 AED' 000	2020 AED'000
Ultimate majority shareholder		
Other operating income/finance income	**770**	2,937
Finance cost	**10,258**	16,355
Borrowings drawdown	**626,407**	60,350
Borrowings repayments	**121,064**	239,349

b) Remuneration of key management personnel

	2021 AED' 000	2020 AED'000
Salaries and other short term employee benefits	**13,281**	13,938
Termination and post-employment benefits	**451**	423
Board of Directors' remuneration	**2,850**	-
	16,582	**14,361**

c) Due from related parties comprises:

	2021 AED' 000	2020 AED'000
Current		
Due from a joint venture	**2,350**	1,473
Due from other related parties	**445,426**	962,046
	447,776	963,519
Less: provision for impairment	**(33,622)**	(396,475)
	414,154	567,044

Cash and bank balances include amounts held with the ultimate majority shareholder of the Group (One of the banks), bank account balances of AED 113 million (2020: AED 195 million) and fixed deposits of AED 168 million (2020: AED 100 million), at market prevailing profit rates.

In 2010, the Group entered into a sale and purchase agreement with a related party ("the purchaser") to sell properties for a sale consideration agreed on by both parties as per the initial agreement of AED 3,648 million.

1. In the prior year, the Group received a favorable judgment by the Court of Cassation in relation to certain disputed properties with a UAE based developer, a related party. The judgment included a settlement amount due to the Group of AED 412 million plus additional compensation of AED 61 million and interest accruing at 9% from the date of filing the case. Accordingly, based on further hearings and court judgments, the management has concluded that amount of AED 412 million due will be settled by UAE based developer, a related party instead of another counter party (ii) who is also a related party of the Group.
2. Following these amendments and various previous amendments to the original agreement, during the year the Group had entered in a mutual settlement agreement with the related party (the purchaser). As a result of the settlement agreement, the Group has accepted plots of land as a kind consideration valuing AED 154 million against the outstanding receivable balance and classifying the plots of land received as settlement, as properties held for development and sale (Note 8). Accordingly, the Group has obtained necessary approvals and written off the provision for impairment amounting to AED 362.9 million against the balance receivable from a related party.

Impairment provision

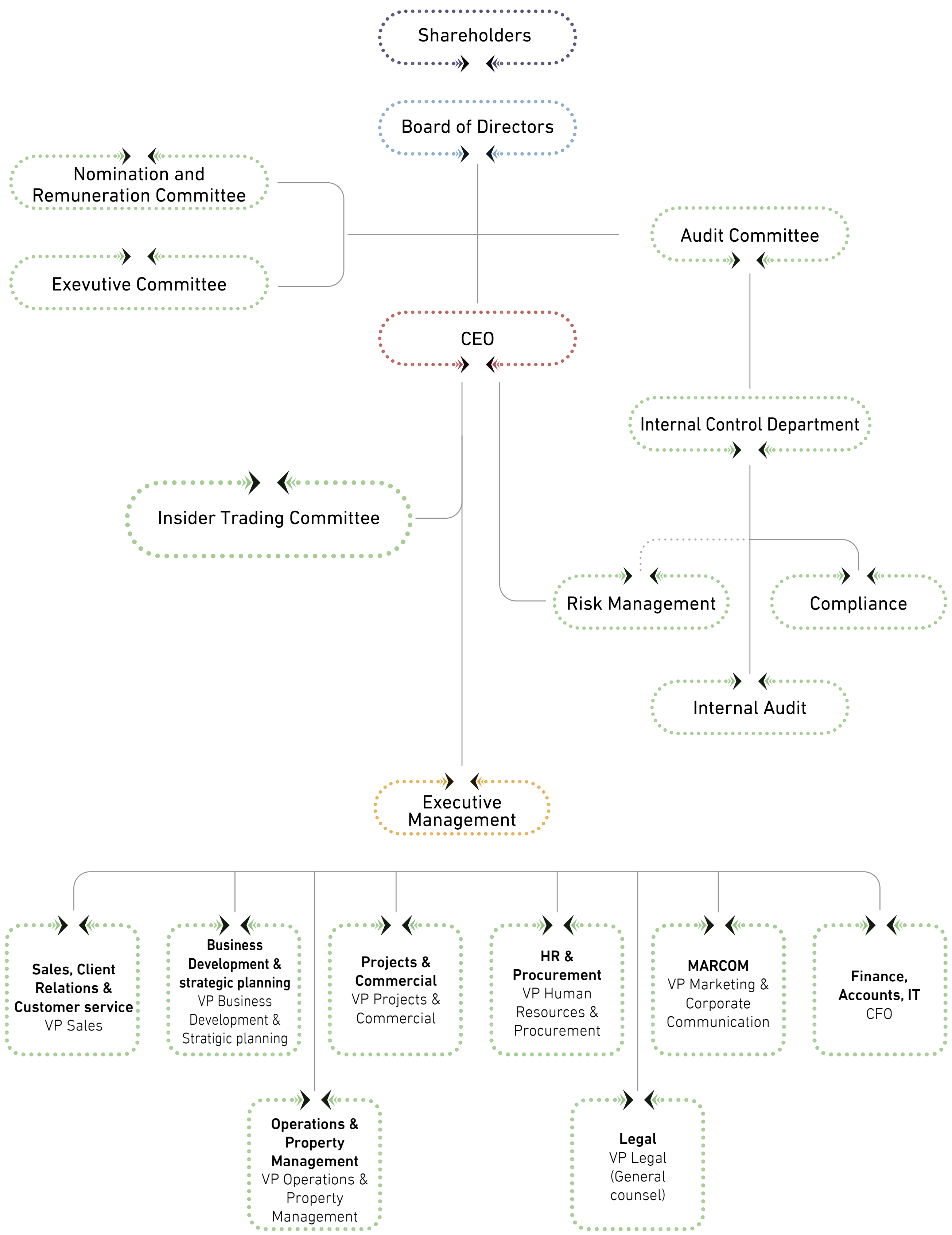
To determine the provision for impairment, management applied certain key assumptions and judgments in accordance with IFRS 9 - Financial Instruments in order to determine the expected credit loss which includes the use of various forward-looking information that could impact the timing and/or amount of recoveries.

3. Due to related parties comprises:

	2021 AED' 000	2020 AED'000
Current		
Due to a significant shareholder	**322**	133
Due to other related parties	**435**	397
	757	530

As of 31 December 2021, the Group had bank loans from the ultimate majority shareholder of AED 795.2 million (2020: AED 289.8 million) at market prevailing profit rates.

H. Organizational structure of the Company



I. Statement of Senior Executives staff, their positions and date of appointment, total salaries and bonuses paid thereto:

No.	Position	Appointment date	Total salaries and allowances paid for 2021 (AED)	Total Bonuses paid for 2021 (AED)*	Any other cash/ in-kind bonuses for 2021 or due in the future
1	Chief Executive Officer (CEO)	01/06/2007	2,069,434	1,500,000	NA
2	Chief Financial Officer (CFO)	02/08/2015	1,424,496	650,000	NA
3	Vice President-Operations and Property Management	01/05/2004	1,048,650	140,000	NA
4	Vice President-Sales	08/01/2006	1,195,181	530,000	NA
5	Vice President-Human Resources and Procurement	15/07/2006	912,358	150,000	NA
6	Vice President-Business Development and Strategic Planning	16/09/2007	1,137,419	-	NA
7	Vice President-Marketing and Corporate Communications	01/08/2008	741,124	250,000	NA
8	Vice President-Legal (General Counsel)	07/02/2017	1,134,629	380,000	NA
9	Vice President-Projects & Commercial	08/07/2018	1,213,399	400,000	NA
10	Vice President-Asset Management & Hospitality	24/11/2016	791,466	437,145.37	NA

4. External Auditor

A. Deloitte & Touche M.E. (Deloitte) was reappointed as external auditor for the year 2021 at the General Assembly meeting on 4 April 2021 and with the approval of majority shareholders. Deloitte is one of the four world's largest accounting and auditing companies. The company provides auditing, taxation and consulting services in various sectors.

B. Statement of the fees and costs of the audit or the services provided by the External Auditor:

Name of Audit Office	Deloitte & Touche (Middle East)
Name of Partner Auditor	Mohammad Jallad
Number of years served as the Company's external auditor	Three years
Number of years the Partner Auditor spent auditing the Company's accounts	Three years
Total audit fees for 2021 (in AED)	AED 410,000
Fees and costs of special services other than auditing the financial statements for 2021 (in AED), if any, and in case of absence of any other fees, this shall be expressly stated	No other fees
Details and nature of other services (if any). If there are no other services, this shall be expressly stated.	No other services

The table below shows a statement of other services provided by an external auditor other than the Company's auditor in 2021:

Auditor	Partner Auditor	Type of services	Amount (AED)
KPMG Lower Gulf Limited	Maryam Zaman	Consulting services	245,600
EY Consulting LLC	Jeremy Choner	Consulting services	18,750

C. There are no reservations made by the External Auditor of the Company in the interim and annual financial statements for the year 2021.

5. Audit Committee:

The Company's Audit Committee reviews financial and accounting policies and procedures, monitors the independence of the External Auditor, reviews financial control systems, internal control and risk management, and performs a wide range of tasks related to following up on the work of the External Auditor.

A. Mr. Yasser Bin Zayed Al Falasi, Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, to review its work mechanism and ensure its effectiveness.

B. Names of members of the Audit Committee

No.	Name	Title
1	Mr. Yasser Bin Zayed Al Falasi	Chairman
2	Mr. Mohammed Al Sharif	Member
3	Ms. Maryam Bin Fares	Member

The roles and duties assigned thereto:

1. Reviewing the Company's financial policies and accounting procedures;
2. Developing and implementing the policy of contracting with the External Auditor and submitting reports to the Board of Directors specifying the important issues that require actions with recommendation on the steps to be taken;
3. Monitoring the independence and objectivity of the External Auditor, discussing the nature and scope of the audit process and its effectiveness according to the approved audit standards, ensuring the External Auditor's fulfillment of the terms and conditions stipulated in the applicable laws, regulations and resolutions and the Company's Articles of Association;
4. Monitoring the integrity of the Company's financial statements and its (annual and quarterly) reports and reviewing them as part of its duty during the year and after closing of the books after each quarter. It shall particularly focus on the following: Any changes in accounting policies and practices; highlighting the areas subject to management's discretion; material modifications resulting from the audit; assumption of continuity of the Company; compliance with the accounting standards established by the Authority; compliance with the rules of listing, disclosure and other legal requirements regarding the preparation of the financial reports;
5. Coordinating with the Board of Directors, the Executive Management, Chief Financial Officer (CFO) or whoever carry out the same responsibilities in the Company to perform its duties;
6. Meeting with the External Auditors of the Company at least once a year without the presence of the Senior Executive Management or any of its representative and discussing the nature and scope of auditing and its effectiveness in accordance with the approved auditing standards;
7. Examining any significant and unusual terms that are stated or must be stated in those reports and accounts and shall give due consideration to any matters issued by the CFO or whoever carries out the same responsibilities, the Compliance Officer or the External Auditors;
8. Providing recommendation to the Board of Directors regarding the selection, resignation or dismissal of the External Auditor;
9. Reviewing the Company's financial control, internal control and risk management systems;
10. Discussing the internal control system with the Board of Directors and ensuring the latter's establishment of an effective internal control system;
11. Examining the results of primary investigations in internal control matters as assigned to the Committee by the Board of Directors or initiated by the Committee with Board approval on such initiative.
12. Reviewing the auditor's assessment of the internal control procedures and ensuring the coordination between the Company's internal and external auditors;
13. Ensuring availability of resources required for the Internal Audit Department and monitoring the effectiveness of such department;
14. Discussing all matters that are relevant to the External Auditor duties, work plan and correspondence with the Company, observations, reservations and any essential questions raised by the External Auditor to the Executive Management regarding the accounting records, financial accounts or control systems and following up on their response and monitor the responsiveness of the Management and necessary facilities provided to the External Auditors to carry out their work;
15. Ensuring timely response of the Board of Directors to inquiries and substantial matters mentioned in the letter of the External Auditor;
16. Developing the rules that enable employees of the Company to confidentially report any potential violations of financial reports, internal control or any other issues, and procedures necessary for conducting independent & fair investigations concerning such violations and monitoring the extent to which the Company complies with the code of conduct;
17. Reviewing the related parties' transactions of the Company and ensuring that no conflict of interest exists and submitting recommendations concerning such transactions to the Board of Directors before concluding contracts;
18. Ensuring implementation of the work rules of its duties and authorities entrusted by the Board;
19. Submitting reports and recommendations to the Board of Directors for above mentioned issues, and considering any other issues determined by the Board of Directors.

C. Statement of number and dates of the Audit Committee meetings held during 2021 to discuss issues related to the financial statements and any other matters, indicating the number of times of personal attendance of all members of the Committee

The Committee held five (5) meetings during the fiscal year as follows:

No.	Name	04/01/2021 Attendance	04/01/2021 Purpose	25/01/2021 Attendance	25/01/2021 Purpose	11/04/2021 Attendance	11/04/2021 Purpose	14/07/2021 Attendance	14/07/2021 Purpose	31/10/2021 Attendance	31/10/2021 Purpose
1	Mr. Yasser Bin Zayed Al Falasi	T	Discussion of financial statements and matters of Internal Control	T	Discussion of financial statements and matters of Internal Control	✓	Discussion of financial statements and matters of Internal Control	T	Discussion of financial statements and matters of Internal Control	✓	Discussion of financial statements and matters of Internal Control
2	Mr. Mohamed Al Sharif	T		T		✓		T		✓	
3	Ms. Maryam Bin Fares	T		T		✓		T		✓	

✓ Attended the meeting T Attended through modern technology

6. Nomination and Remuneration Committee

The Nominations and Remunerations Committee continuously ensures the independence of the independent members, prepares the policy for granting remunerations, benefits and incentives, determines the Company's needs for competencies at the level of senior executive management and employees, as well as determines the basis for their selection and prepares the policy for human resources and training in the Company.

A. Mr. Abdullah Lootah, Nomination and Remuneration Committee Chairman, acknowledges the responsibility for the committee system in the Company to review its work mechanism and ensure its effectiveness.

B. Names of members of the Nomination and Remuneration Committee

No.	Name	Title
1	Mr. Abdullah Lootah	Chairman
2	H.E. Khalifa Al Zaffin	Member
3	Mr. Mohammed Al Nahdi	Member

The roles and duties assigned thereto:

1. Constantly verifying independence of the independent Board members.
2. Developing a policy on which basis of bonuses, benefits, incentives and salaries shall be granted to the Company's Board members & staff and ascertaining that the remuneration and benefits granted to Executive Management are reasonable and in line with the Company's performance;
3. Determining Company's requirements of competencies at the level of Executive Management and employees' level and selection criteria of these requirements;
4. Preparing human resources and training policy, monitoring its implementation and reviewing thereof on annual basis;
5. Organizing and following up the Board nomination procedures according to the applicable laws, regulations and its provisions;
6. Reviewing annually the appropriate skills required for Board membership and preparing of capabilities and qualifications for Board membership including the time a member shall need to allocate to fulfill their duties;
7. Reviewing the Board of Directors' structure and submitting recommendations related to the changes that may be made;
8. Developing a board membership policy with the aim of gender diversification within the formation and encouraging women nominees through offering of incentive and training benefits and programs;
9. Consider any other matters determined by the Board of Directors.

C.Statement of number and dates of Nomination and Remuneration Committee meeting held during 2021, indicating the number of times of personal attendance of all members of the Committee

The Committee held one (1) meeting as follows:

No.	Name	Meeting Date 29/08/2021
1	Mr. Abdullah Lootah	✓
2	H.E. Khalifa Al Zafin	✓
3	Mr. Mohammed Al Nahdi	✓

✓ Attended the meeting

7. Insiders' Trading Committee

The Insiders' Trading Committee prepares a register of all insiders in the company, in addition to the persons likely to have temporary access to internal information, and prepares the systems and laws for the trading of board members and employees in the Company's shares, its subsidiaries, or related companies. It is also responsible for approving these systems and laws by the Board of Directors, and for taking all necessary measures to maintain the confidentiality of the Company's data.

A. Mr. Hani Fansa, Insiders' Trading Committee Chairman, acknowledges his responsibility for the insiders' trading system in the Company to review its work mechanism and ensure its effectiveness.

B. Names of the members of Insiders' Trading Committee

No.	Name	Title	Position
1	Mr. Hani Fansa	Chairman	Chief Financial Officer
2	Mr. Ali Sharif Al Marzooqi	Member	Vice President-Human Resources
3	Mr. Alaa Mansoor	Member	Public Relations and Investors Relations Manager

The roles and duties assigned thereto:

1. Preparing a register of all insiders in the Company in addition to the persons who may have temporary access to internal information;
2. Preparing rules and regulations related to Board of Directors and employees trading in the Company's shares or its affiliates or associated companies' shares and approving these rules and regulations by the Board;
3. Take all necessary measures for maintaining confidentiality of the Company's essential information and ensure dissemination does not occur;
4. Take the necessary procedures to ensure related parties who have access to internal information including information of the Company and the customers maintain confidentiality and prevent this information from abuse or transferring to other parties; and
5. Ensuring that all insiders sign a declaration that they are aware of their status as insiders and have access to the internal information about the Company & its customers and assume all legal consequences in case of disclosing the information or giving recommendations based on their access by virtue of their positions and informing the Company about any trading of shares of the Company or its affiliates before and after trading.

C. Summary of the Committee's activities in 2021

1. Updating register of insiders of the Company.
2. Sending the updated register of insiders to Dubai Financial Market and the Authority as per the template provided.

8. Executive Committee

The Executive Committee monitors and evaluates the achievement of the Company's strategic objectives, reviews the financial budget, feasibility studies and plans for developing new projects, approves and reviews new investments, approves new loans and ensures that the necessary terms and conditions for loans and financing are met.

A. H.E. Khalifa Al Zaffin, Executive Committee Chairman, acknowledges his responsibility for the committee system in the Company to review its work mechanism and ensure its effectiveness.

B. Names of members of the Executive Committee

No.	Name	Title
1	H.E. Khalifa Al Zaffin	Chairman
2	Mr. Abdullah Lootah	Member
3	Mr. Mohammed Al Nahdi	Member
4	Mr. Obaid Lootah	Member

The Executive Committee shall assist the Board of Directors in implementing its missions. In order to do that, the Executive Committee was authorized directly by the Board of Directors and granted all powers to take the necessary decisions in order to conduct Company's works in periods between the Board of Directors meetings.

The roles and tasks assigned thereto:

1. Monitor and evaluate the achievement of Company's strategic goals and initiatives as well as provide the necessary directions to the CEO in this regards;
2. Review the Company budget and provide recommendation to the Board of Directors;
3. Review and approve the feasibility studies with total cost up to AED 200 million;
4. Review the feasibility studies for projects that exceed AED 200 million and provide recommendations to the Board of Directors;
5. Review and approve new project development plans with total costs of up to AED 400 million;
6. Review new project development plans that exceed AED 400 million and provide recommendations to the Board of Directors;
7. Approve new or additional investments up to AED 100 million;
8. Review new or additional investments that exceed AED 100 million and provide recommendations to the Board of Directors;
9. Approve new or additional loans up to AED 100 million to existing subsidiaries, joint ventures, associates and others;
10. Ensure appropriate terms and conditions of loan/financing arrangements and approve loan of up to AED 50 million;

C. Statement of number and dates of Executive Committee meetings held during 2021, indicating the number of times of personal attendance of all members of the Committee

The Committee held three (3) meetings as follows:

No.	Name	Meeting Dates		
		04/04/2021	29/08/2021	13/10/2021
1	H.E. Khalifa Al Zaffin	✓	✓	T
2	Mr. Abdullah Lootah	✓	✓	T
3	Mr. Mohamed Al Nahdi	✓	✓	T
4	Mr. Obaid Lootah	✓	T	T

✓ Attended the meeting T Attended through modern technology

9. Internal Control System

A. Acknowledgment by the Board of Directors of its responsibility for the Company's internal control system

The internal control system is an integrated system; it is established to monitor the application of the administrative measures, terms and laws of the Company's performance. The Board acknowledges its responsibility for maintaining the internal control system and ensuring its continuous effectiveness. This system shall not be deemed as a deterrent or obstruction on the achievement of Company's objectives; rather, it shall ensure the effectiveness of the performance, risk management and internal control system of the Company. The Board and the Audit Committee members have signed the Internal Control Department manual *(Its subdivisions: Internal Audit Department, Risk Management Department and Compliance Department)*. The manual includes roles and functions of the Department which plays an important role in evaluating the internal control system's effectiveness for supporting the profitable objectives and functions of the Company by ensuring the reliability of the financial statements, efficient and economical use of resources, safeguarding of assets and ensuring compliance to policies and procedures.

Mechanism of the Company's Internal Control Department

The Internal Control Department carries out its responsibilities according to corporate governance requirements and international standards issued by Institute of Internal Auditors and its approved guidelines. This mechanism is based on ascertaining the internal control system's effectiveness and ensuring the extent to which the appropriately designed processes and procedures are applied and implemented in an effective manner in the company. This includes verifying the compliance of the company and its employees with the provisions of applicable laws, regulations, decisions, policies and internal procedures, and following up on the mechanism of risk management.

The Internal Control Department is reporting to the Board through the Audit Committee so that the Department and its staff are independent to carry out the duties and responsibilities entrusted to them.

It ensures the internal control system's efficiency and effectiveness in accordance with its risk based annual plan approved by the Audit Committee authorized by the Board of Directors and submits reports including observations and recommendations related to systems' improvement to the Management and the Audit Committee.

The Company also adopted a risk management framework that is based on qualitative and quantitative assessment of the risks faced by the Company that may affect the achievement of the Company's strategic, operational and financial objectives by assessing the risks associated with these objectives and processing them through internal controls as one of the effective means of managing, reducing, controlling or transferring risks through insurance and evaluate the level of protection provided by this framework.

B. Name and qualifications of the Head of Internal Control Department

Bassam El Ghawi is the Head of Internal Control Department (Chief Audit Executive, CAE) since August 2014; he is a specialist in control and has an extensive experience (around 26 years) in internal and external auditing, risk management, corporate governance, compliance and fraud investigation.

He has a Bachelor's degree in Accounting and Economics, Diploma in Risk Management from the American Academy of Financial Management and he has also the following professional certificates: Certified Internal Auditor (CIA) – IIA); Certified Information Technology Auditor (CISA) - ISACA; Certified Fraud Examiner (CFE) - ACFE; Certified Risk Management Auditor (CRMA) - IIA; Certified Compliance Officer (CCO) Arab Certified Public Accountant ACPA - ASCA; Certified Risk Management Information Control Systems Auditor (CRISC) - ISACA.

C. Name and qualifications of the Compliance Officer

In July 2017, the job description of the Head of Internal Control Department (CAE) was amended to include the duties and responsibilities of the Compliance Officer of the Company.

The Head of Internal Control Department performs the duties of Compliance Officer by ascertaining the extent to which the Company and its employees comply with the applicable laws, rules, decisions and regulations issued by relevant authorities including the Authority and Dubai Financial Market, monitoring compliance with the Company's policies and procedures and code of conduct. In addition, Compliance Officer shall submit clarifications to the Board of Directors (through the Audit Committee) and the Company's employees about issues related to compliance.

D. The Internal Control Department method in handling any significant issues in the Company

The Internal Control Department reviews the significant issues in the Company, if any, in detail by identifying its nature and classifying in terms of degree of risk and by determining the size of the issue and evaluating the extent of the negative consequences that may affect the Company.

To avoid further aggravating its occurrences, the Department submits its reports on observations resulting from the review and provides recommendations to the Executive Management and the Board of Directors through the Audit Committee. It monitors the implementation of recommendations by ensuring that Board resolutions are implemented. In addition, the Department issues periodic reports to the Audit Committee summarizing the results of its activities as follows:

- On quarterly basis: Information on the status and results of the annual audit plan, activities of internal audit staffs, results of external quality assessments and adequacy of Department's resources.
- Twice a year: It is by providing a list of Department's objectives achieved that are approved by the Audit Committee.
- On annual basis: It is by assessing the appropriateness and effectiveness of the internal control system. The assessment covers all key controls of the Company, including financial and operational controls and risk management system.

The implementation of these recommendations is also monitored periodically through issuance of a written report as required.

As per the approved annual audit plan, the Internal Control Department hasn't encountered any significant issues within the Company which required to be disclosed in the 2021 annual financial statements.

E. Number of reports issued by the Internal Control Department to the Board of Directors

The Internal Control Department reports to the Board through the Audit Committee and issued reports during 2021 to the Committee according to the approved audit plan. The number of reports issued is shown below:

Report type	Internal Control	Internal Audit	Compliance	Risk management
Quantity	11	19	1	6

10. Details of violations committed during 2021, its reasons, how to be addressed and how to avoid their recurrence in the future

The Company fully abides by the applicable laws and regulations issued by the Securities and Commodities Authority and any legal authority related to financial markets. Therefore, it did not incur any fines and there were no cases of violations to the applicable laws for the fiscal year 2021.

11. Cash and in-kind contributions made by the Company during 2021 for local community development and environmental conservation

Deyaar seeks to have a positive impact on community and the surrounding environment through effective social contributions and partnerships with bodies specialized in social support and environmental issues, emphasizing the need for social responsibility activities and programs to be in line with the Company's strategy and values.

During 2021, Deyaar had a variety of social contributions, as it contributed to the "Color of Their Lives" campaign organized by the Dubai Land Department in cooperation with the Emirates Red Crescent Authority, which aims to maintain the homes of needy families. It provided the necessary maintenance for three houses in Dubai at a value of more than AED 47 thousand.

In the same direction, the Company cooperated with Department of Awqaf in Sharjah, with the aim of carrying out the necessary maintenance for the house of a needy family. This included the complete maintenance of the house from the inside and the outside, in addition to pest control operations, to ensure that the family enjoys a good and safe housing. Maintenance operations were carried out at a value of AED 41 thousand.

In the health field, the Company has continued its continuous cooperation with the Autism Trust Foundation in providing care for people with autism, as it bears the costs of care and rehabilitation for three children undergoing rehabilitation at the foundation. This year's sponsorship amounted to AED 50,000.

Moreover, the Company organized a blood donation campaign in cooperation with Dubai Blood Donation Center at the Company's headquarters and various company projects. The Company's employees, in addition to the building's workers, participated in this campaign.

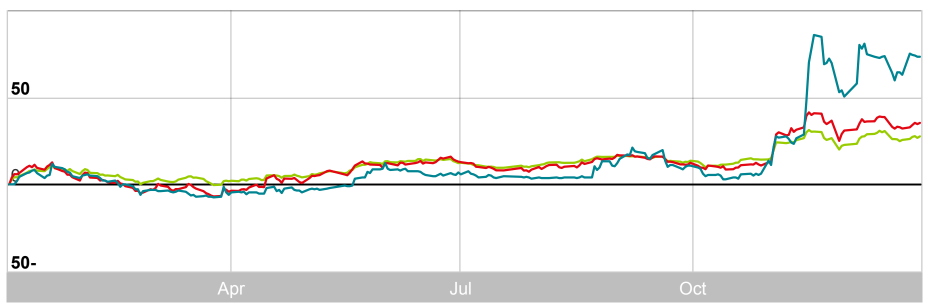
In the environmental field, Deyaar participated in the "Earth Hour" campaign organized by Dubai Electricity and Water Authority, by turning off the lights in all its projects in support of this initiative, which is held annually.

12. General Information

A. Statement of the Company's share price in the market (closing price, highest and lowest price) at the end of each month during 2021:

Month	Highest price	Lowest price	Closing price
January	0.29	0.29	0.29
February	0.27	0.27	0.27
March	0.27	0.26	0.26
April	0.27	0.27	0.27
May	0.31	0.30	0.31
June	0.30	0.30	0.30
July	0.29	0.29	0.29
August	0.31	0.31	0.31
September	0.32	0.31	0.31
October	0.32	0.29	0.32
November	0.43	0.41	0.42
December	0.49	0.48	0.49

B. Statement of the comparative performance of the Company's shares with general market index and sector index to which the Company belongs during 2021



C. Statement of shareholders' ownership distribution as on 31 December 2021 (individual, companies, governments) classified as follows: Local, Gulf, Arab and Foreign:

Shareholders classification	Percentage of shares held					
	Individual	Companies	Government	Banks	Institution	Total
Local	37.911%	9.747%	0.518%	41.251%	0.052%	89.479%
Gulf	1.874%	1.717%	-	0.130%	0.005%	3.726%
Arab	3.688%	0.231%	-	0.000%	-	3.919%
Foreign	1.431%	1.421%	-	0.024%	-	2.876%
Total	**44.904%**	**13.116%**	**0.518%**	**41.405%**	**0.057%**	**100%**

D. Statement of the shareholders owning 5% or more of the Company's capital as on 31 December 2021

Name	Number of owned shares	Percentage of owned shares of the Company's capital
Dubai Islamic Bank (PJSC)	2,367,999,220	40.983%

E. Statement of the method of shareholders distribution according to the volume of shares an of 31 December 2021

No.	Shares ownership	Number of shareholders	Number of owned shares	Percentage of owned shares of the Company's capital
1	Less than 50,000	26,987	343,096,826	5.938%
2	From 50,000 to less than 500,000	3,846	576,619,813	9.980%
3	From 500,000 to less than 5,000,000	867	1,095,744,336	18.964%
4	More than 5,000,000	81	3,762,539,025	65.118%
	Total	**31,781**	**5,778,000,000**	**100%**

F. Statement of the procedures taken in respect of the Investor Relations

Deyaar seeks to enhance the continuous communication with investors; it also seeks to be responsive to all shareholders' inquiries and directed the inquiries required therefrom to relevant departments of the Company.

In order to reach a deeper level of communication, the Company updated the investor relations section in the website by feeding it with all the financial statements and the annual report, in addition to designing an investor relations presentation that provides information about the company's strategy, its most important financial statements and its current projects.

The page of the Company in the Dubai Financial Market has also been updated complying with the disclosures on time.

- Name of Investors Relations Officer and a communication data with the Officer:

Name of Officer	Mr. Ala Addin Mansoor, Public Relation and Investor Relations Manager
Communication Data	
Phone Number	04/3840175 or 04/3840909 or 050/1411223
Email	IR@deyaar.ae / Alah@deyaar.ae

- Electronic link of the Investors Relations Page on the Company website:

Arabic page	http://www.deyaar.ae/ar/investor-relations
English page	http://www.deyaar.ae/en/investor-relations

G. Statement of special resolutions presented in the General Assembly held in 2021 and procedures taken with respect thereto:

On 4 April 2021, a special resolution was approved by the General Assembly to amend the Articles of Association to be aligned with Federal Law no. (26) of 2020 to amend the provisions of the Federal Law no. (2) of 2015 on commercial companies and resolution No. (3/R.M) of 2020 concerning adopting the Corporate Governance Guide for Public Joint Stock Companies in the following articles: 15, 16, 17, 22, 27, 30, 42 and 45. The amendments have been published in the official Gazette after obtaining approval from the relevant authorities.

Further, a special resolution was approved by the General Assembly not to proceed with the capital reduction which was approved in the General Assembly Meeting held on 8 April 2020. Subsequent to the AGM resolution, the capital reduction process has been ceased.

H. Name and date of appointment of Board Secretary

Name of Board Secretary	Amer Ayed Al Zu'bi - General Counsel
Date of appointment	28/02/2017

I. Statement of significant events and important disclosures occurred during 2021

- Deyaar begins handing over the Bella Rose Project.
- Deyaar announces its financial results for 2020 and records revenue of AED 412.9 million.
- Deyaar announces its Q1, 2021 financial results and records revenue of AED 149.2 million.
- Deyaar announces significant progress in the third and fourth phases of its Midtown project.
- Deyaar Development Board conditionally approves the settlement offer proposed by Limitless.
- Deyaar launches luxury AED 1 billion smart skyscraper Regalia in Business Bay.
- Deyaar announces its financial results for H1 2021 and records revenue of AED 297.4 million.
- Deyaar breaks ground on Regalia skyscraper in Business Bay.
- Deyaar Development records AED 900 million sales in Regalia project.
- Deyaar returns to Cityscape as Dubai's real estate market continues to boom.
- Deyaar announces its financial results for the first nine months of 2021 and records revenue of AED 418.2 million.

J. Statement of transactions made with related parties during 2021 that are equal to or more than 5% of the Company's capital:

During the year 2021, Deyaar entered into a facility agreement with a major shareholder (Bank) amounting to AED 600 million which was approved by the independent members of the Board of Directors through Board resolution by circulation on 29 September 2021. In accordance with Article 34 of the Authority's Board Chairman Decision No. (3/R.M) of 2020 regarding concluding deals with related parties and since these deals exceed 5% of the Company's capital i.e. 10.38% of AED 5.77 billion, a clarification has been requested from the Authority in this regard and clarification has been made. The Authority clarified that the nature of these deals falls within the jurisdiction of the Board of Directors as stipulated in the Company's Articles of Association and since the Company entered into a loan facility agreement with banks and such activity is among the usual business that fall within the scope of their activities. Hence, the Company entering into loan facility agreement with the major shareholder (Bank) is not considered one of the deals that must be presented to the General Assembly. Article 34 is not applicable but rather falls within the jurisdiction of the Board of Directors as long as it does not include preferential conditions in favor of the main shareholder (related parties).

K. Statement of Emiratisation percentage in the Company at the end of years 2019, 2020 and 2021

The Company provides UAE nationals with a suitable work environment and attractive incentives to encourage them for creativity and development. Whereas the UAE nationals have priority of employment as appropriate to the applicable legislations and laws in the country. The Company is keen to provide suitable job opportunities for UAE nationals to sharpen their skills and develop their work experiences. The Company encourages its UAE national employees to complete their study and continue their career development thorough providing suitable training.

The percentage of UAE national employees in the Company in 2019, 2020 and 2021 is 10%, 10% and 8% respectively. We aim to increase this percentage in the upcoming years by creating new job opportunities in line with the overall strategy of the Company.

L. Innovative projects and initiatives carried out by the Company or are under development during 2021

- In 2021, the company launched an online tenant portal which provides complete set of services in one place, such as, contract renewals, early termination, contract negotiation, appointment booking and live chat with customer service staff.
- Deyaar launched Regalia tower in Business Bay featuring smart home technology, including smart control panels to control lighting, air conditioning and more with ability to control using smart phones and voice assistance devices.
- A 3D visualization for Midtown project has been developed to enable sales agents and customers to walkthrough Midtown project and view the community and the apartments in 3D on their PCs, mobiles or tablets at any time.

2

Deyaar Business

Vision

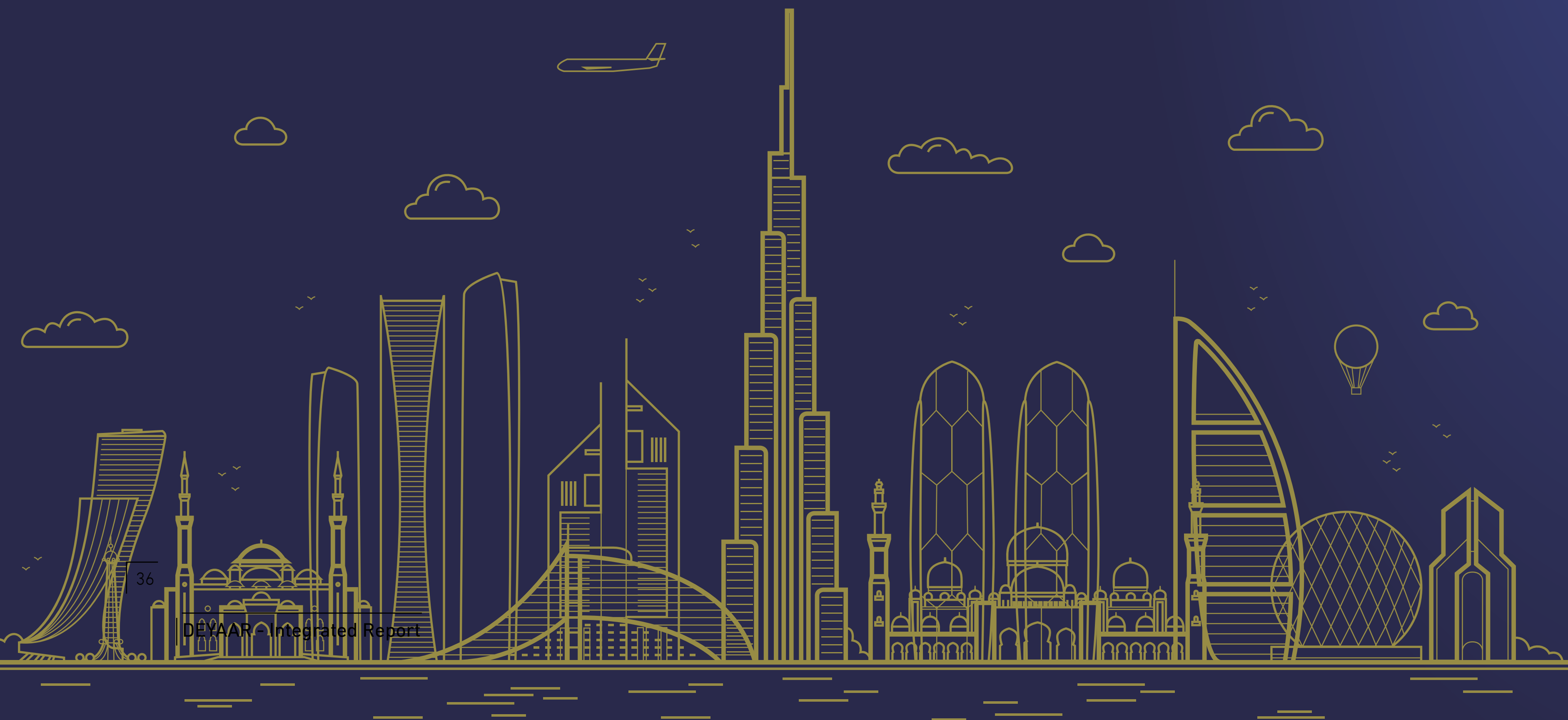
To be known as a trusted, integrated real-estate Partner, creating value for stakeholders, society, and the economy.

Mission

To create an urban environment that meets the high standards set by the nation's leaders, with a diverse portfolio of quality real estate developments and differentiated services, a return on investment for stakeholders and value for customers, whilst providing the tools to our employees to realize their potential.

Core Values

Ethical and transparent.
Enterprising and agile.
Trustworthy and reliable.
Quality and value conscious.
Committed to the economic transformation under our nation's leadership.



GROUP STRUCTURE

- Deyaar Group
  - Deyaar Development
  - Deyaar Property Management
  - Deyaar Facility Management
  - Deyaar Community Management
  - Deyaar Asset Management
  - Joint ventures & associates
    - Arady Developments LLC
    - SI AL Zorah equity investments inc.

Deyaar's Milestones

2021

January

Deyaar begins handing over the Bella Rose Project

February

Deyaar announces its financial results for 2020 and records revenue of AED 412.9 million

April

Deyaar announces its Q2021 ,1 financial results and records revenue of AED 149.2 million

May

Deyaar announces significant progress in the third and fourth phases of its Midtown project

July

Deyaar launches luxury AED 1bn smart skyscraper Regalia in Business Bay

August

Deyaar announces its financial results for H1 2021 and records revenue of AED 297.4 million

September

- Deyaar breaks ground on Regalia skyscraper in Business Bay
- Deyaar Development records AED 900 million sales in Regalia project

November

- Deyaar returns to Cityscape as Dubai's red-hot real estate market continues to boom
- Deyaar announces its financial results for the first nine months of 2021 and records revenue of AED 418.2 million

Overview of the Company's Business

Property Development

Deyaar successfully marked a unique presence in Dubai's real estate landscape by focusing on customers' needs and preferences. The company identified the promising areas to develop high quality residential and commercial properties. Deyaar's projects expanded to cover various areas in Dubai, including the new business and financial centre in Business Bay and the urban residential communities such as Dubai Marina, Al Barsha, Dubai International Financial Centre, Jumeirah Lakes Towers, Dubai Silicon Oasis, Dubai Production City, and Dubai Science Park.

The year 2021 was marked by growth in the real estate sector, and this reflected on Deyaar projects. This year, the company successfully handed over the Bella Rose Project in Al Barsha South. In addition, the construction work on the third and fourth phases of the Midtown Project are on schedule, with completion rates of 42% and 61% respectively. The company also launched its Regalia Luxury Residential Project, which features smart home technologies, which was slod-out in a short period of time.

Property Management

Armed with our knowledge, expertise, strong relationships with all stakeholders, skilled and efficient human resources, and work ethics, we were able to exceed our customers' expectations. From our strategically positioned offices in Dubai, Abu Dhabi, Sharjah, Al Ain, Ras Al Khaimah and Fujairah, we provide comprehensive services to both tenants and property owners in the UAE.

In pursuance of our continuous efforts to provide optimal services to our clients, our has been upgraded to provide contract renewal, negotiation, and early termination services through the new tenant portal. In addition, owners of properties under our management can stay up to date about their properties through our Landlord portal which represents the perfect link between our customers and various services.

Over the past years, we obtained leading international certificates such as the ISO 9001: 2015 for quality management systems in property management services, the ISO 55001: 2014 for asset management, the ISO 45001:2018 for occupational health and safety, and the ISO 10002: 2018 for customer satisfaction in quality control.

Deyaar currently manages a portfolio of more than 15000 units in more than 800 buildings throughout the UAE, and in 2021, we added more than 780 units to our portfolio, and successfully renewed 60% of the contracts with an occupancy rate exceeding 70%.

Facilities Management

Deyaar's Facilities Management arm managed to overcome the challenges imposed by COVID-19, by improving our position as a leading service provider in Abu Dhabi, Dubai, Sharjah and the Northern Emirates while maintaining all of our contracts and adding 29 new ones. We also focused on diversification and tapping into new sectors such as the educational, industrial, and banking sectors.

Additionally, we expanded our portfolio of services to provide additional services through our inhouse team, such as AC maintenance, façade cleaning and maintenance, and water tank cleaning services.

Our client list includes several governmental bodies, charities, institutions from the hospitality and industrial sectors, in addition to residential and commercial establishments.

In Deyaar Facilities Management, we are keen on maintaining the highest quality standards. We hold the ISO 9001 certificate for quality, ISO 14001 for environmental management, ISO 45001 for occupational health and safety, ISO 41001 for facility management, and the British Institute of Cleaning Science Certificate.

The Company also runs a training centre for its staff which provided more than 1000 training sessions in various facility management fields.

With regards to technology utilization, all cleaning reports have been digitized using smart phones and QR codes, and work is underway to use augmented reality applications which allow specialists to direct technicians remotely without the need to be on-site.

Community Management

In pursuance of Law No. (6) of 2019 Concerning Ownership of Jointly Owned Real Property in the Emirate of Dubai, Deyaar renamed its Owners Association Management Section to Deyaar Community Management, which continues to provide the full spectrum of services stipulated in the Law, including supervision of technical, environmental, security, financial, administration and customer service operations.

Deyaar Community Management successfully added many units in 2021 and achieved an exceptional performance. With three new projects, the company has a total of 39 projects with more than 8700 units in an estimated area of 10 million square feet.

The Company attained several certificates of quality, including the ISO 9001:2015 - Quality, ISO 14001:2015 - Environment, and ISO 45001:2018 - Occupational health and safety. In line with Company's vision of keeping our services available and accessible to all customers, we used the NetSuite Platform to provide the latest technologies in customer service through an interactive application. In addition, we upgraded our website and customer portal, allowing customers to pay utility payments and submit applications through the website.

The efforts of Deyaar Community Management were culminated by receiving Sheikh Khalifa Excellence Award in the services sector.

Hospitality

Deyaar expanded its real estate portfolio beyond residential and commercial properties through hospitality projects. This step is part of our comprehensive strategy to diversify our services in the real estate sector. Deyaar currently owns three hospitality projects in strategic locations; the Business Bay, Al Barsha, and Dubai Science Park, under the operation of the Millennium Hotels and Resorts MEA.

Deyaar's hospitality portfolio achieved an average occupancy rate of 75% in 2021, receiving more than 400,000 guests throughout the year. We are aiming to over achieve these results next year with the recovery of the tourism sector thanks to the government efforts to overcome the pandemic and left travel restrictions.

Nationwide for Service Management

Nationwide is a new addition to our diversified portfolio of real estate services. The company was founded to provide excellent utilities management solutions to residential communities and commercial buildings. It currently provides various dynamic and innovative solutions including the automatic meter technology, which digitizes the reading process using the SmartBill technology; energy control and auditing services; building management and consultation services; and fitout review and supervision services.

Within a short period of time, the Utility Management arm in Nationwide possessed many projects. We also established an internal Energy Control Section to serve the Company's need for better energy monitoring. This Section accomplished more than 10 energy audits in 2021 and commenced working on energy efficiency contracts. The Energy Control Section also attained its accreditation from the RSB for Electricity and Water in addition to the ISO 9001, ISO 140001, and ISO 45001 certificates.

3

Our Projects

Deyaar Development PJSC made significant contributions to Dubai's architectural landscape in the past two decades through its real estate development which are strategically located throughout Dubai. Including wide range of residential and commercial properties at the high quality.
Since its establishment, Deyaar successfully delivered more than 20 million square feet of developed properties, which reinforced Dubai's position as a major city worldwide.

Midtown Project

The Midtown Project features lively green spaces, provides for an active lifestyle with serene spots for relaxation, and offers high quality amenities designed to satisfy all tastes. It includes outdoor sitting areas, play areas, and a retail boulevard which has retail shops, pharmacies, supermarkets, restaurants and cafes to bring convenience to all residents.

The Project consists of residential buildings ranging from 7 to 16 floors across six districts. The company successfully delivered Afnan and Dania Districts and they are now home for many families.

Number of well-known brands opened their shops in Midtown during 2021, and rental of the retail shops is in progress. It is worth mentioning that Deyaar carefully selects its tenants to meet the needs of the residents.

Afnan District consists of 7 buildings ranging from 7 to 16 floors with a total of 659 apartments, including studios and one, two and three-bedroom apartments. Afnan District was launched in 2015 and completed in November 2019. This is the first out of six districts, and since its launch, it has witnessed significant demand and high sales.

In April 2016, Deyaar announced the launch of the second phase of Midtown Project "Dania District". The second phase was completed and handed over in February 2020. It consists of six buildings with 579 apartments ranging from studios to 3-bedroom apartments.

Noor District in Midtown

In 2020, the third phase of Midtown Project was launched under the name "Noor District". Noor District was designed as a distinguished and affordable residential option for families. This coincided with the launch of the Deyaar Flexible Payment Program; an exclusive program that offers investors multiple payment options.

Noor District is composed of seven buildings with a total of 593 apartments ranging from studios to 3-bedroom apartments. Construction works are underway as planned, and the hand over is set in the first quarter of 2023.

Regalia Project

Deyaar launched Regalia project to create a new landmark in Dubai's urban skyline. The project has been designed with the highest international standards and provides an unrivalled array of luxury lifestyle amenities and architectural designs that combine elegance and excellence along with high-class interiors and smart city technologies with smart phone controls.

This project is the tallest tower developed by Deyaar so far. It has 70 floors with an assortment of luxury residential units, diverse community facilities, business centre, as well as indoor and outdoor play areas. These facilities intersect with green spaces and sitting areas providing residents and families with an optimal environment to relax.

Deyaar announced the appointments of Gulf Asia Contracting, the construction vertical of RP Group, as the main contractor to build Regalia in the Business Bay. The company commenced the construction work of the project which is planned to be completed in 2024.

The Project's strategic location, smart home technologies, luxurious amenities, exclusive launch offer, contributed to its high sales in a short period of time.

The company successfully sold out the project with sales value of 1 billion AED. The project witnessed significant demand from local and international investors seeking high quality properties. This affirms investors' confidence in the quality of the products and projects offered by Deyaar.

Joint ventures & associates

Arady - Central Park

"Arady Developments LLC" is a limited liability company owned by Dubai Properties and Deyaar Development PJSC, where Deyaar owns 50% of this joint venture. The company is involved in real estate development services.

Arady Developments LLC is responsible for developing the Central Park Project, which is an eminent multipurpose project composed of 48 floors in Dubai International Financial Centre. Each of the residential and commercial towers contains a ground floor with an area of 105840 square feet, and a commercial arcade that includes shops ranging from 1000 to 5000 square feet.

The total area of the Central Park project is 1,57 million square feet, and is easily accessible from Sheikh Zayed Road and Al Khail Road, making its location perfect for residences, businesses and leisure thanks to its numerous features and distinguished facilities, including green spaces, pools, shopping options, new shops, and a variety of food and beverage options.

Al Zorah

Al Zorah Development Company P.S.C was founded as a free zone subject to Ajman local Laws. It is a joint venture between the Government of Ajman and Solidere International that aims to develop Al Zorah project as a distinct and modern tourist destination. Deyaar owns 22.72% of Solidere International to invest in Al Zorah assets. It is registered in the Cayman Islands. The associate company is a holding company that invests in companies working in the field of real estate development.

Al Zorah Project

4

Sustainability

Towards a Safe Future

The UAE is working on achieving the Sustainable Development Goals (SDGs) which were identified in 2015 by the United Nations (UN) to be achieved by 2030 to enable access to clean energy, sufficient food at reasonable prices, high quality education, health care, sustainable economic growth, and sound environmental systems in addition to increasing resource effectiveness and efficiency.

In alignment with UAE's vision, Deyaar's economic principles focus on supporting and developing a sustainable economy that ensures a healthy life for people in high-quality sustainable properties surrounded by green spaces.

Deyaar considers sustainability a primary determinant in its journey towards the future, and a main element in its construction activities and operations. This is not limited to protecting the environment by leaving a smaller footprint, but also ensuring good coexistence with Earth's biosphere within our human civilization. Deyaar focuses in its development projects on designing and implementing sustainable, integrated, and eco-friendly projects.

The Integrated Management System Policy

Deyaar Development PJSC is committed to providing services that add value; services that not only meet customers' needs and requirements but exceed their expectations; services that meet the requirements of modern civil life and align with the nation's leadership directions by providing a safe and agile environment that is based on understanding and mitigating risks.

Through its Community Management arm, Deyaar set the Integrated Management System Policy to meet its customers' needs in a timely manner, ensure customer satisfaction, prevent injuries among workers and anyone affected by Deyaar operations, prevent pollution, and protect the environment.

The Policy applies to everyone working in or supervised by Deyaar Community Management and anyone else affected by the Company's Business. The Policy is reviewed regularly to ensure its alignment with international standards, and measures are taken to ensure that all employees are committed to it. Deyaar, represented by its Community Management arm, is committed to the following obligations:

1. Ensuring that all its activities are supported by sufficient and suitable articles from the contract that stipulates local and international standards; the laws of the Real Estate Regulatory Agency and other legal documents; and Deyaar's regulations on quality, health, safety, and environment management.
2. Providing and developing a clear organisational structure with specific responsibilities to support risk assessment, consultations, and employee engagement.
3. Carrying out activities in a planned manner, and striving to be a reference in quality, health, safety, and environmental standards.
4. Developing and maintaining the quality, health, safety, and environment management system of Deyaar Community Management, by setting goals and measuring performance to ensure continuous improvement in management and performance.
5. Preserving the health, safety, and welfare of employees; and providing the safest possible environment that is free from risks to health and the environment.
6. Conducting the Company's affairs in a manner that ensures that persons other than its employees are not exposed to health or safety risks.
7. Ensuring that the contractors appointed to carry out tasks comply with the relevant required standards and that they are monitored to ensure their compliance.
8. Investigating accidents and reports of non-compliance to identify root causes and take appropriate and effective corrective measures.
9. Conducting regular inspections and reviews with the assistance of the management team to monitor compliance with quality, safety, and environmental, standards; and ensuring that monitoring procedures are implemented effectively.
10. Ensuring that the management team effectively uses the results of internal audits conducted by Deyaar Community Management to achieve general performance improvements.

Quality Control Policy

Deyaar seeks through its Facility Management arm to invest in sustainable technologies and innovations to provide high quality services to customers according to the highest standards and ensure constant customer satisfaction. Under this policy, the staff is committed to:

1. Providing high quality services through the technical system.
2. Continuous monitoring and improvement of operations in a changing business environment.
3. Teamwork to ensure optimal results.
4. Commitment to core values, integrity, fairness, and consistency in actions and practices.

Health and Safety Policy

Deyaar Facility Management proactively and transparently manages health, safety, and environmental risks and performance factors in its various operations. This is showcased through its efforts to:

1. Prevent accidents and ailments.
2. Protect the environment and prevent pollution.
3. Comply to legal and other requirements in force.
4. Promote health, safety, and environmental values.
5. Ensure welfare and safety by providing a safe workplace and suitable care for employees.

International Standard Certificates

Deyaar Development PJSC adopts a clear strategy that provides the highest quality standards for its customers. It also effectively supports economic development trends and income diversification in the UAE, which have positive effects on AUE's people.

Each of Deyaar's associates, including Deyaar Property Management, Deyaar Community Management, Deyaar Facility Management, and Nationwide comply to international standards and specifications of Deyaar's systems, which obtained the following certificates:

- ISO 90001: 2015 for the Quality Management System.
- ISO 45001: 2018 for the Occupational Safety and Health System.
- ISO 14001: 2015 for the Environment Management System.

Deyaar Facility Management also proved its compliance to international standards by obtaining the following certificates:

- ISO 41001 - Facilities Management System.
- The British Institute of Cleaning Science Certificate.


Bureau Veritas Certification

DEYAAR COMMUNITY MANAGEMENT L.L.C

HEAD OFFICE: FLOOR NO 5, DEYAAR BUILDING,
AL BARSHA 1, P. O. BOX 113374, DUBAI,
UNITED ARAB EMIRATES

This is a multi-site certificate, additional site(s) are listed on the next page(s)

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 14001:2015

Scope of certification

MANAGEMENT AND SUPERVISION SERVICES FOR BUILDINGS AND COMMUNITIES

Original cycle start date:	05 February 2016
Expiry date of previous cycle:	04 February 2019
Certification / Recertification Audit date:	05 December 2018
Certification / Recertification cycle start date:	19 March 2019
Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on:	04 February 2022

Certificate No.: DU003073 Version: 2 Issue Date: 05 July 2021

Previous Certificate No.: IND.19.8054AU/E

1/2


Bureau Veritas Certification

DEYAAR COMMUNITY MANAGEMENT L.L.C

HEAD OFFICE: FLOOR NO 5, DEYAAR BUILDING,
AL BARSHA 1, P. O. BOX 113374, DUBAI,
UNITED ARAB EMIRATES

This is a multi-site certificate, additional site(s) are listed on the next page(s)

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 9001:2015

Scope of certification

MANAGEMENT AND SUPERVISION SERVICES FOR BUILDINGS AND COMMUNITIES

Original cycle start date:	05 February 2016
Expiry date of previous cycle:	04 February 2019
Certification / Recertification Audit date:	05 December 2018
Certification / Recertification cycle start date:	19 March 2019
Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on:	04 February 2022

Certificate No.: DU003072 Version: 2 Issue Date: 05 July 2021

Previous Certificate No.: IND.19.8054AU/Q

1/2


Bureau Veritas Certification

DEYAAR COMMUNITY MANAGEMENT L.L.C

HEAD OFFICE: FLOOR NO 5, DEYAAR BUILDING,
AL BARSHA 1, P. O. BOX 113374, DUBAI,
UNITED ARAB EMIRATES

This is a multi-site certificate, additional site(s) are listed on the next page(s)

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 45001:2018

Scope of certification

MANAGEMENT AND SUPERVISION SERVICES FOR BUILDINGS AND COMMUNITIES

Original cycle start date:	19 March 2019
Expiry date of previous cycle:	NA
Certification / Recertification Audit date:	05 December 2018
Certification / Recertification cycle start date:	19 March 2019
Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on:	04 February 2022

Certificate No.: DU003074 Version: 2 Issue Date: 05 July 2021

Previous Certificate No.: IND.19.8054AU/HS

1/2

Awards and Honours

Deyaar's continuous efforts throughout the past years in sustainability, and its cooperation with the public sector to support local communities and identify economic opportunities that create an environment conducive to sustainable investments were honoured with multiple awards and certificates of appreciation from governmental bodies and non-profit organisations. Deyaar's Facility Management and Community Management sectors received the following awards:

Award	Granting Party
Sheikh Khalifa Excellence Award	Abu Dhabi Chamber
Best Customer Experience Initiative Award	International Real Estate Community Management Summit 2021
Facilities Manager of the Year Award	Facilities Management ME
Unsung Hero of the Year Award	Facilities Management ME
CEO of the Year Award 2021	Construction Business News Middle East
Best Young Facilities Manager Award	Construction Business News Middle East
Certificate of appreciation for providing engineering consultations	Emirates Red Crescent
Certificate of appreciation for carrying out maintenance works in record time	General Command of Abu Dhabi Police

Sustainability Framework

Sustainability is one of the most important pillars of Deyaar Development PJSC, and in alignment with Deyaar's position as a leading real estate company, it complies to sustainability standards by focusing on three main fields: the community, environment and economy.

Through its commitment to international standards in these fields, Deyaar ensures that its business operations take into consideration ethical values and social, economic, and environmental effects. It also commits to advocating social causes, contributing to raising the quality of people's lives, and supporting community initiatives in close collaboration with concerned community organisations.

The Community

The Environment

The Economy

UN Sustainable Development Goals 2030

3. Good health and well-being

Maintaining the health of community members is a top priority for Deyaar. For this purpose, we provide a safe work environment that complies to all health requirements. We also educate our employees on health issues and conduct regular screenings. Furthermore, we implement blood donation and health awareness campaigns.

4. Good education

We take special interest in education-related issues, whether for our employees or the society at large.
We encourage our employees to build their skills and pursue higher education. We also support the education of community members who suffer from learning disabilities through special educational programs.
In addition, we have been cooperating with Dubai Cares Organisation for years to construct schools in developing countries such as Nepal, Senegal and Malawi.

5. Gender Equality

Deyaar commits to achieving gender equality and empowering women in all businesses and sectors by ensuring equality in rights and responsibilities and encouraging women's participation in all levels of management.

6. Clean water and hygiene

Out of our belief in the importance of water as the primary source of life, we have taken several measures to save water using the latest technologies in reducing water consumption, water refining and reuse, and clean water provision.

7. Clean and affordable energy

Deyaar constantly keeps abreast with the latest technologies to reduce energy consumption. It is worth noting that some of our projects received high appraisals from the RSB in terms of energy saving. Several Deyaar buildings also received the Energy Star Award in the past few years.

8. Decent work and economic growth

We assert our continued commitment to protecting worker's rights and safety, providing decent employment opportunities, holding training courses, and setting clear and specific standards for promotions and career development.

9. Industry, innovation, and infrastructure

We have been keen on obtaining several ISO certificates related to quality, occupational health and safety, and customer satisfaction, as a testament of our efforts to encourage innovation, develop the infrastructure, and comply to international standards in business administration.

10 Reduced inequalities

We take into consideration equality issues, and we commit to them by diversifying nationalities in our staff in all administrations which exceeded 30 nationalities.

11. Sustainable cities and communities

Sustainable cities and communities represent a main principle when planning new projects. Through our communities, we seek to create sustainable local environments while utilizing eco-friendly resources efficiently and effectively. We also invest in public facilities to generate an income that benefits all residents.

12. Responsible consumption and production

In Deyaar, we monitor our resource consumption effectively and track any changes by making comparisons to discover the positive effects of our practices in all businesses, avoid negative effects, and identify methods of overcoming them.

13. Climate action

We continue our commitment to our role in climate action by reducing paper consumption through transaction digitization; comprehensive environmental water, energy, and waste management; controlling cooling systems depending on the building load; disconnecting utilities from uninhabited buildings; and engaging in environmental activities and events.

17. Partnerships for the goals

In order to participate in serving and supporting the community to improve all aspects of life on Earth, we reinforce our partnerships with concerned local organisations to achieve SDGs that serve all community members, reflect positively on our environment, and help the economic development in the UAE.

The Community

Deyaar's Community

Promoting Competencies

Deyaar is committed to providing a positive work environment that helps retain distinguished employees by supporting them and building their skills, which in return helps Deyaar maintain its ability to compete in the private sector. It also commits to high occupational safety standards to ensure optimal working conditions for its workers by implementing and complying to strict safety guidelines. This ensures continuing the road of comprehensive development through the following:

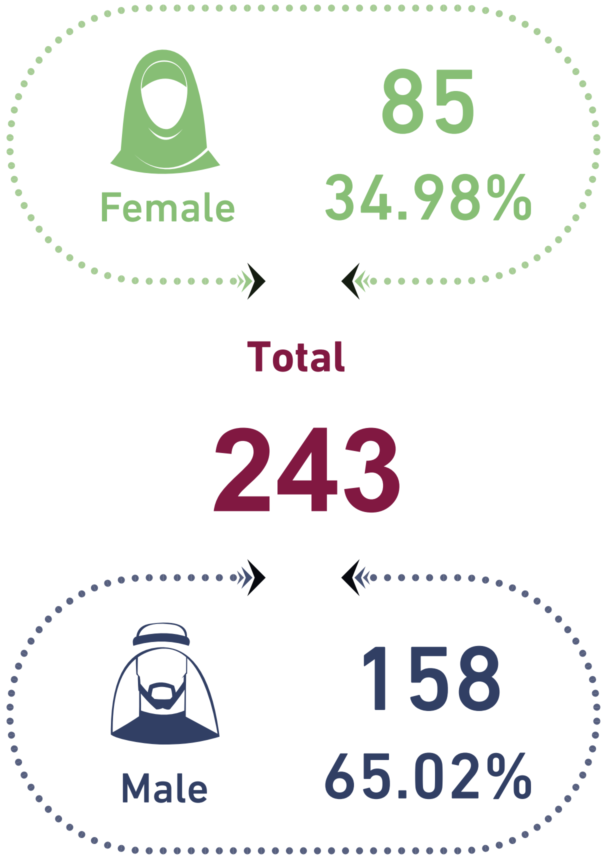
- Health insurance.
- Training courses to build employees' skills and capacities.
- Team building activities.
- Diversified employment opportunities and promotion opportunities.

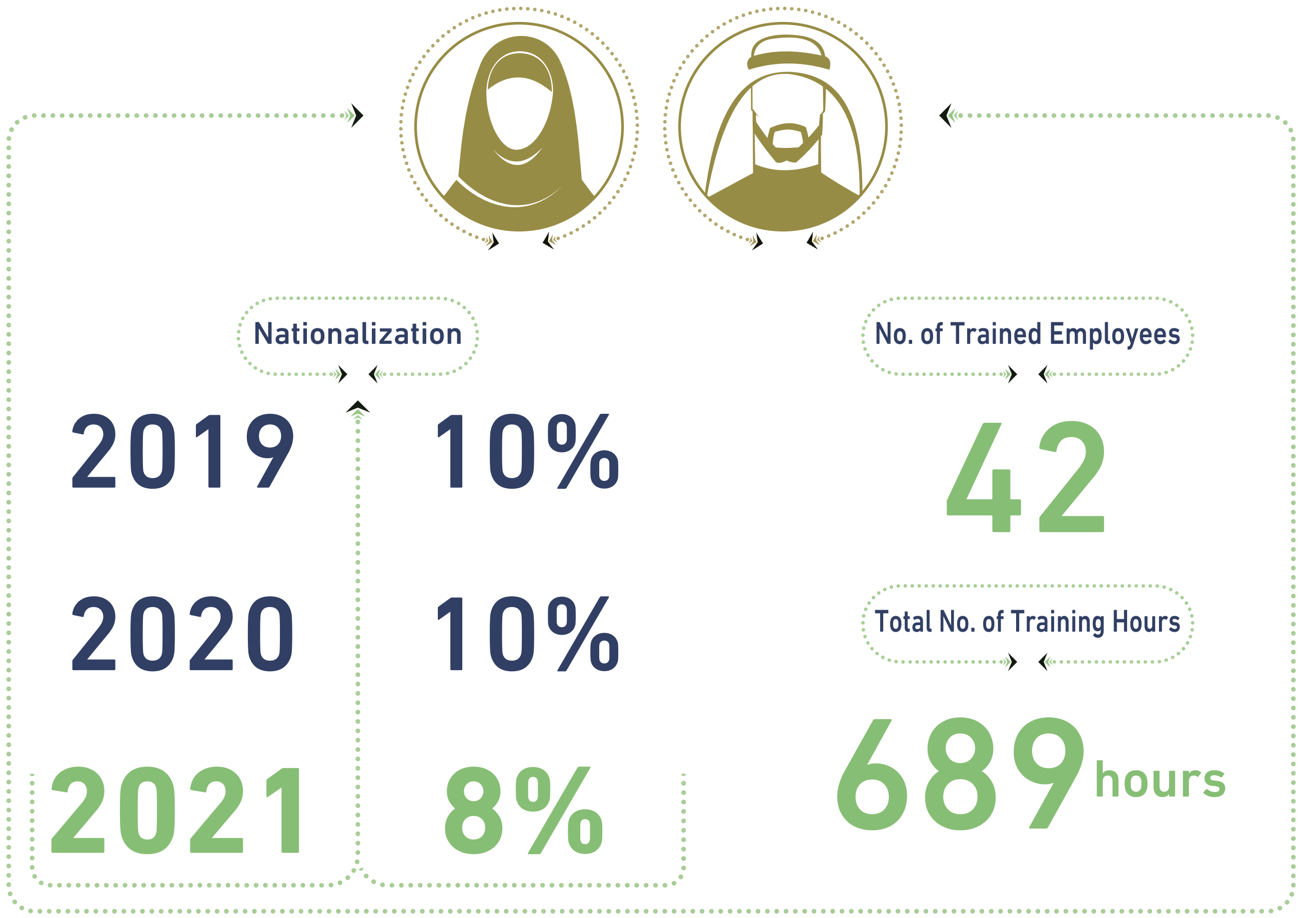
Our Group is Proud of its Diverse Staff

Our workforce included 30 nationalities in 2021, showcasing Deyaar's pursuit to limit inequalities, support competitiveness, invest in expertise, and attract diverse capacities. Despite some challenges faced by the business sector, Deyaar was able to maintain a turnover rate of around 20.9% during the recovery from the COVID-19 pandemic in 2021.

Women Empowerment

As part of its efforts to preserve diversity and gender equality and support all practices that reinforce women's participation and empowerment, women represented around 35% of Deyaar's staff in 2021. Furthermore, the Group supports nominating women to all positions and committees, including the Board of Directors. According to 2021 statistics, gender distribution was as follows:





Attracting National Employees

It is keen to attract talents from the United Arab Emirates to invest in their practical expertise and refine their skills. We look forward to providing a work environment that offers many incentives, where national employees are encouraged to pursue their academic education and develop their professional careers.

Investment through Training

Deyaar invests in its employees' expertise by training them and building their technical, behavioural, and administrative capacities and skills through structured activities, sessions and workshops to enable them to perform effectively and achieve their personal goals and the Company's goals with the highest efficiency possible.

Deyaar Facility Management also owns a training centre for its workforce in its various projects. In 2021, more than 1000 training sessions were implemented addressing several topics, most importantly:

- PPE training
- Slipping and falling risks
- Firefighting basics
- Working on high altitudes
- Chemical training
- Polishing hard floors
- Cleaning glass and façades.

Community Entertainment Activities

Deyaar, represented by its Community Management arm, implemented several recreational activities in residential communities to entertain residents during the recovery from the COVID-19 pandemic. Activities included National Day and Eid celebrations, yoga sessions, and other activities held in communities under Deyaar's management.

Customer Satisfaction

Deyaar Development PJSC is especially concerned with measuring customers' satisfaction with the services it provides. For this purpose, Deyaar conducted a survey to measure customer satisfaction with the quality of its services and transactions. According to the survey, customer satisfaction with Deyaar Community Management reached 78% in 2021.

Occupational Health and Safety

Deyaar takes all necessary measures to protect its staff from any possible occupational hazards by placing safety and protection programs that prevent work accidents. Deyaar was able to establish distinguished performance in the field of occupational health and safety by controlling hazards in accordance with occupational health and safety policies and goals. Deyaar investigates all incidents occurring in its communities closely to uncover root causes and address them.

Furthermore, Deyaar takes effective measures in this regard, including holding several activities regarding occupational health and safety and providing separate trainings to each community under its emergency response plans. Some of the major procedures taken by Deyaar in this field include:

- Ensuring consistent implementation of occupational health and safety policies and procedures.
- Periodic inspections of health and safety in Deyaar's various communities.
- Organizing training programs for various Deyaar teams to introduce them to various health, safety, and environmental requirements.
- Organising safe management procedures for contractors to ensure that their activities don't cause harm to any residents.
- Ensuring the implementation of all activities, including cleaning façades using ropes, safely and according to relevant international standards by all contractors in the project (including equipment contractors).

Deyaar reinforced its health and safety standards during the outbreak of the Pandemic, fully complying to government guidelines and updating and implementing precautionary measures as directed by concerned authorities.

Deyaar's Community Initiatives

Deyaar strives to have a positive effect on the community and its surrounding environment through active social participation and partnering with institutions concerned with social support and environmental causes, provided that its social responsibility activities and programs are aligned with the Group's strategy and values. In 2021, Deyaar made the following social contributions:

House maintenance

The Company organised "Lawwin Hayathom" campaign with the Department of Land and Property in Dubai and the Emirates Red Crescent to perform maintenance works for the homes of families in need. Through the campaign, Deyaar performed maintenance works for several homes in Dubai.

In the same spirit, Deyaar cooperated with the Sharjah Endowment Foundation to perform necessary maintenance for a home of a family in need. This included full outdoor and indoor renovations of the home, in addition to pest control to make sure that the family enjoys a good safe home. Several other maintenance works were also implemented.

Cooperation with Autism Trust Foundation

Deyaar compliments its efforts in the health sector and commitment to its social responsibility through its constant cooperation with Autism Trust Foundation to provide health care to people suffering from autism and children with development delays. Under this cooperation, Deyaar covers the costs of care and rehabilitation of several children receiving treatment in the Foundation, which positively affects children's ability to learn new skills and overcome their challenges.

ATF Learning Difficulties CENTER

Blood donation campaigns

Deyaar organised several blood donation campaigns with Dubai Blood Donation Centre in Deyaar's headquarters and various branches, with the participation of Deyaar employees and workers in the buildings.

Building a school in Malawi

Within the framework of enhancing opportunities for children in developing countries to obtain good education and complement its overseas development projects, Deyaar completed in 2021 the construction of a school in Malawi, which is in the southeast side of Africa. The school commenced education in the academic year 2021 in Kasowa city, which didn't have suitable classrooms that would accommodate students in the area. Construction works had begun in 2020 in cooperation with Dubai Cares and with the participation of local community members.

This project was the third project implemented by Deyaar in cooperation with Dubai Cares. The first two projects consisted of building two schools in Nepal and Senegal as part of its commitment to sustainable development goals and its social responsibility in facilitating access to good education without discrimination, to change the lives of children and the next generations for the better.

Deyaar's Environmental Sustainability Commitments

- Monitoring energy consumption
- Smart transformation
- Using eco-friendly materials

The Environment

Mitigating the Environmental Effects of our Business

Deyaar is committed to causing no harm to the environment and the people it serves. In acknowledgement of its responsibility towards the environment, Deyaar works on limiting the environmental effects of its businesses and operations that have a carbon footprint by taking a group of measures, including waste recycling and safe disposal, encouraging various waste management solutions with positive effects on the community, organising effective use of resources, and transformation to using eco-friendly materials, such as local sustainable building materials, whenever possible.

Deyaar also cooperates with government and non-profit organisations to help achieve the SDGs that the AUE is committed to.

Monitoring Consumption and Production Effectively

Managing energy and resources

Deyaar continues its efforts to enhance energy and resource management standards in its various business sectors in accordance with its responsibility in resource preservation and effective and efficient resource investment. Deyaar adopts effective good governance methods through which it took long strides in efficient energy consumption in the Community Management sector; with savings of more than 4 million AED in 2021 according to the DEWA consumption fees, and around 2.5 million AED according to Empower, the cooling service provider for our projects.

DEWA Saving 2021

Building	Saving
Citadel tower	583,579.25
Burlinigton Tower	745,754.72
The Metropolis tower	9,658.48
51 tower	(175,243.68)
Oxford tower	156,845.43
Coral Residence	(101,623.68)
Jade Residence	32,284.33
Ruby Residence	(209,877.45)
Sapphrie Residence	(15,824.99)
Oakwood Residence	250,093.68
Hamilton Tower	13,604.14
Clayton Residency	(42,909.83)
Fairview Residence	198,619.94
Mayfair Tower	107,017.56
Mayfair Residency	101,524.25
Al seef 2 Tower	271,201.57
Belgravia 1	114,225.53
Montrose	141,425.23
Belgravia 2	645,097.87
Atria	16,120.15
Midtown - Afnan	162,364.20
Midtown - Dania	84,626.83
Eaton Place	217,779.48
Al Batten OA	442,194.96
Al Batten BMG	169,779.20
Oxford Residency 2	27,408.84
Altia Residence	150,646.71
Total Savings Value (AED)	**4,096,372.72**

Empower Saving 2021

Building	Saving
Citadel tower	289,609.98
Burlington Tower	182,152.97
The Metropolis tower	50,082.98
51 tower	13,132.08
Oxford tower	80,686.58
Hamilton Tower	383,622.90
Clayton Residency	85,529.82
Fairview Residence	288,193.61
Mayfair Tower	39,987.21
Mayfair Residency	(11,123.64)
Al seef 2 Tower	(211,746.41)
Atria	(1,052,432.76)
Montrose	416,418.08
Al Bateen	379,611.89
Midtown Afnan	704,815.62
Midtown Dania	880,244.72
Total Savings Value (AED)	**2,518,785.63**

Deyaar Community Management also adopts a series of audits and evaluations (conducted by qualified specialists in power and resource management) of the resources utilized in its operations. Furthermore, Nationwide for Service Management implemented several projects and activities that serve the same purpose:

1. Implementing the Netsuite system for cool water bills.
2. Obtaining the billing service license from the RSB for Electricity and Water for 15 buildings.
3. Obtaining the Energy Services Company (ESCO) and the Energy Auditor accreditation from the RSB for Electricity in Dubai.
4. Implementing more than 10 energy audits in 2021.
5. Commencing operations in the Energy Savings Performance Contracting field.

Smart Transformation

Deyaar's smart transformation of its services and internal processes achieved increased savings in paper resources by 9% in 2021 compared to 2020. In addition, total financial savings increased by around 16% compared to 2020.

The following table shows paper consumption and paper and financial savings achieved by Deyaar in 2020-2021.

	Quantity		Cost	
	Uncoloured pages	Coloured Pages	Uncoloured pages (AED))	Coloured pages (AED)
2020	1,896,026.00	512,539.00	63,625.18	91,974.35
2020	Total		Total (AED)	
2020	2,408,565.00		155,599.53	
2021	1,710,656.00	463,455.00	53,645.29	76,870.03
2021	Total		Total (AED)	
2021	2,174,111.00		130,515.32	
	Total quantitative savings		Total financial savings	
	9.73%		16.12%	

The company is working on digital transformation through several projects, including:

- Launching Deyaar's tenant platform which enables tenants to submit renewal, cancellation, or maintenance requests through the portal.
- Automating daily reports on all cleaning operations using smart phones and QR codes.
- Possibility to pay service and cooling fees through the portal.
- Providing 3D views that enable customers to see the project and take a tour inside it before completing the construction works.


هـيئة الإمـارات للمـواصـفات والمـقـاييس
Emirates Authority For Standardization & Metrology

United Arab Emirates

شـهادة مطابقـة
CERTIFICATE OF CONFORMITY

Certificate Number:	20-01-02864/E20-01-001871	رقم الشهادة:
Issue Date:	27-JANUARY-2020	تاريخ الاصدار:
Valid Until:	26-JANUARY-2021	صالحة لغاية:
Issued To:	CHEMEX PLASTIC INDUSTRIES L.L.C P.O. BOX 50116, DUBAI, U.A.E	أصدرت إلى:

Product Category:	PLASTIC PRODUCTS	المنتجات البلاستيكية	تصنيف المنتج:
Product Name:	OXO-BIODEGRADABLE PLASTIC PRODUCTS	المنتجات البلاستيكية القابلة للتحلل	اسم المنتج:
Product Details:	See Schedule of Certification	انظر بيان التسجيل المرفق	تفاصيل المنتج:

Product is registered under the Emirates Conformity Assessment Scheme (ECAS) based on compliance to the following requirements:

المنتج مسجل في نظام تقويم المطابقة الإماراتي (إيكاس) بناء على مطابقته للمتطلبات التالية:

UAE.S 5009/2009

GULFTIC IMQ
جهة معينة من قبل هيئة الامارات للمواصفات والمقاييس
Notified Body by Emirates Authority for Standardization & Metrology

ECAS

This is an electronic certificate and does not require stamp and signature.
Visit ESMA website www.esma.gov.ae to verify this certification.
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Any changes or modification on this certificate will affect its validity.

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مكتب رقم 210، النصر بلازا، عود ميثاء، ص.ب 97156، دبي، الامارات العربية المتحدة

No. 0000219

Environmental Sustainability Measures

Deyaar, represented by its Community Management arm, promotes environmental sustainability measures. Since environmental management is linked to policies, rules, standards, procedures and implementation mechanisms, the company seeks to achieve comprehensive water, energy, and waste management through many procedures. We began with using trash bags made of biodegradable materials, and Deyaar earned a conformance certificate from the Emirates Authority for Standardization and Metrology for using biodegradable materials. Furthermore, the company is currently moving towards using biodegradable chemicals in its cleaning services. Deyaar took many more measures, such as:

- Optimum adjustment of the temperature of air supplied to the fresh air transmission units during the winter season.
- Scheduling the operation of supply fans for the fresh air transmission units without undermining the quality of indoor air or the level of thermal comfort.
- Scheduling parking lot fans without undermining CO2 levels in them.
- Several initiatives to implement lighting schedules to improve efficiency and decrease consumption.
- Monitoring and analysing the cooler's performance and installing VFD for the cool water pumps.
- Moving towards using LED lights.
- Installing automatic light sensors for all shared spaces in the Midtown Project.

Deyaar's Environmental Projects and Activities

Deyaar is implementing several projects and actively participating in events that promote environmental sustainability principles in the UAE to minimize the environmental footprint of its operations. This includes energy monitoring projects and energy efficiency contracts that achieved savings in energy and water consumption. Deyaar also participated in the Earth Hour Initiative.

	Energy Efficiency Project	Energy Monitoring Project
Overview	The project was implemented in Deyaar's HQ.	The project was implemented using the cloud analysis services of a hospitality company.
Achieved savings	Savings in energy reaching 700,000 kW/ year, and savings in water consumptions reaching 300,000 gallons/ year	Savings in energy reaching 300,000 kW/h in 6 months

Earth Hour

Deyaar participated in the "Earth Hour" campaign organised by the Dubai Electricity and Water Authority by turning off the lights in all its projects in support of this annual event.

60+ EARTH HOUR

The Economy

Main Financial Results

Deyaar achieved high revenues at a 20% year over year increase, reaching 496.95 million AED in 2021 compared to 412.85 million AED in 2020. It also achieved a 157% increase in operational profits, reaching 63.14 million AED in 2021 compared to 24.54 million AED in 2020.
Deyaar made 50.80 million AED in net profits in 2021 as opposed to net losses of 216.92 million AED which resulted from taking allocations and the depreciation of the fair value of the Company's assets due to the effects of COVID-19 on the real estate and hospitality sectors. We strive to provide comprehensive long-term solutions that enhance the value of development investments according to the principles of economic sustainability.

Statement	2021 (AED)
Revenues	496.95
Total assets	5,791.5
Total equity (net assets)	4,362.0
Cash and bank balances	463.5
Issued capital	5,778.0

Reducing Costs and Increasing Productive Efficiency

In pursuance of its sustainability policies, Deyaar allocated a budget for social responsibility activities that are within the scope of its objectives. The budget includes actual expenses, such as contributions to projects and programs related to sustainability activities. The Social Responsibility Team monitors the annual expenses.
Deyaar's projects and procedures comply with sustainability principles and aim to reduce costs and improve productive efficiency. For these purposes, Deyaar strives to save energy, which directly affects the company's profits. There are several other factors that indirectly affect profitability and are linked to social responsibility, such as building long-term relationships with customers, employees, investors and suppliers; ensuring positive working conditions for employees, which reflects positively of their satisfaction and loyalty and encourages them to improve their productivity; and enhancing the company's reputation and establishing its brand name, which would increase its customers.

5

Financial statements

Financial Highlights

	2021 AED million	2020 AED million
P&L		
Revenue	**497.0**	412.9
Net Profit	**50.8**	(216.9)
Balance Sheet		
Total Assets	**5,791.5**	5,585.2
Total Liabilities	**1,429.6**	1,273.2
Total Equity (Net Assets)	**4,362.0**	4,312.0
Total Debt	**795.2**	826.5
Cash and Bank Balances	**463.5**	375.3
Issued Share Capital	**5,778.0**	5,778.0
Profitability Ratios		
ROE	**1.2%**	-5.0%
ROA	**0.9%**	-3.9%
Net Profit Ratio	**10.2%**	-52.5%
EPS in Fils	**0.88**	(3.75)
Balance Sheet Ratios		
Debt Equity Ratio	**18.2%**	19.2%
Cash to Total Assets	**8.0%**	6.7%
Net Asset Value Per Share	**0.75**	0.75

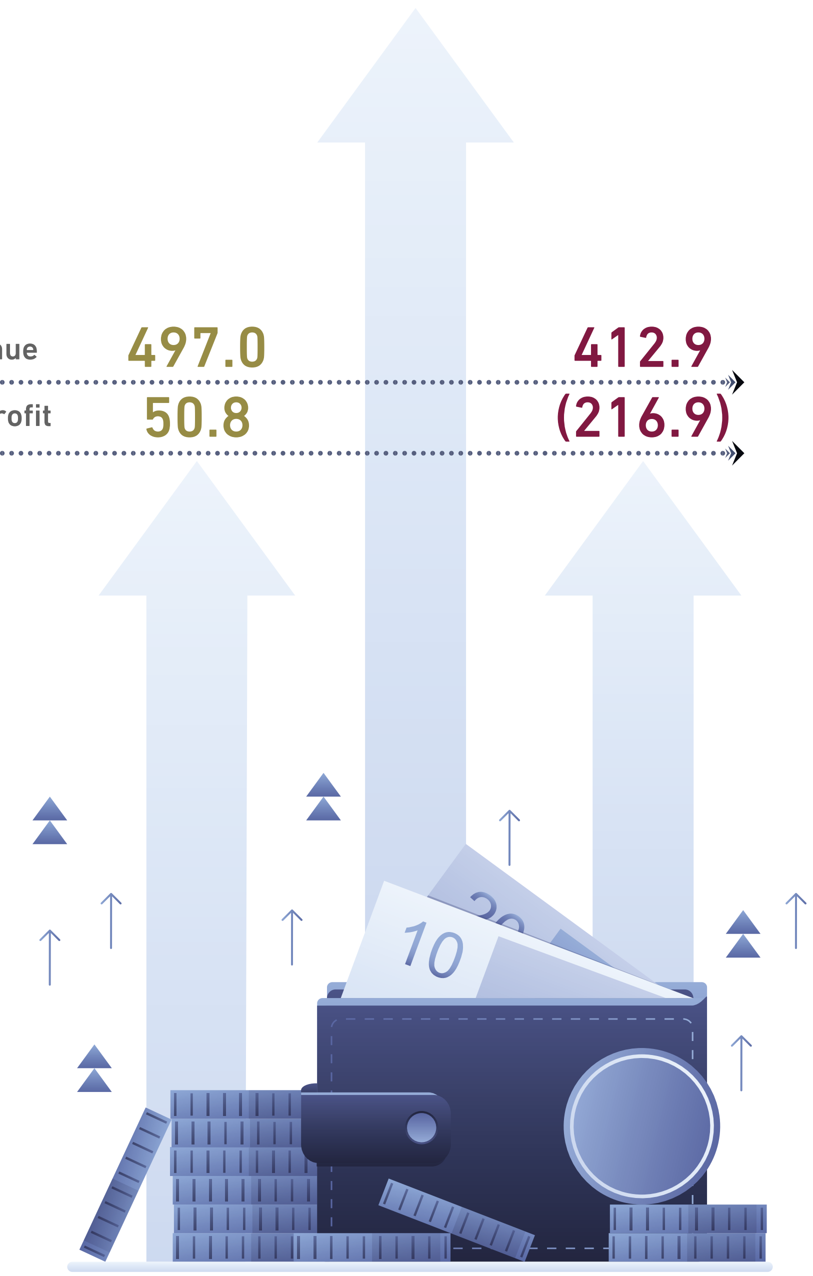
	2021 AED million	2020 AED million
Business Line - (Revenue)		
Project & Property Development	**291.40**	226.94
Property management	**28.55**	39.10
Facilities management & Community Management	**76.74**	67.78
Leasing	**33.27**	30.31
Hospitality	**67.00**	48.72
TOTAL Revenue	**496.96**	412.86
Business Line - (Profit)		
Project & Property Development	**70.78**	53.69
Property management	**28.34**	38.84
Facilities management & Community Management	**18.10**	18.00
Leasing	**24.28**	18.99
Hospitality	**40.41**	22.65
TOTAL Profit	**181.90**	152.17

Revenue (AED million)	Q1	Q2	Q3	Q4	Year
Revenue 2021	149.17	148.25	120.73	78.80	**496.96**
Revenue 2020	98.79	75.76	113.57	124.72	**412.84**

Net profit (AED million)	Q1	Q2	Q3	Q4	Year
Net profit 2021	15.05	7.55	8.20	20.00	**50.80**
Net profit 2020	2.59	5.93	4.54	(229.98)	**(216.92)**

P&L

	2021	2020
Revenue	497.0	412.9
Net Profit	50.8	(216.9)

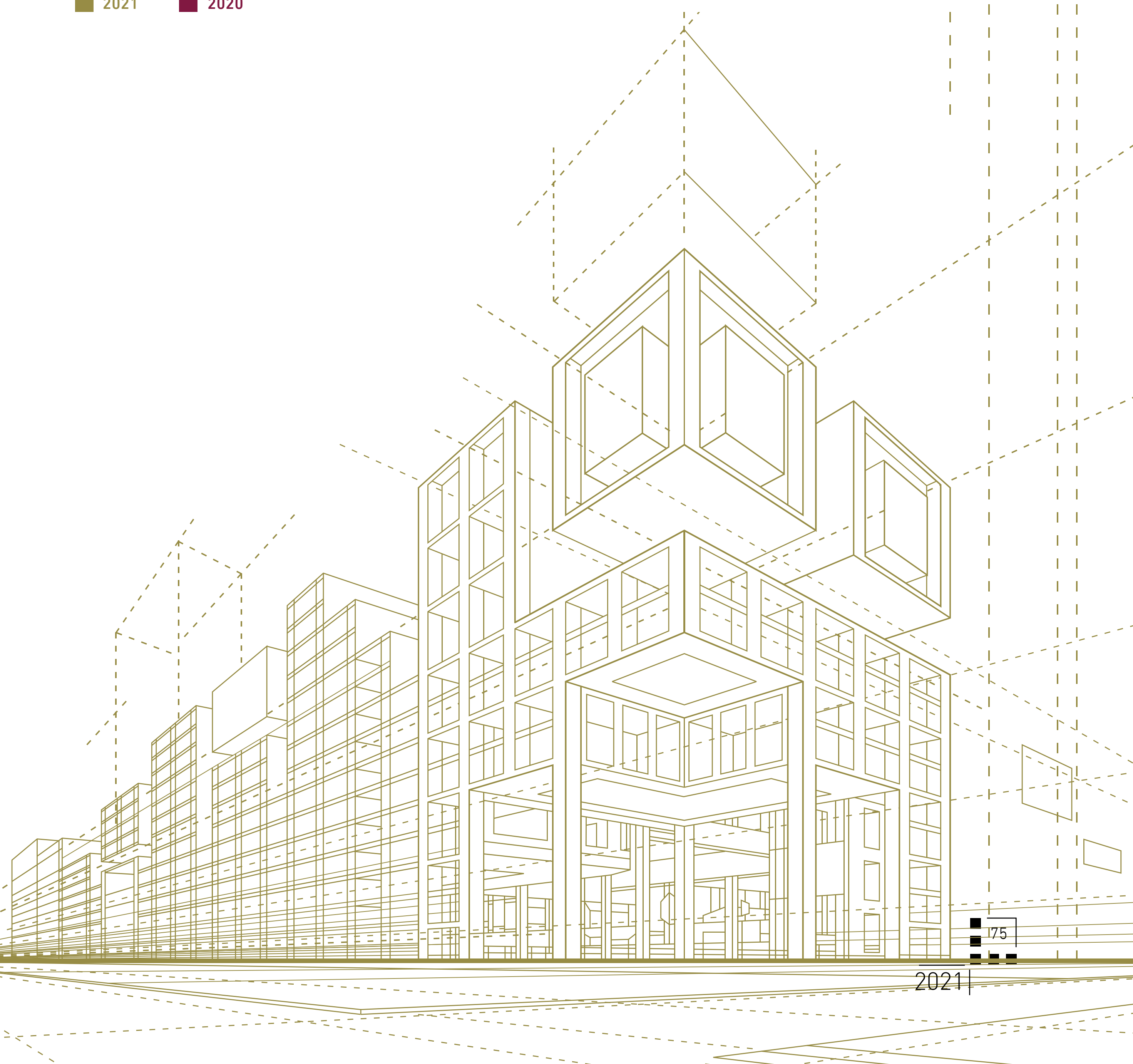


2021 AED million   2020 AED million

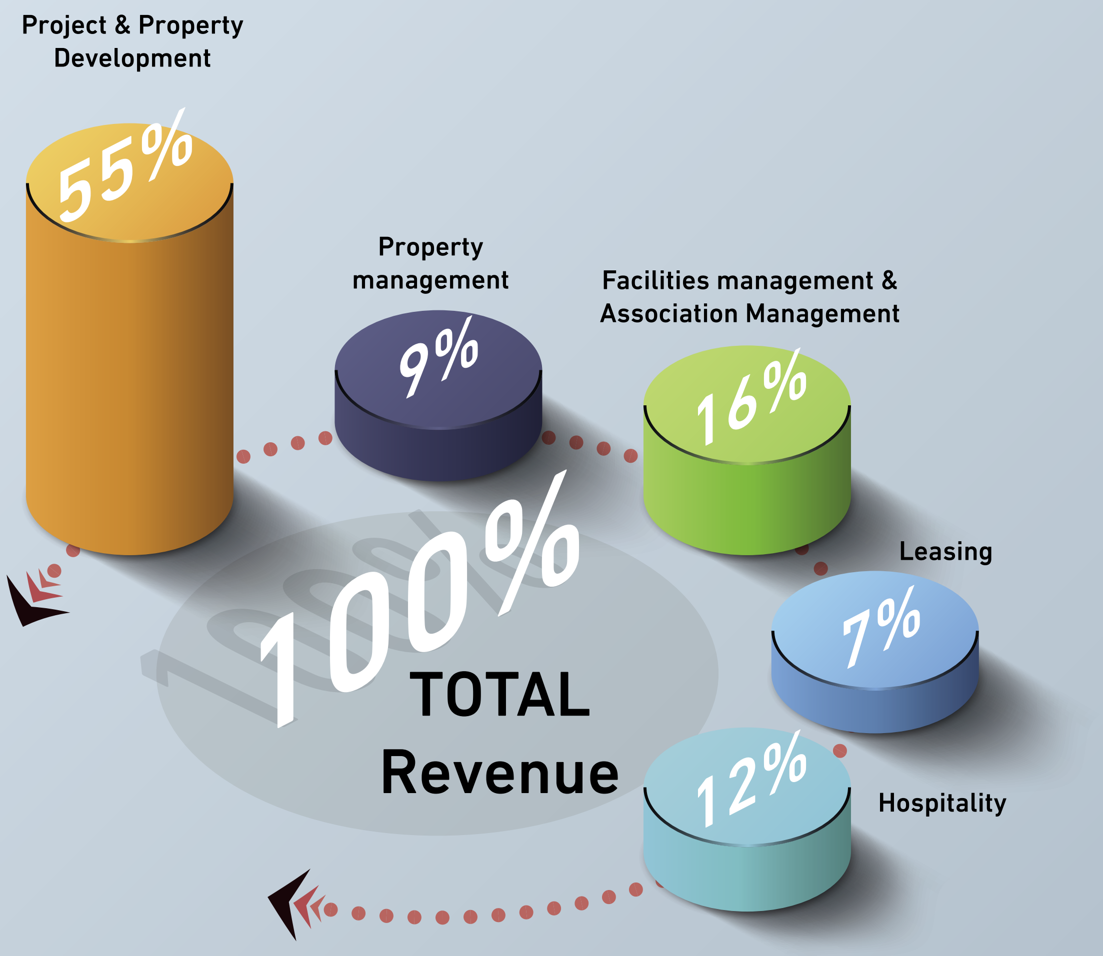
Profitability Ratios

	2021	2020
ROE	1.2%	-5.0%
ROA	0.9%	-3.9%
Net Profit Ratio	10.2%	-52.5%
EPS in Fils	0.88	(3.75)

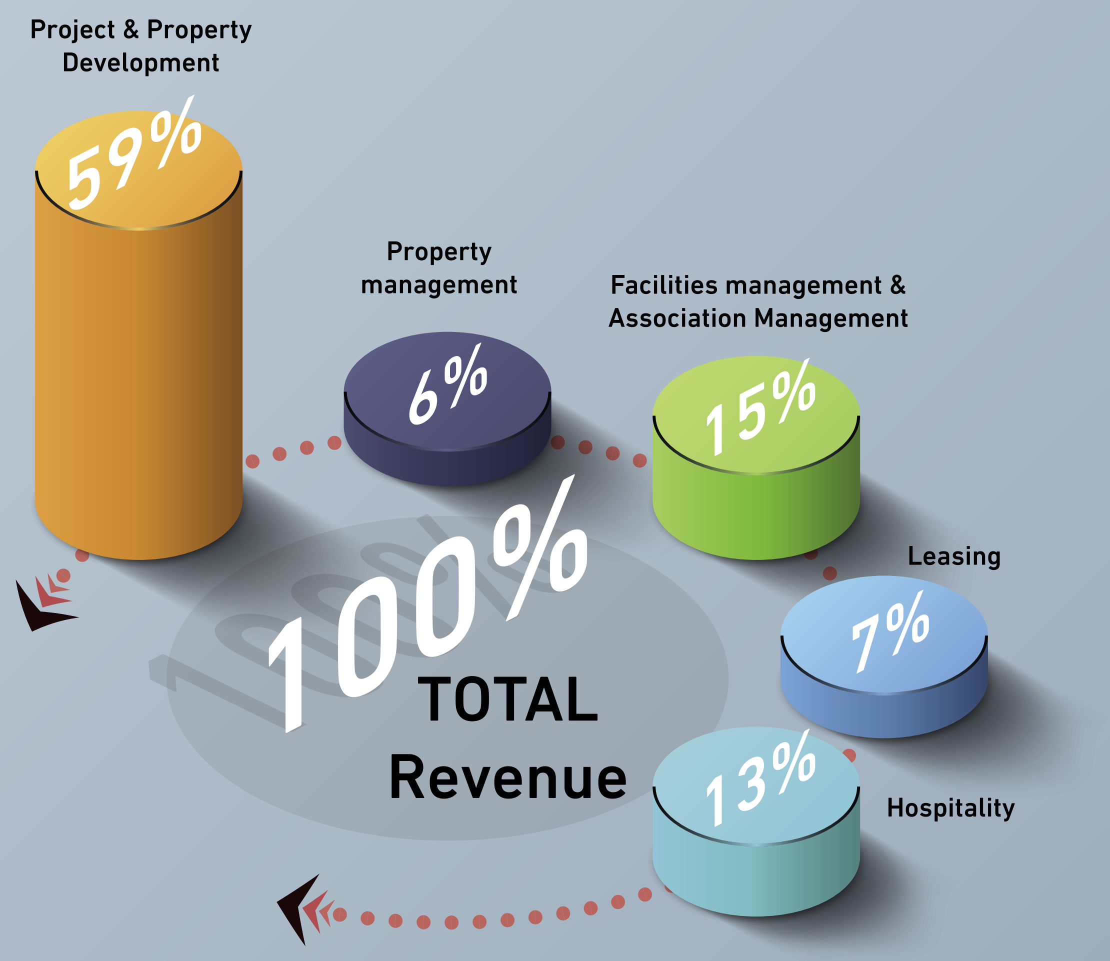
2021   2020



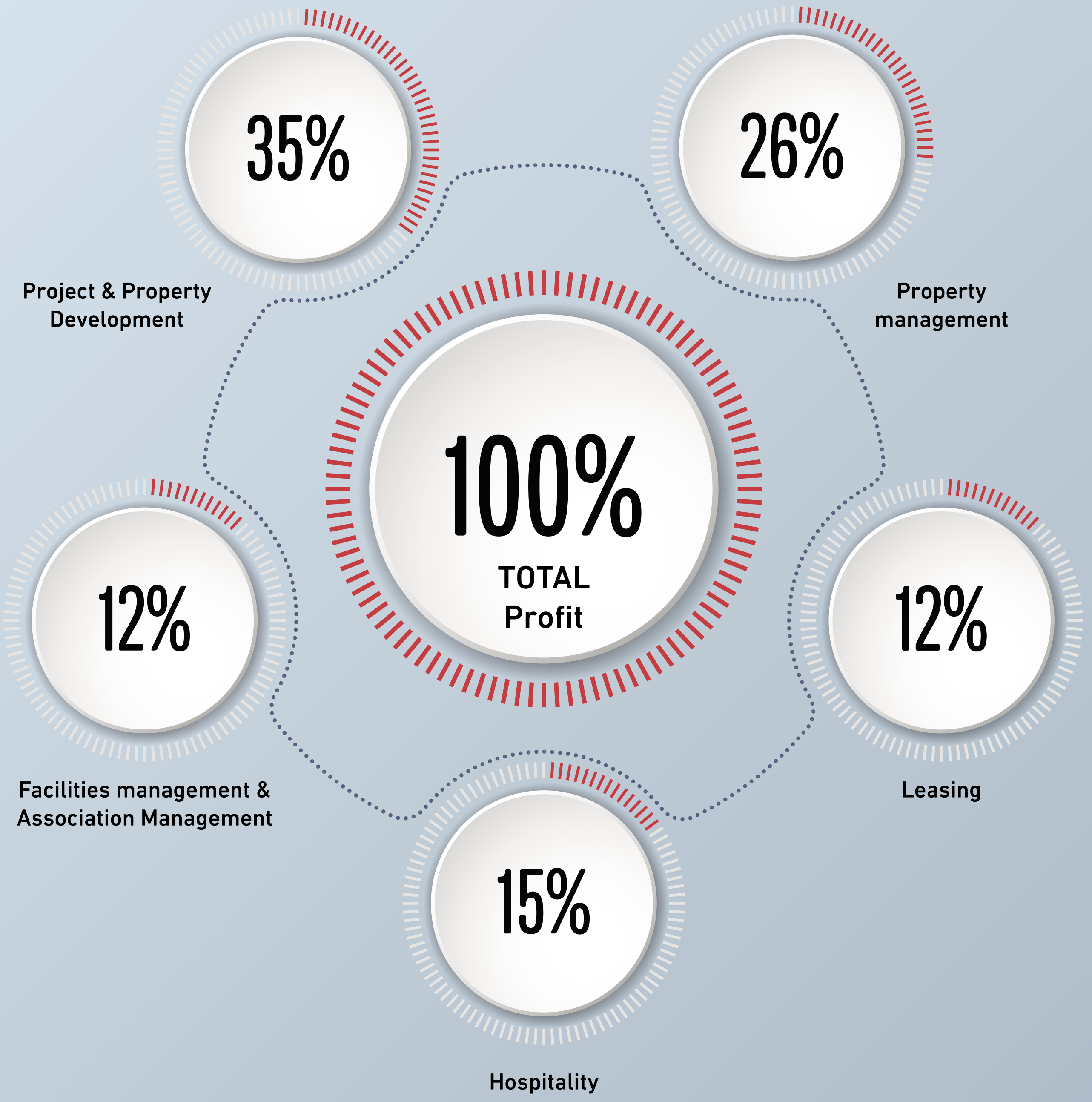
Business Line (Revenue)
2020



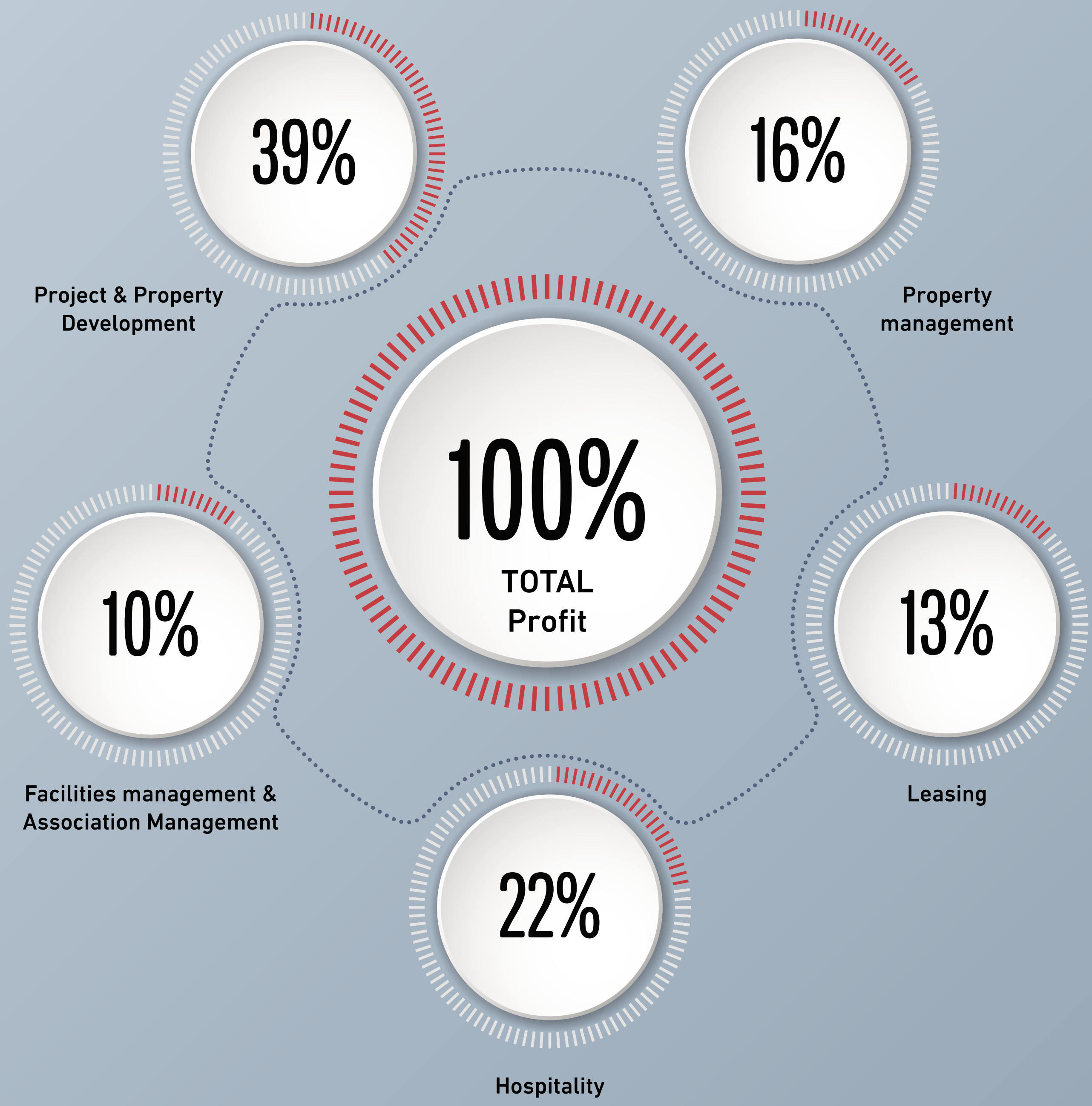
Business Line (Revenue)
2021



Business Line (Profit)
2020



Business Line (Profit)
2021



Director's report

The Directors submit their report together with the audited consolidated financial statements of Deyaar Development PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2021.

Principal activities

The principal activities of the Company and its subsidiaries (together, "the Group") are property investment and development, leasing, facility, property management services and hospitality related activities.

Financial Results

Revenue of the Group for the year ended 31 December 2021 is AED 497 million (2020: AED 413 million) and profit for the year amounted to AED 51 million (2020: loss AED 217 million). The Group aims to provide comprehensive, long term solutions that enhances the value of property investments. Though, the non-current assets portfolio of the Group held for capital appreciation and revenue generation has decreased by AED 75.8 million compared to previous year, the Group has recorded profit before fair value adjustments and impairment losses amounting to AED 63.1 million for the year ended 31 December 2021 (2020: AED 24.5 million).

Directors

The Board of Directors comprised of:

Mr. Abdulla Ali Obaid Al Hamli	Chairman
Mr. Abdulla Ibrahim Saeed Lootah	Vice Chairman
Mr. Khalifa Suhail Juma Al Zaffin	Director
Mr. Mohamed Saeed Ahmed A. Al Sharif	Director
Dr. Adnan Abdus Shakoor Chilwan	Director
Mr. Obaid Nasser Ahmad Lootah	Director
Mr. Mohamed Abdulla Amer Al Nahdi	Director
Mr. Yasser Abdulrahman Bin Zayed	Director
Ms. Maryam Mohammad Abdulla Abdulrahman Bin Faris	Director

Auditors

The consolidated financial statements for the year ended 31 December 2021 have been audited by Deloitte & Touche (M.E.), who were appointed as auditors of the Company at the Annual General Meeting held on 4th April 2021.

On behalf of the Board

....

Abdulla Ali Obaid Al Hamli
Chairman

INDEPENDENT AUDITOR'S REPORT
The Shareholders
Deyaar Development PJSC
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Deyaar Development PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').

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

Key Audit Matters

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

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of properties held for development and sale	
The Group holds properties for development and sale of AED 1,521 million, which comprise completed residential and commercial properties (AED 333 million), land held for mixed-use development and sale (AED 689 million) and properties under development (AED 499 million) (Note 8). The Group determines whether its properties held for development and sale exhibit any indicators of impairment and if so, compares the recoverable amount of each property to its carrying amount. The Group applies significant estimates in determining the recoverable amount of properties held for development and sale. Changes in these estimates could have a significant impact on the determination of the recoverable amount of these assets. Key inputs used by management in their valuation exercise include future projected cash flows and comparable property transactions, which are influenced by prevailing market conditions and the specific characteristics of each property in the portfolio. In addition, when considered necessary, the Group also appoints professionally qualified external valuers to determine the recoverable amount of the Group's portfolio of properties held for development and sale. The estimation of property cost and net realisable value is a key process as a change in the Group's forecast estimate of sales price and construction cost could have a material impact on the carrying value of the properties held for development and sale in the Group's consolidated financial statements. In the event that the carrying amount of a property is higher than its recoverable amount, the Group will adjust the property to its recoverable amount and recognise an impairment loss. We considered the properties held for development and sale as a key audit matter because of the quantitative materiality of the balance and the significant judgements applied and estimates made in determining the recoverable amount.	We assessed the design and implementation of controls in this area over the process involved in the determination of the valuation of properties held for development and sale. We considered if there were any properties which had not been considered for an assessment of the recoverable amount by management. We assessed the valuer's competence and capabilities and read their terms of engagement with the Group to determine that the scope of their work was sufficient. We tested the data provided to the valuer by the Group, on a sample basis. We involved our internal real estate valuation specialist to review selected properties and assessed whether the valuation of the properties was performed in accordance with the requirements contained within IFRSs relating to valuation and impairment. We assessed and challenged the underlying key assumptions used in the recoverable amount assessment. We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of the recoverable amount. We reperformed the arithmetical accuracy of the determination of recoverable amounts. We assessed the disclosures made relating to this matter to determine if they were in accordance with the requirements of IFRSs.

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of investment properties	
The Group's investment properties portfolio is carried at AED 758 million in the consolidated statement of financial position and the net fair value gain recorded in the consolidated statement of profit or loss is AED 8 million (Note 6). The determination of the fair value of these investment properties is based on internal and external valuations using discounted cash flows over the Group's estimated holding period, income capitalisation method and the sales comparable approach for the respective asset. The Group's discounted future cash flows analysis and the assessment of expected remaining holding period and income projections on the existing operating assets requires management to make significant estimates and assumptions related to future occupancy levels, growth rates, rental rates, and discount rates. The sales comparable approach requires the valuers to examine and analyse market transaction/data and requires adjustments to be made for the data to account for individual characteristics. The valuation of the portfolio is a significant judgment area and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements. In the event that the fair value of investment properties is higher or lower than its carrying amount, the Group will recognise a fair value adjustment in its consolidated statement of profit or loss. We considered the valuation of investment properties as a key audit matter because of the quantitative materiality of the balance and the significant judgements applied and estimates made in determining the fair value.	We assessed the design and implementation of controls in the process involved in the determination of the valuation of investment property. We assessed the valuer's competence and capabilities and read their terms of engagement with the Group to determine that the scope of their work was sufficient. We tested the data provided to the valuer by the Group, on a sample basis. We involved our internal real estate valuation specialist to review selected properties and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRSs relating to valuation. We assessed and challenged the underlying key assumptions used in the recoverable amount assessment. We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We reperformed the arithmetical accuracy of the determination of recoverable amounts. We assessed the disclosures made to determine if they were in accordance with the requirements of IFRSs.

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of property and equipment	
The Group has a portfolio of hotels which are owner occupied and are therefore classified as property and equipment. The carrying value of the portfolio of hotels amounts to AED 498 million is included in the total carrying value of Group's property and equipment amounting to AED 536 million. (Note 5). The Group determines whether its portfolio of hotels exhibit any indicators of impairment and if so, compares the recoverable amount of each hotel to its carrying amount. The Group applies significant estimates in determining the recoverable amount of three hotel properties. Changes in these estimates could have a significant impact on the determination of the recoverable amount of these assets. Key inputs used by management in their valuation exercise include future projected cash flows derived from future average daily room rate, occupancy and revenue per available room and comparable property transactions, which are influenced by prevailing market conditions and the specific characteristics of each hotel in the portfolio. In addition, when considered necessary, the Group also appoints professionally qualified external valuers to determine the fair value of the Group's portfolio of hotels. The valuation of the hotel portfolio is a significant judgment area and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements. In the event that the carrying amount of the hotels is higher than its recoverable amount, the Group will adjust the carrying value of portfolio of hotels to its recoverable amount and recognise an impairment loss. We considered the valuation of hotels classified as property and equipment as a key audit matter because of the quantitative materiality of the balance and the significant judgements applied and estimates made in determining the recoverable amount.	We assessed the design and implementation of controls over the process of assessing indicators of impairment of property and equipment. We considered if there were any hotel properties which had not been considered for an assessment of the recoverable amount by management. We assessed the valuer's competence and capabilities and read their terms of engagement with the Group to determine that the scope of their work was sufficient. We tested the data provided to the valuer by the Group, on a sample basis. We assessed and challenged the underlying key assumptions used in the recoverable amount assessment. We involved our internal real estate valuation specialist to review all three hotel properties and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRSs relating to valuation and impairment. We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of the recoverable amount. We reperformed the arithmetical accuracy of the determination of recoverable amounts. We assessed the disclosures made to determine if they were in accordance with the requirements of IFRSs.

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Assessment and recoverability of the balance due from a related party	
The carrying amount of the balance due from a related party is AED 412 million. This amount relates to certain properties under dispute against which the Group obtained a favourable court judgement in the prior year and against which no allowance for impairment has been recognised (Note 11). Management has appointed an external legal counsel to assist them in the execution process and determination of the recoverability of the balance due from a related party. During the current year, the Group and the related party are having an ongoing dialogue to reach a settlement. Accordingly, the Board of Directors by majority resolved to suspend the execution proceedings based on the court judgement against the related party. Management submitted an application to the court of execution to resume the execution process on 18 February 2022. We considered the balance due from a related party as a key audit matter because of the quantitative materiality of the balance, significant interaction with those charged with governance due to the subjectivity involved and the significant judgements applied and estimates made by management in determining the amount to be recognised as the balance due from a related party.	We gained a detailed understanding of the properties under dispute and reviewed all legal documents issued by the jurisdictional authorities related to the balance due from a related party. We also discussed this matter with management and those charged with governance. We assessed the design and implementation of controls over the assessment of the amount recognized as being due from the related party. We reviewed the supporting documents evidencing the ongoing dialogue between the Group and the related party to reach a settlement and the documents supporting the suspension of the execution. We reviewed the application to the court of execution to resume the execution proceedings based on the court judgement against the related party. We evaluated the significant judgements applied and estimates made by management in their determination of the balance due from a related party. We have discussed this matter with the internal and external legal counsel who are representing the Group in this matter. We performed scenarios analyses on the significant assumptions to evaluate the extent of their impact on the determination of the recoverability of the balance due from a related party. We assessed the disclosures made relating to this matter to determine if they were in accordance with the requirements of IFRSs.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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 obtained up 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended), 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.

Auditors' 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.

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Further as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

- we have obtained all the information and explanations 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. (2) of 2015 (as amended);
- the Company has maintained proper books of accounts;
- the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of accounts of the Company;
- as disclosed in note 36 to the consolidated financial statements, the Company has not purchased any shares during the financial year ended 31 December 2021;
- note 11 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2021; and
- note 24 to the consolidated financial statements discloses the social contributions made during the year.

Deloitte & Touche (M.E.)

Mohammad Jallad
Registration No. 1164
24 February 2022
Dubai
United Arab Emirates

Consolidated statement of financial position
As at 31 December 2021

	Notes	2021 AED'000	2020 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	**535,688**	554,796
Investment properties	6	**758,231**	736,077
Investments in a joint venture and an associate	7	**1,364,570**	1,345,230
Trade, contract and other receivables	10	**143,615**	204,098
Long term fixed deposits	9	**-**	39,780
Equity instrument at fair value through other comprehensive income	13	**5,461**	3,413
		2,807,565	2,883,394
Current assets			
Properties held for development and sale	8	**1,520,597**	1,334,432
Inventories		**2,430**	2,535
Trade, contract and other receivables	10	**583,227**	422,479
Due from related parties	11(c)	**414,154**	567,044
Cash and bank balances	12	**463,544**	375,275
		2,983,952	2,701,765
Total assets		**5,791,517**	5,585,159
EQUITY			
Share capital	14	**5,778,000**	5,778,000
Legal reserve	15	**303,438**	298,358
Equity instruments fair valuation reserve	13	**(13,874)**	(15,922)
Accumulated losses		**(1,705,600)**	(1,748,472)
Total equity		**4,361,964**	4,311,964

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

Consolidated statement of financial position
As at 31 December 2021 (continued)

	Notes	2021 AED'000	2020 AED'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	**716,257**	705,330
Retentions payable	19	**4,270**	8,015
Provision for employees' end of service benefits	20	**15,096**	14,705
		735,623	728,050
Current liabilities			
Borrowings	16	**78,928**	121,170
Advances from customers	17	**142,486**	10,329
Trade and other payables	18	**424,053**	336,985
Retentions payable	19	**42,386**	70,651
Provision for claims	26	**5,320**	5,480
Due to related parties	11 (d)	**757**	530
		693,930	545,145
Total liabilities		**1,429,553**	1,273,195
Total equity and liabilities		**5,791,517**	5,585,159

To the best of our knowledge, and in accordance with IFRS, the consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.
The consolidated financial statements were approved by the Board of Directors on 24 February 2022 and were signed on its behalf by:

Abdulla Ali Obaid Al Hamli
Chairman

Saeed Al Qatami
Chief Executive Officer

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

Consolidated statement of profit or loss
For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
Revenue	21	**496,955**	412,859
Direct costs	22	**(315,056)**	(260,693)
General administrative and selling expenses	24	**(160,931)**	(149,078)
Other operating income	23	**16,723**	33,425
Finance cost	27	**(31,921)**	(36,889)
Provision/expense against claims	26	**(946)**	(4,725)
Finance income	27	**3,980**	4,904
Share of results from a joint venture and an associate	7	**54,340**	24,741
Profit before fair value adjustments & impairment losses		**63,144**	24,544
Impairment against properties held for sale	8	**-**	(36,077)
Loss on derecognition of fixed deposits	9	**(19,999)**	-
Gain/(loss) from fair valuation on investment properties	6	**7,657**	(130,048)
Impairment against property and equipment	5	**-**	(75,342)
Profit/(loss) for the year		**50,802**	(216,923)
Profit/(loss) attributable to: Owners of the Company		**50,802**	(216,923)
		50,802	(216,923)
Earnings/(loss) per share attributable to the owners of the Company during the year - basic and diluted	28	**Fils 0.88**	Fils (3.75)

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

Consolidated statement of other comprehensive income
For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
Profit/(loss) for the year		**50,802**	(216,923)
Other comprehensive income/(loss) **Item that will not be subsequently reclassified to profit or loss:**			
Equity instrument at fair value through other comprehensive income/(loss) - net change in fair value	13	**2,048**	(7,452)
Other comprehensive income/(loss) for the year		**2,048**	(7,452)
Total comprehensive income/(loss) for the year		**52,850**	(224,375)
Attributable to:			
Owners of the Company		**52,850**	(224,375)
Total comprehensive income/(loss) for the year		**52,850**	(224,375)

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

Consolidated statement of changes in equity
For the year ended 31 December 2021

	Share capital AED'000	Legal reserve AED'000	Equity instruments fair valuation reserve AED'000	Accumulated losses AED'000	Total Equity AED'000
Balance at 1 January 2020	**5,778,000**	**298,358**	**(8,470)**	**(1,530,137)**	**4,537,751**
Total comprehensive income for the year					
Loss for the year	-	-	-	(216,923)	(216,923)
Other comprehensive loss for the year	-	-	(7,452)	-	(7,452)
Total comprehensive loss for the year	-	-	(7,452)	(216,923)	(224,375)
Adjustments to Board of Directors' remuneration	-	-	-	(1,412)	(1,412)
Balance at 31 December 2020	**5,778,000**	**298,358**	**(15,922)**	**(1,748,472)**	**4,311,964**
Total comprehensive income for the year					
Profit for the year	-	-	-	50,802	50,802
Other comprehensive profit for the year	-	-	2,048	-	2,048
Total comprehensive profit for the year	-	-	2,048	50,802	52,850
Transfer to legal reserve	-	5,080	-	(5,080)	-
Board of Directors' remuneration (Note 11(b))	-	-	-	(2,850)	(2,850)
Balance at 31 December 2021	**5,778,000**	**303,438**	**(13,874)**	**(1,705,600)**	**4,361,964**

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

Consolidated statement of cash flows
For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
Cash flows from operating activities			
Net cash generated from operating activities	29	**91,911**	121,158
Cash flows from investing activities			
Additions to property and equipment - net	5	**(1,612)**	(4,401)
Additions to investment properties - net	6	**(1,134)**	(3,513)
Adjustment to investment properties		**-**	348
Repayment from joint venture	7	**24,777**	30,144
Dividend from joint venture	7	**10,223**	-
Net movement in term deposits with an original maturity after three months		**13,445**	(1,270)
Income from deposits		**4,319**	5,518
Net cash generated from investing activities		**50,018**	26,826
Cash flows from financing activities			
Repayment of borrowings		**(657,722)**	(267,300)
Drawdown of borrowings		**626,407**	112,495
Finance cost paid		**(32,904)**	(36,558)
Net cash used in financing activities		**(64,219)**	(191,363)
Increase/(decrease) in cash and cash equivalents		**77,710**	(43,379)
Cash and cash equivalents, beginning of the year		**320,309**	364,019
Charge/(reversal) of impairment on bank balances		**9**	(331)
Cash and cash equivalents, end of the year	12	**398,028**	320,309

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

1. Legal status and activities

Deyaar Development PJSC ("the Company") was incorporated and registered as a Public Joint Stock Company in the Emirate of Dubai, UAE on 10 July 2007. The registered address of the Company is P. O. Box 30833, Dubai, United Arab Emirates ("UAE"). The Company is listed on Dubai Financial market, Dubai, UAE.

The ultimate majority shareholder of the Group is Dubai Islamic Bank ("the Ultimate Controlling Party").

The principal activities of the Company and its subsidiaries (together, "the Group") are property investment and development, leasing, facilities, property management services and hospitality related activities.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

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

(a) New and revised IFRSs and interpretations that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after
1 January 2021, have been adopted in these consolidated financial statements.

In the current year, the Group has applied a number of amendments to IFRSs and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2021.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to phase 2 of interest rate benchmark reforms.
- Amendments of IFRS 16 Leases relating to Covid-19 Related Rent Concessions

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2021.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(b) New and revised IFRSs in issue but not yet effective and not early adopted

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective.

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 16 *Property, plant and equipment relating* to proceeds before intended use.	1 January 2022
Amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* relating to onerous contracts.	1 January 2022
Amendments to IFRS 3 Business Combinations relating to reference to conceptual framework	1 January 2022
Annual improvements to IFRS standards 2018 – 2020	1 January 2022
Amendments to IAS 8 Accounting policies, Changes in accounting estimates and errors	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current	1 January 2023
IFRS 17 Insurance Contracts and Amendment to IFRS 17 Insurance Contracts	1 January 2023
Amendments to IFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2	1 January 2023
Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely.

The Group anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements.

3. Significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and applicable requirements of the laws of the UAE.

The principal accounting policies adopted in the preparation of the Group consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values 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 to sell an asset or paid to transfer 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 an asset or a liability, the Group takes into account 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.

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 describe as follows:

- Level 1 inputs are quoted prices (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 market 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.

The consolidated financial statements of the Group are presented in thousands of United Arab Emirates Dirhams ("AED'000") which is the Group's functional and presentation currency.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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 powers to affect its returns.

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

When the Company has less than a majority of the voting rights of an investee, it 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, including voting patterns at previous shareholders' meetings.

3. Significant accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss 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 profit or loss and other 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring the 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.

Investments in a joint venture and an associate

An associate is an entity over which the Group has significant influence. 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 the associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated 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.

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 and 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 consolidated statement of 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. 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.

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

IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

3. Significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

a) Classification and measurement of financial assets and financial liabilities

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition):

(1) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

(2) the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3. Significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

b) Impairment

The financial assets at amortised cost consist of trade and other receivables, contract assets, due from related parties, cash at banks, and fixed deposits.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- bank balances, long term fixed deposits and certain related parties for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, contract assets and due from a related party are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL 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.

Definition of default

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

- When there is a breach of financial covenants by the debtor
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group) Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. Significant accounting policies (continued)
IFRS 9 Financial instruments (continued)

b) Impairment (continued)

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 over two years past due, whichever occurs sooner. 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 consolidated profit or loss.
Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.
Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. 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 definition of default 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 reorganization.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities carried at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

c) Derecognition
Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Group's financial liabilities includes bank borrowings, trade and other payables, retention payable.

Financial liabilities at FVTPL
Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement profit or loss incorporates any interest paid on the financial liability.
However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognised in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.
Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

3. Significant accounting policies (continued)
IFRS 9 Financial instruments (continued)

c) Derecognition (continued)
Financial liabilities (continued)

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

(***b) Transactions and balances***
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.
Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "other operating income or expense".

Group entities
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
(ii) Income and expenses for each statement of profit or loss are translated at average exchange rates; and
(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to equity.
On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.
In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

3 Significant accounting policies (continued)

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to the consolidated statement of profit or loss during the financial year in which they are incurred

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

Type of assets	Years
Buildings	50
Leasehold improvements	6
Furniture, fixtures and equipment	5-15
Motor vehicles	6

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised within "other income or expense" in the consolidated statement of profit or loss.

Capital work-in-progress is stated at cost and includes property that is being developed for future use. When commissioned, capital work-in-progress is transferred to the respective category and depreciated in accordance with the Group's policy.

Investment properties

Recognition

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are also classified as investment properties.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property remains as an investment property, which is measured based on fair value model and is not reclassified as development property during the redevelopment.

Measurement

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under International Accounting Standard No. 40 "Investment Property". Any gain or loss arising from a change in fair value is recognised in consolidated statement of profit or loss.

Where the fair value of an investment property under development is not reliably determinable, such property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

Transfer from properties held for sale to investment properties

Certain properties held for sale are transferred to investment properties when there is a change in use of the properties and those properties are either released for rental or for capital appreciation or both. The properties held for sale are transferred to investment properties at fair value on the date of transfer and gain arising on transfer is recognised in consolidated profit or loss. Subsequent to initial measurement, such properties are valued at fair value in accordance with the measurement policy for investment properties. Any gain arising on this remeasurement is recognised in consolidated statement of profit or loss on the specific property.

Transfer from investment properties to properties held for sale

Properties are transferred from investment properties to properties held for development and sale when there is a change in use of the property. Such transfers are made at the fair value of the properties at the date of transfer and gain arising on transfer is recognised in consolidated statement of profit or loss. Fair value at the date of reclassification becomes the cost of properties transferred for subsequent accounting purposes. Subsequent to the transfer, such properties are valued at cost in accordance with the measurement policy for properties held for development and sale.

3 Significant accounting policies (continued)

Investment properties (continued)

Transfer from investment properties to owner-occupied property

If an investment property becomes owner-occupied property, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Transfer from owner-occupied property to investment properties

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve. Any loss is recognised in consolidated statement of profit or loss.

Sale of investment properties

Certain investment properties are sold in the ordinary course of business. No revenue and direct costs are recognised for sale of investment properties. Any gain or loss on disposal of sale of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount) is recognised in the consolidated statement of profit or loss.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets, other than investment property, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

A cash generating unit (CGU) is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in consolidated profit or loss.

Properties held for development and sale

Land and buildings identified as held for sale, including buildings under construction, are classified as such and are stated at the lower of cost and estimated net realisable value. The cost of work-in-progress comprises construction costs and other related direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

The amount of any write down of properties under development for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down arising from an increase in net realisable value is recognised in consolidated statement of profit or loss in the period in which the increase occurs but only to the extent that the carrying value does not exceed the actual cost.

3 Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash in hand and at bank and deposits held at call with banks with original maturities of three months or less, net of bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Employee benefits

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

The provision for staff terminal benefits is based on the liability that would arise if the employment of all staff were terminated at the reporting date and is calculated in accordance with the provisions of UAE Federal Labour Law and the relevant local laws applicable to overseas subsidiaries. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

(b) Pension and social security policy within the U.A.E

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law.

Advances from customers
Instalments received from buyers, for properties sold or services performed, prior to meeting the revenue recognition criteria, are recognised as advances from customers. If their settlement, through revenue recognition or refund, is expected in one year or less, they are classified as current liabilities. If not, they are presented as non-current liabilities.

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

3. Significant accounting policies (continued)

Revenue recognition
Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised when the Group transfers control over a product or service to a customer.
The Group recognises revenue based on a five step model as set out in IFRS 15:

Step 1:	Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2:	Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3:	Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or service to a customer, excluding amounts collected on behalf of third parties.
Step 4:	Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5:	Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.
The Group allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.
When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.
Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.
Revenue is recognised in the consolidated statement of profit or loss to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably.

Forfeiture income
Forfeiture income is recognised in the consolidated statement of profit or loss when, in the case of properties sold and not yet recognised as revenue, a customer does not fulfil the contractual payment terms. This is deemed to take place when, despite rigorous follow-up with the defaulted customer, as per the procedures set out by the Dubai Real Estate Regulatory Authority, the customer continues to default on the contractual terms.

Service revenue
Revenue from services such as property management and facilities management related activities is recognised in the accounting period in which the services are rendered.

3. Significant accounting policies (continued)

Revenue recognition (continued)

Leasing income

Leasing income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term on a straight-line basis.

Hospitality income
Rooms

Room revenue is recognised at a point in time (net of discounts and municipality fees where applicable) as and when the rooms are occupied and services are rendered to the guests.

Food and beverage

Food and beverage revenue (net of discounts and municipality fees where applicable) is recognised when orders are sold or served.

Other operating revenue

Revenue from other operating departments which are service revenue such as telephone, transportation, laundry, etc. is recognised upon rendering of service or as contracted.

Finance income

Finance income is recognised in the consolidated statement of profit or loss on a time-proportion basis using the effective yield method.

Dividend income

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

Dividend distribution

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

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Offsetting financial instruments

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

Directors' remuneration

Pursuant to Article 169 of the Federal Law No. (2) of 2015 and in accordance with article of association of the Company, the Directors shall be entitled for remuneration, which shall not exceed 10% of the profit after deducting depreciation and the reserves.

Trade payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods, assets or services received, whether billed by the supplier or not. The financial liabilities are subsequently measured at amortised cost using the (Effective Interest Rate) EIR method.

3. Significant accounting policies (continued)

Events after 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.

Current and non-current classification

The Group presents assets and liabilities based on current/ non-current classification.

An asset is current when:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period (or receivable on demand); or
- It is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period (or payable on demand); or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

(a) Valuation of investment properties

The Group follows the fair value model under IAS 40 where investment property owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on valuation carried out by an independent registered valuer or the internal valuation performed by the Group's finance department.

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

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

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

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

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

4. Critical accounting estimates and judgements (continued)

(b) Recoverability of investment in a joint venture and an associate ("equity accounted investees")

Recoverability of investment in equity accounted investees is an area involving significant management judgement, and requires an assessment as to whether the carrying value of the investment in equity accounted investees can be supported by the carrying value of the assets held by equity accounted investees.

For property portfolio held by equity accounted investees, management performs an internal valuation to determine the fair value using a valuation technique based on a discounted cash flow model and, when deemed necessary, also engages professionally qualified external valuers to determine the fair value of property portfolio of equity accounted investees.

In calculating the net present value of the future cash flows of properties portfolio of equity accounted investees, certain assumptions are required to be made in respect of the impairment reviews. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

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

Management assesses the impairment for property portfolio held by equity accounted investees whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important, which could trigger an impairment review include evidence that no profits or cash flows will be generated from the related asset.

(c) IFRS 15 Revenue from contracts with customers

The application of revenue recognition policy in accordance with IFRS 15 requires management to make the following judgements:

Satisfaction of performance obligation

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time and in other cases, revenue is recognised at a point in time.

Determination of transaction prices

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

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the unit has been handed over to the customer.

Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised.

4. Critical accounting estimates and judgements (continued)

(d) Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of design and consultancy, construction, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

(e) Valuation of properties held for development and sale

The Group reviews the properties held for development and sale to assess write down, if there is an indication of write down. The Group uses valuations carried out by an internal valuation based on the market sales data to ascertain the recoverable amount.

(f) Useful lives of property and equipment

The costs of items of property and equipment are depreciated on a systematic basis over the estimated useful lives of the assets. During the year, management has revisited the estimated useful lives of each asset and/ or category of assets based on the following factors:

- Expected usage of the assets,
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

The change in useful lives of the asset class (building) has resulted in a reduced depreciation charge during the year which has immaterial impact.

Management has not made estimates of residual values for any items of property and equipment at the end of their useful lives.

(g) Impairment of property and equipment

The Group determines whether there any indicators of impairment for property and equipment at each reporting date. Property and equipment are tested for impairment when there are indicators that the carrying amount may not be recoverable. The recoverable amount is higher of property and equipment fair value less cost of disposal and its value in use. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

(h) Classification of properties

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

(i) Impairment of all financial assets

The Group reviews all its financial assets to assess adequacy of the impairment provisions at least on a quarterly basis. In determining whether the impairment provisions should be recognised in the statement of consolidated profit or loss, the Group uses an allowance matrix to measure the ECLs of due from a related party and trade, contract and other receivables from individual customers, which comprise a very large number of small balances. Loss rates are based on historical actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast Brent oil price.

With regards to the receivable balance from a related party amounting to AED 412 million, the management believes that based on the court judgement, execution proceedings and on-going discussion with the related party to reach a settlement, this amount will be recoverable as of 31 December 2021. Accordingly, no allowance for impairment has been recognised in the consolidated statement of profit or loss.

5. Property and equipment

	Land and buildings AED'000	Leasehold improvements AED'000	Furniture, fixtures and equipment AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost						
As at 1 January 2020	862,835	4,004	166,409	931	**86**	1,034,265
Additions	1,327	30	2,807	-	**237**	4,401
Write off	-	-	(10,108)	-	**-**	(10,108)
Transfer from properties held for development and sale (Note 8)	25,328	-	2,977	-	**-**	28,305
Transfers	-	-	86	-	**(86)**	-
Transfer to investment properties (Note 6)	(301,490)	-	(47,260)	-	**-**	(348,750)
As at 31 December 2020	588,000	4,034	114,911	931	**237**	708,113
Additions	88	525	649	412	**15**	1,689
Disposals	-	-	(116)	(720)	**-**	(836)
Transfer to properties held for development and sale (Note 8)	(7,784)	-	-	-	**-**	(7,784)
Transfers	-	237	-	-	**(237)**	-
As at 31 December 2021	**580,304**	**4,796**	**115,444**	**623**	**15**	**701,182**

5. Property and equipment (continued)

	Land and buildings AED'000	Leasehold improvements AED'000	Furniture, fixtures and equipment AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Accumulated depreciation and impairment loss						
As at 1 January 2020	21,886	3,536	39,537	875	-	65,834
Charge for the year [Note 5 (f)]	9,818	352	12,053	18	-	22,241
Write off	-	-	(10,100)	-	-	(10,100)
Impairment charge [Note 5 (e)]	75,342	-	-	-	-	75,342
As at 31 December 2020	107,046	3,888	41,490	893	-	153,317
Charge for the year [Note 5 (f)]	7,911	128	9,597	76	-	17,712
Adjustment	(4,185)	-	-	-	-	(4,185)
Disposals	-	-	(39)	(720)	-	(759)
Transfer to properties held for development and sale (Note 8)	(591)	-	-	-	-	(591)
As at 31 December 2021	110,181	4,016	51,048	249	-	165,494
Carrying amount						
As at 31 December 2021	470,123	780	64,396	374	15	535,688
As at 31 December 2020	480,954	146	73,421	38	237	554,796

a) Land and Buildings with a carrying value of AED 278.5 million (2020: AED 323.3 million) are mortgaged under Islamic finance obligations (Note 16).

b) During the year, no borrowing costs has been capitalised (2020: AED Nil).

c) During the year, the Company has reclassified units in residential building amounting to AED 7.2 million (2020: AED Nil) based on change in use of these units (Note 8).

d) During the year, no additional units in service apartment building were transferred from property held for sale (2020: AED 28.3 million) based on change in use of these units (Note 8)

e) The Group has portfolio of hospitality assets included in property and equipment against which no impairment loss has been recognised during the year (2020: AED 75.3 million). The recoverable amount of two hotel assets has been determined using the indicative fair values of the property as at 31 December 2021 as concluded by management for one hotel asset and for other hotel asset as provided by an independent professionally qualified valuer. The valuer has used sales comparison method to determine the fair values of these two hotels.
Further, for one hotel, management has concluded the recoverable value is equivalent to its value in use. In determining the value in use, management has estimated expected future cash flows and determined a suitable discount rate in order to calculate the present value of those cash flows. The estimate of value in use was determined using a discount rate of 9% (2020: 9.75%) and a terminal value growth rate of 3% (2020: 3%).

5. Property and equipment (continued)

f) The depreciation charge has been allocated in the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 AED'000	2020 AED'000
Direct costs [Note 22 (ii) & (iii)]	**14,029**	16,061
General administrative and selling expenses (Note 24)	**3,683**	6,180
	17,712	**22,241**

6. Investment properties

	UAE Mix use Building AED'000	UAE Parking spaces AED'000	UAE Stores units AED'000	UAE Retail units AED'000	UAE Service Apartments AED'000	2021 Total AED'000	2020 Total AED'000
Fair value hierarchy	3	3	3	3	3		
As at 1 January	159,444	66,912	14,045	207,553	288,123	**736,077**	514,210
Additions	869	265	-	-	-	**1,134**	3,513
Adjustments	-	-	-	-	-	**-**	(348)
Transfer from properties held for sale - net (Note 8)	-	7,024	-	6,339	-	**13,363**	-
Transfer from property and equipment - net (Note 5)	-	-	-	-	-	**-**	348,750
Net gain/(loss) from fair value adjustments on investment properties	-	-	-	7,657	-	**7,657**	(130,048)
As at 31 December	**160,313**	**74,201**	**14,045**	**221,549**	**288,123**	**758,231**	**736,077**

6. Investment properties (continued)

Investment properties are recognised at fair value and categorised within the level of the fair value hierarchy based on the lowest level input that is significant to fair value measurement in their entirety. The different levels have been defined as follows:

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

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Direct costs recognised in the consolidated statement of profit or loss includes AED 9 million *(2020: AED 11.3 million)* (Note 22) and rental income recognised in consolidated statement of profit or loss includes AED 31.5 million *(2020: AED 28.4 million)* from investment properties.

Investment properties with carrying value of AED 347.3 million *(2020: AED 408.6 million)* are mortgaged against bank borrowings (Note 16).

During the year, the Company has reclassified certain units and parking spaces in residential and commercial apartment building amounting to AED 13.4 from properties held for development and sale based on change in use of these units *(2020: AED Nil)*. These units were reclassified to investment properties at their fair value and management believes that carrying amount of the units transferred is equivalent to the fair value on the date of transfer (Note 8).

During 2020, the Group has reclassified certain units in its existing service apartment buildings amounting to AED 350.4 million from property and equipment based on change in use of those units. These units were reclassified to investment properties at their fair value and management believes that carrying amount of the units transferred is equivalent to the fair value on the date of transfer.

Valuation processes

Retail units, parking spaces, one service apartment building and store units included in the Group's investment properties are valued by independent professionally qualified valuers who hold a recognised relevant professional qualification and have experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. Valuation of UAE mix use office building and remaining two service apartments buildings are valued by the Groups' finance department. The Group's finance department includes a team that also reviews the valuations performed by the independent valuers for financial reporting purposes. Discussion of valuation processes and results are held between management and the independent valuers on a regular basis.

At each financial year end, the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuers.

There has been no change to the valuation technique during the year.

Valuation processes (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) are as follows:

Country	Segment	Valuation	Estimate	Range of inputs	Sensitivity of management estimates: Impact lower AED'000	Sensitivity of management estimates: Impact higher AED'000
UAE	Mix use Building	Income capitalisation	Estimated rental value	AED 70 to AED 160 per sqft per annum	(968)	968
			Discount rate	7.11%	17,150	(12,098)
		Sales comparable method	Estimated market value	AED 971 to AED 1,980 per sqft	(818)	818
	Parking spaces			AED 25 K to 53 K per parking space	(742)	742
	Stores Units			AED 150 to AED 300 per sqft	(140)	140
	Retail Units			AED 835 to AED 1,670 per sqft	(2,224)	2,224
	One Service Apartment Buildings	Income capitalisation	Estimated earnings	AED 3.9 million to AED 8.5 million per annum	(458)	458
			Discount rate	9%	6,499	(5,957)
	Two Service Apartments	Sales comparable method	Estimated market value	AED 1,045 to AED 1,236 per sqft	(1,908)	1,908

A change of 100 basis points in management's estimate at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown above.

Valuation techniques underlying management's estimation of fair value:

For office building, the valuation was determined using the income capitalisation method based on following significant unobservable inputs:

Estimated rental value (per sqft p.a.)	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.
Cash flow discount rate	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows.

For retail units, parking spaces, store units and two service apartments building, the valuation was determined using the indicative fair values of these investment properties as at 31 December 2021 provided by an independent professionally qualified valuer. The valuer has used sales comparison method to determine the fair values of these assets. For one service apartments building, the valuation was determined using the income capitalisation method based on following significant unobservable inputs:

Estimated earnings (per annum)	Based on the actual location, type and quality of the property and supported by the terms of any existing lease, other contracts or external evidence such as current earnings of similar properties in the market.
Cash flow discount rate	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows.

7. Investments in joint venture and an associate

	Joint Venture		Associate		Total	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
At 1 January	980,692	987,039	364,538	363,594	**1,345,230**	1,350,633
Share of profit	33,189	23,797	21,151	944	**54,340**	24,741
Repayment	(24,777)	(30,144)	-	-	**(24,777)**	(30,144)
Dividend	(10,223)	-	-	-	**(10,223)**	-
At 31 December	**978,881**	**980,692**	**385,689**	**364,538**	**1,364,570**	**1,345,230**

Investment in an associate
The Group has a 22.72% interest in Solidere International Al Zorah Equity Investments Inc ("Al Zorah"), a company registered in the Cayman Islands. The associate is a holding company investing in companies engaged in property development.

7. Investments in joint venture and an associate (continued)

Investment in an associate (continued)
The table reconciles the summarised financial information relating to the carrying amount of the Group's interest in the associate is as follows:

	2021 AED'000	2020 AED'000
Percentage ownership interest	**22.72%**	22.72%
Assets	**940,215**	940,538
Liabilities	**(720)**	(881)
Net assets (100%)	**939,495**	939,657
Group's share of net assets (22.72%)	**213,453**	213,490
Adjustments (refer note (i) below)	**172,236**	151,048
Carrying amount of interest in an associate	**385,689**	364,538
Profit and total comprehensive income (100%)	**(166)**	(166)
Profit and total comprehensive income (22.72%)	**(38)**	(38)
Adjustment relating to accounting policy (refer note (i) below)	**21,189**	982
Group share of total profit and comprehensive income	**21,151**	944

(i) This mainly includes the goodwill (premium) paid on acquisition of interest in the associate and adjustment relating to alignment of associate's accounting policy to the Group's accounting policy.

7. Investments in joint ventures and an associate (continued)

Investment in a joint venture

The Group has a 50% interest in the following joint venture, which is engaged in property development. The following amounts represent the Group's 50% share of the assets, liabilities, revenue and results of the joint venture. They also include consolidation adjustments made at the Group's level to ensure uniform accounting policies.

The table reconciles the summarised financial information relating to the carrying amount of the Group's interest in the joint venture is as follows:

	2021 AED'000	2020 AED'000
Percentage ownership interest	**50%**	50%
Assets	**1,467,334**	1,465,551
Liabilities	**(37,467)**	(33,779)
Net assets (100%)	**1,429,867**	1,431,772
Group's share of net assets (50%)	**714,934**	715,886
Adjustments (refer note (i) below)	**263,947**	264,806
Carrying amount of interest in a joint venture	**978,881**	980,692
Revenue	**99,114**	83,461
Depreciation and amortisation	**25,378**	33,047
Profit and total comprehensive income (100%)	**38,344**	15,629
Profit and total comprehensive income (50%)	**19,172**	7,814
Adjustments relating to accounting policies (refer note (i) below)	**12,583**	16,327
Other adjustments	**1,434**	(344)
Group share of total profit and comprehensive income	**33,189**	23,797

(i). This mainly includes the goodwill (premium) paid on acquisition of interest in the joint venture and adjustments relating to alignment of joint venture's accounting policies to the Group's accounting policies.

Notes to the consolidated financial statements
For the year ended 31 December 2021 (continued)

8. Properties held for development and sale

	Properties held for sale AED'000	Properties under development AED'000	Land held for future development and sale AED'000	Total AED'000
As at 1 January 2020	281,953	170,720	828,385	1,281,058
Additions	160,510	128,596	1,900	291,006
Provision for impairment - net	(31,230)	(338)	(4,509)	(36,077)
Transfers	78,257	52,079	(130,336)	-
Transfer to property and equipment (Note 5)	(28,305)	-	-	(28,305)
Sale of properties (Note 22)	(44,480)	(128,770)	-	(173,250)
As at 31 December 2020	**416,705**	**222,287**	**695,440**	**1,334,432**
As at 1 January 2021	416,705	222,287	695,440	1,334,432
Additions	73,936	161,897	23,444	259,277
Transfers	30,231	152,923	(183,154)	-
Transfer from a related party [Note 11(c) (ii)]	-	-	153,682	153,682
Transfer from property and equipment (Note 5)	7,193	-	-	7,193
Transfer to investment property (Note 6)	(13,363)	-	-	(13,363)
Sale of properties (Note 22)	(182,080)	(38,544)	-	(220,624)
As at 31 December 2021	**332,622**	**498,563**	**689,412**	**1,520,597**

8. Properties held for development and sale (continued)

During the current year, based on the Management's assessment of the net realisable value of the properties held for development and sale resulted in no impairment (2020: AED 36.1 million).

Net realisable value has been determined on the basis of committed sale price if the remaining receivable amount is lower than the current market value of the units booked by customers. For units not yet booked by customers, net realisable value takes into consideration the expected market prices.

During the year, the Company has reclassified certain units and parking spaces in residential and commercial apartment building amounting to AED 13.4 from investment properties (2020: AED Nil) (Note 6) and also reclassified units in residential building amounting to AED 7.2 million from property and equipment (2020: AED Nil) based on change of use for these units (Note 5).

During the year, no additional units in service apartment building were transferred to property and equipment (2020: AED 28.3 million) based on change of these units (Note 5).

In the current year, the Group has transferred a plot of land amounting to AED 183.2 million (2020: AED 130.3 million) to properties under development. Further upon completion, properties amounting to AED 30.2 million (2020: AED 78.3 million) was transferred from properties under development to properties held for sale.

Plots of land including under development project with total carrying value of AED 954.7 million (2020: AED 869.8 million) and completed properties with total carrying value of AED 43.7 million (31 December 2020: AED 142.1 million) are mortgaged under Islamic finance obligations (Note 16).

In the current year, the Group has recognised an amount of AED 220.6 million (2020: AED 173.3 million) included in the consolidated statement of profit or loss under "direct costs" against revenue recognised of AED 299.3 million (2020: AED 227 million) (Note 21 and Note 22).

For plots of land held for future development and use amounting to AED 689.4 million as at the reporting date (31 December 2020: AED 695.4 million), management is currently evaluating feasibility of the projects and considering alternative viable profitable options as well as various offers from potential buyers.

9. Long term fixed deposits

In previous years, the Group had placed Wakala deposit amounting to AED 101 million with a financial institution for a period of 12 years with quarterly repayments. As at 31 December 2020, Group had received cumulatively an amount of AED 41.1 million towards the repayment of deposit and management had recognised an impairment charge of AED 12.1 million, present value impact of AED 3.9 million and provision for impairment of AED 4.2 million on the fixed deposit.

During the year, the Group had participated in an auction to exit with the financial institution, thereby have received an amount of AED 27 million from the financial institution as a final settlement against the Wakala deposits. Based on the final settlement, the Group has recognised a loss on derecognition of the Wakala deposits amounting to AED 20 million in the consolidated statement of profit of loss. Accordingly, present value of AED 3.9 million and provision for impairment of AED 4.2 million has been reversed in finance income and general, administrative and selling expenses respectively.

10. Trade, contract and other receivables

	2021 AED'000	2020 AED'000
Trade and unbilled receivables (refer (i) below)	**538,032**	514,832
Other receivables (refer (ii) below)	**188,810**	111,745
	726,842	626,577
Current	**583,227**	422,479
Non-current	**143,615**	204,098
Total	**726,842**	626,577

(i). Trade and unbilled receivables

10. Trade, contract and other receivables (continued)

	2021 AED'000	2020 AED'000
Trade receivables		
Trade receivables within 12 months	**99,871**	175,656
Contract assets		
Unbilled receivables within 12 months	**294,546**	135,078
Unbilled receivables after 12 months	**143,615**	204,098
Total trade and unbilled receivables	**538,032**	514,832

The above trade receivables are net of provision for impairment amounting to AED 120.3 million *(2020: AED 117.8 million)* relating to trade receivables which are past due. All other trade receivables are considered recoverable.

As at 31 December 2021, trade receivables of AED 491.1 million *(2020: AED 480.7 million)* were receivable from sale of properties, and trade receivables of AED 47 million *(2020: AED 34.1 million)* were receivable from other streams of revenue. The ageing analysis of these trade and unbilled receivables is as follows:

	2021 AED'000	2020 AED'000
Not due	**438,161**	339,175
Upto 3 months	**54,421**	38,214
Over 3 months	**45,450**	137,443
Net receivable	**538,032**	514,832

Movements of the Group's provision for impairment of trade receivables are as follows:

	2021 AED'000	2020 AED'000
At 1 January	**117,847**	122,052
Provision/(reversal) for impairment	**2,440**	(4,205)
At 31 December	**120,287**	117,847

10. Trade, contract and other receivables (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group holds title deeds of the assets sold or post-dated cheques as security.

(ii). Other receivables

	2021 AED'000	2020 AED'000
Advances to contractors	**55,412**	22,177
Advances to suppliers	**4,682**	6,891
Prepayments	**52,256**	8,906
Others	**78,001**	74,145
	190,351	112,119
Less: Provision for impairment	**(1,541)**	(374)
	188,810	111,745

11. Related party transactions and balances

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 Related Party Disclosures. Related parties comprise entities under common ownership and/or common management and control, and key management personnel.

(a) Related party transactions

During the year, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group's management.

	2021 AED'000	2020 AED'000
Ultimate majority shareholder		
Other operating income/finance income	**770**	2,937
Finance cost	**10,258**	16,355
Borrowings drawdown	**626,407**	60,350
Borrowings repayments	**121,064**	239,349

11. Related party transactions and balances (continued)

(b) Remuneration of key management personnel

	2021 AED'000	2020 AED'000
Salaries and other short term employee benefits	**13,281**	13,938
Termination and post-employment benefits	**451**	423
Board of Directors' remuneration	**2,850**	-
	16,582	14,361

(c) Due from related parties comprises:

	2021 AED'000	2020 AED'000
Current		
Due from a joint venture	**2,350**	1,473
Due from other related parties	**445,426**	962,046
	447,776	963,519
Less: provision for impairment	**(33,622)**	(396,475)
	414,154	567,044

Cash and bank balances include amounts held with the ultimate majority shareholder of the Group, bank account balances of AED 113 million *(2020: AED 195 million)* and fixed deposits of AED 168 million *(2020: AED 100 million)*, at market prevailing profit rates.

In 2010, the Group entered into a sale and purchase agreement with a related party ("the purchaser") to sell properties for a sale consideration agreed on by both parties as per the initial agreement of AED 3,648 million.

11. Related party transactions and balances (continued)

(c) Due from related parties comprises (continued):

i. In the prior year, the Group received a favourable judgement by the Court of Cassation in relation to certain disputed properties with a UAE based developer, a related party. The judgement included a settlement amount due to the Group of AED 412 million plus additional compensation of AED 61 million and interest accruing at 9% from the date of filing the case. Accordingly, based on further hearings and court judgements, management has concluded that amount of AED 412 million due will be settled by UAE based developer, a related party instead of another counter party (ii) who is also a related party of the Group.

ii. Following these amendments and various previous amendments to the original agreement, during the year the Group had entered in a mutual settlement agreement with the related party ("the purchaser). As a result of the settlement agreement, the Group has accepted plots of land as a kind consideration amounting to AED 154 million against the outstanding receivable balance and classifying the plots of land received as settlement, as Properties held for development and sale (Note 8). Further, the Group has obtained the title deed for all plots of land except one plot wherein the registration process is under way as at the reporting date. Accordingly, the Group has obtained necessary approvals and written off the provision for impairment amounting to AED 362.9 million against the balance receivable from a related party.

Impairment provision

To determine the provision for impairment, management applied certain key assumptions and judgments in accordance with IFRS 9 - Financial Instruments in order to determine the expected credit loss which includes the use of various forward-looking information that could impact the timing and/or amount of recoveries.

(d) Due to related parties comprises:

	2021 AED'000	2020 AED'000
Current		
Due to a significant shareholder	**322**	133
Due to other related parties	**435**	397
	757	**530**

At 31 December 2021, the Group had bank borrowings from the ultimate majority shareholder of AED 795.2 million *(2020: AED 289.8 million)* at market prevailing profit rates (Note 16).

Notes to the consolidated financial statements
For the year ended 31 December 2021 (continued)

12. Cash and bank balances

	2021 AED'000	2020 AED'000
Cash and bank balances including call deposits	**287,415**	267,784
Fixed deposits	**175,572**	151,544
Cash in hand	**978**	371
	463,965	419,699
Less: provision for impairment	**(421)**	(4,644)
	463,544	415,055
Less: long term fixed deposits with a financial institution (Note 9)	**-**	(39,780)
Cash and bank balances	**463,544**	375,275
Less: deposits with original maturity more than three months	**(65,516)**	(54,966)
Cash and cash equivalents	**398,028**	320,309

Bank accounts include balance of AED 202 million *(31 December 2020: AED 88 million)* and fixed deposits of AED 25 million *(31 December 2020: AED 20 million)* at market prevailing profit rates held in escrow accounts.

These Escrow accounts include project Escrow accounts where amounts are collected against sale of properties and are available for payments relating to construction of development properties. These Escrow accounts also include Community Management Escrow accounts of various properties where service charges are collected from owners and are available for payments for management and maintenance of the properties.

Bank accounts balance include balance of AED 63.2 million (2020: 43.8 million) in its own name, held in a fiduciary capacity on behalf and for the beneficial interest of third parties, which are recorded in these consolidated financial statements.

13. Equity instrument at fair value through other comprehensive income

Investment in a real estate investment trust (REIT)	2021 AED'000	2020 AED'000
1 January	**3,413**	10,865
Change in fair value	**2,048**	(7,452)
31 December	**5,461**	3,413

14. Share capital

At 31 December 2021 and December 2020, share capital comprised of 5,778,000,000 shares of AED 1 each. All shares are authorised, issued and fully paid up.

15. Legal reserve

In accordance with the UAE Federal Law No. (2) of 2015 and the Company's Articles of Association, 10% of the profit for the year is transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid up share capital.

16. Borrowings

	2021 AED'000	2020 AED'000
Islamic finance obligations		
Current	**78,928**	121,170
Non-current	**716,257**	705,330
Total borrowings	**795,185**	826,500

	AED'000
1 January 2020	981,305
Drawn down	112,495
Repayments	(267,300)
31 December 2020	826,500
Drawn down	626,407
Repayments	(657,722)
31 December 2021	**795,185**

16. Borrowings (continued)

Islamic finance obligations represent Ijarah and other Islamic facilities obtained from Dubai Islamic Bank PJSC (ultimate majority shareholder) [Note 11 (d)]. The facilities were availed to finance the properties under construction and working capital requirements.

During the year, the Group has signed a new Islamic facility with one of its existing lenders (ultimate majority shareholder) amounting to AED 600 million. The existing outstanding facilities with different lenders was settled by utilising the new facility and remaining balance of AED 56 million is available for drawdown to the Group. The new facility carries market prevailing profit rates and is repayable in quarterly instalments over ten years from the reporting date. The facility is subject to financial covenants. Islamic finance obligations are secured by mortgages over properties classified under properties held for development and sale (Note 8), property and equipment (Note 5) and investment properties (Note 6).

17. Advances from customers

Advances from customers comprise of payments received from sale of properties. The revenues have not been recognised in the consolidated statements of profit or loss, in line with the revenue recognition policy of the Group consistent with the IFRSs.

Movement during the year is as follows:

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**10,329**	25,017
Amounts collected/ advance billing during the year	**136,621**	5,502
Amounts invoiced/ revenue recognised during the year	**(4,464)**	(20,190)
Balance at the end of the year	**142,486**	**10,329**

18. Trade and other payables

	2021 AED'000	2020 AED'000
Trade payables	**119,592**	116,019
Refundable Deposits	**51,864**	40,284
Accrued Islamic facilities charges	**2,822**	3,805
Project cost accruals	**93,637**	52,439
Other payables and accrued expenses	**156,138**	124,438
	424,053	336,985

19. Retentions payable

	2021 AED'000	2020 AED'000
Non-current portion	**4,270**	8,015
Current portion	**42,386**	70,651
	46,656	**78,666**

Retention payables represents amounts withheld in accordance with the terms of the contract progress payments are made to the contractors. Non-current retention are due to be paid to contractors within 1 to 2 years from the reporting date.

20. Provision for employees' end of service benefits

	2021 AED'000	2020 AED'000
At 1 January	**14,705**	14,909
Charge for the year	**2,818**	2,363
Payments	**(2,427)**	(2,567)
At 31 December	**15,096**	14,705

The provision for employees' end of service benefits, disclosed as non-current liability, is calculated in accordance with the UAE Federal Labour Law.

21. Revenue

	2021 AED'000	2020 AED'000
Property development activities		
Sale of properties (Note 8)	**291,399**	226,942
Leasing income	**33,268**	30,314
	324,667	257,256

21. Revenue (continued)

	2021 AED'000	2020 AED'000
Properties, facilities and association management		
Property management	**28,548**	39,100
Facilities and association management	**76,743**	67,783
	105,291	106,883
Hospitality	**66,997**	48,720
	496,955	412,859

Transaction price allocated to the remaining performance obligations
The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2022 AED'000	2023 AED'000	2024 AED'000	Total AED'000
Sale of properties	328,590	402,386	402,721	1,133,697

The Group applies the practical expedient as per IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

22. Direct costs

	2021 AED'000	2020 AED'000
Cost of sale of properties (i) (Note 8)	**220,624**	173,250
Direct cost of facility management (ii)	**58,648**	49,780
Direct cost of hospitality (iii)	**26,585**	26,069
Direct cost of leasing properties (Note 6)	**8,988**	11,329
Others	**211**	265
	315,056	260,693

22. Direct costs (continued)

(i) Cost of sale of properties include reversal of impairment amounting to AED 5.2 million *(2020: AED Nil)* on properties sold during the year against which provision for impairment was recorded in the prior years.

(ii) Facilities management costs include staff costs amounting to AED 26.5 million *(2020: AED 20.3 million)* and depreciation charge amounting to AED 0.7 million *(2020: AED 0.6 million)*.

(iii) Hospitality costs include staff costs amounting to AED 5.7 million *(2020: AED 5 million)* and depreciation charge amounting to AED 13.3 million *(2020: AED 15.4 million)*.

The Group expects the incremental cost, which mainly includes sales commission, incurred as a result of obtaining contracts to be recoverable and accordingly these costs are capitalised. The capitalised costs are amortised when the related revenues are recognised.

Applying the practical expedient as per IFRS 15, the Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised in one year or less.

23. Other operating income

	2021 AED'000	2020 AED'000
Write back of provisions and liabilities no longer payable	**3,337**	23,875
Others	**13,386**	9,550
	16,723	33,425

24. General administrative and selling expenses

	2021 AED'000	2020 AED'000
Staff costs (Note 25)	**89,775**	72,790
Marketing and selling expenses	**24,750**	18,229
Legal and professional charges	**6,558**	5,017
Rent expenses	**918**	1,704
Pre-opening expenses	**-**	700
Social contributions	**139**	-
Depreciation [Note 5(f)]	**3,683**	6,180
Reversal of impairment against trade, contract and other financial assets	**(839)**	(3,038)
Others	**35,947**	47,496
	160,931	149,078

Notes to the consolidated financial statements
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25. Staff costs

	2021 AED'000	2020 AED'000
Payroll cost	**53,576**	56,591
End of service benefits	**2,031**	1,878
Pension and social security contributions	**724**	719
Other benefits	**33,444**	13,602
	89,775	72,790

26. Provision/expense against claims

This includes legal claim made by customers against the Group for refund of partial payments made to purchase certain property units. In accordance with Law No. 13 of 2008 and its subsequent amendment through Law No. 9 of 2009 applicable in the Emirate of Dubai, the Group had earlier forfeited these amounts due to failure of customers to pay the outstanding balances as per the Sale and Purchase Agreement. This also includes provision made for potential claim by third parties towards services being rendered by the Company.

The Group has elected not to present the complete disclosures as required by IAS 37 "Provision and Contingent Liabilities and Contingent Assets" as management is of the view that since the legal claims are sub-judice, this information may be prejudicial to their position on these matters.

27. Finance cost

	2021 AED'000	2020 AED'000
Finance cost on bank borrowings	**(31,921)**	(36,889)
Finance income from short-term bank deposits	**1,359**	3,205
Present value impact on non-current financial assets - net	**2,621**	1,699
Total finance income	**3,980**	4,904
Net finance cost	**(27,941)**	(31,985)

28. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares, if any.

	2021 AED'000	2020 AED'000
Profit/(loss) attributable to equity holders of the Company (AED'000)	**50,802**	(216,923)
Weighted average number of ordinary shares in issue (thousands)	**5,778,000**	5,778,000
Earnings per share (fils)	**0.88**	(3.75)

Diluted

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

29. Cash flow from operating activities

	2021 AED'000	2020 AED'000
Profit/(loss) for the year	**50,802**	(216,923)
Adjustments for:		
Depreciation [Note 5(f)]	**17,712**	22,241
Adjustment of depreciation (Note 5)	**(4,185)**	-
Provision for employees' end of service benefits (Note 20)	**2,818**	2,363
(Reversal of impairment)/Impairment of properties held for development and sale, net [Note 22(i)/Note 8]	**(5,238)**	36,077
Reversal of impairment against trade receivables, contract and other financial assets and related parties (Note 24)	**(839)**	(3,038)
Loss on derecognition of fixed deposit (Note 9)	**19,999**	-
Provision/expense against claims	**946**	4,725

29. Cash flow from operating activities (continued)

	2021 AED'000	2020 AED'000
Finance income (Note 27)	**(3,980)**	(4,904)
Finance cost (Note 27)	**31,921**	36,889
Share of results from an associate and a joint venture (Note 7)	**(54,340)**	(24,741)
Impairment loss against property and equipment [Note 5(e)]	**-**	75,342
(Gain)/loss on fair valuation of investment property (Note 6)	**(7,657)**	130,048
Operating cash flows before payment of employees' end of service benefits and changes in working capital	**47,959**	58,079
Payment of employees' end of service benefits (Note 20)	**(2,427)**	(2,567)
Changes in working capital:		
Properties held for development and sale (net of project cost accruals)	**(16,167)**	(144,626)
Retention payable - non-current (Note 19)	**(3,745)**	(10,594)
Retention payable - current (Note 19)	**(28,265)**	(5,552)
Trade, contract and other receivables - non-current	**60,483**	(133,157)
Trade, contract and other receivables - current	**(164,462)**	353,807
Advances from customers	**132,157**	(14,688)
Inventories	**105**	(310)
Due from related parties	**(801)**	3,488
Trade and other payables	**66,847**	18,548
Due to related parties	**227**	(1,270)
Net cash generated from operating activities	**91,911**	121,158

30. Commitments

At 31 December 2021, the Group had total commitments of AED 601 million *(2020: AED 359.1 million)* with respect to project related contracts issued net of invoices received and accruals made at that date.

Operating lease commitments – Group as a lessor

The following table include the leases Group has entered on its lease portfolio.

	Within one year AED'000	More than one year AED'000	Total AED'000
Lease commitments	26,613	**15,958**	42,571

31. Contingencies

At 31 December 2021, the Group had contingent liabilities in respect of performance bond and guarantees issued by a bank, in the ordinary course of business, amounting to AED 172.4 *(2020: AED 87.3 million)*. Also, the Group had contingent liabilities, on behalf of a subsidiary, in respect to guarantees issued by a bank amounting to AED 3.4 million *(2020: AED 3.4 million)*. The Group anticipates that no material liabilities will arise from these performance and other guarantees.

The Group is also a party to certain legal cases in respect to various potential claims from customers and, where necessary, makes adequate provisions against any potential claims. Such provisions are reassessed regularly to include significant claims and instances of potential litigations. Based on review of opinion provided by the legal advisors/internal legal team, management is of the opinion that no material cash outflow in respect of these claims is expected to be paid by the Company in these legal cases over and above the existing provision in the books of accounts. The Company has elected not to present the complete disclosures as required by IAS 37 "Provision and Contingent Liabilities and Contingent Assets" as management is of the view that since the legal claims are sub-judice and are disputed, therefore this information may be prejudicial to their position on these matters.

Certain other contingent liabilities may arise during the normal course of business, which based on the information presently available, either cannot be quantified at this stage or in the opinion of the management is without any merit. However, in the opinion of management, these contingent liabilities are not likely to result in any cash outflows for the Group.

Further, certain properties were under dispute with UAE based developer ("a related party") against which in the prior year, the Group has received a favourable judgment by the Court of Cassation which upheld a ruling made by the Court of Appeal confirming Dubai Court of First Instance's judgement to terminate all sale and purchase agreements of lands under dispute and had also ordered counterparty to return all amounts paid, to the tune of AED 412 million plus pay a compensation of AED 61 million as well as 9% legal interest accruing from the date of filing the case.

In the prior year, the execution of the court judgement has been handed over to a special committee by virtue of resolution number 12 of 2020 passed by the Government of Dubai. However, on 15 February 2021, the special committee has decided that it has no jurisdiction over the case and has transfer the case to the court of execution. Accordingly, management has submitted an application to the court of execution to proceed with the execution process.

As at the reporting date, the Board by majority resolved to suspend the execution proceedings based on the ongoing dialogue with the related party to reach a settlement till 18 February 2022. Subsequently, the management has submitted an application to the court of execution to resume the execution process.

32. Segmental information

Operating segment

The Board of Directors are the Group's chief operating decision maker. The Board considers the business of the Group as a whole for the purpose of decision making. Management has determined the operating segments based on the purpose of allocating resources and assessing performance. The Group is organised into three major operating segments: Property development, Properties and facilities management and Hospitality related activities.

Management monitors the operating results of its operating segments for the purpose of making strategic decisions about performance assessment. Segment performance is evaluated based on operating profit or loss.

32. Segmental information (continued)

	Property development activities AED'000	Properties and facilities management AED'000	Hospitality AED'000	Total AED'000
31 December 2021				
Segment revenues – external	324,667	105,291	66,997	496,955
Segment profit	19,421	16,982	14,399	50,802
Segment assets	5,023,202	227,778	540,537	5,791,517
Segment liabilities	1,264,487	144,461	20,605	1,429,553
31 December 2020				
Segment revenues – external	257,256	106,883	48,720	412,859
Segment profit	(228,542)	17,672	(6,053)	(216,923)
Segment assets	4,423,150	352,353	809,656	5,585,159
Segment liabilities	1,122,855	134,186	16,154	1,273,195

Revenue from property development activities are recognised over time and revenue from properties, facilities management and hospitality activities are recognised at a point in time.

Geographic information

The carrying amount of the total assets located outside the United Arab Emirates as at 31 December 2021 is AED 0.5 million *(2020: AED 0.5 million)*.

33. Financial risk management

Financial risk factors

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

Risk management is carried out by the senior management under policies approved by the Board of Directors. Management evaluates financial risks in close co-ordination with the Group's operating units.

Market risk

Currency risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group does not have any significant exposure to foreign currency risk since the majority of transactions are denominated in AED, US Dollars or other currencies, whereby the AED or other currencies are pegged to the US Dollar.

Price risk

The Group is exposed to equity securities price risk through investments held by the Group and classified as equity instrument at fair value.

33. Financial risk management (continued)

Cash flow and fair value interest rate risk
The Group has an insignificant interest rate risk arising from interest bearing bank deposits. Bank deposits are placed with banks at fixed rates. The Group's exposure to interest rate risk relates primarily to its borrowings with floating interest rates. At 31 December 2021, if profit rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been AED 7.4 million lower/higher *(2020: profit for the year would have been AED 7.7 million lower/higher)*, mainly as a result of higher/lower interest expense on floating rate borrowings.

Derivative financial instrument
In the previous year, the Group entered into profit rate swap agreement in order to hedge its exposure against profit rate risk. The table below shows the fair values of derivative financial instrument, which is equivalent to the market value, together with the notional amount. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivative is measured. The notional amount indicates the volume of transactions outstanding at the reporting date and are neither indicative of the market nor credit risk.

	2021 AED'000 Fair value	2021 AED'000 Notional amount	2020 AED'000 Fair value	2020 AED'000 Notional amount
Profit rate swap	-	**47,500**	(0.2)	142,500
	-	**47,500**	(0.2)	142,500

The fair value as at reporting date is categorised as level 3 in fair value hierarchy.

Credit risk
The Group is exposed to credit risk in relation to its monetary assets, mainly trade, contract and other receivables (excluding advances and prepayments), due from related parties, cash at bank and bank deposits. Trade receivables are made to customers with an appropriate credit history. The Group has no other significant concentrations of credit risk. Bank deposits are limited to high-credit-quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure at the reporting date. The maximum exposure to credit risk at the reporting date was:

	2021 AED'000	2020 AED'000
Long term fixed deposits	-	39,780
Trade, contract and other receivables (excluding advances and prepayments)	**614,492**	588,603
Due from related parties	**414,154**	567,044
Bank balances	**462,566**	374,904
	1,491,212	1,570,331

33. Financial risk management (continued)

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The credit risk on liquid funds is limited as funds are placed with reputable banks registered in the U.A.E.

The table below shows the balances with major banks (based on Moody's or equivalent rating) at the 31 December 2021.

	2021 AED'000	2020 AED'000
Bank balances		
A1	**146,282**	34,024
A2	**278,235**	306,274
A3	-	3,201
Baa1	**19,987**	5,909
Baa2 – Baa3	**18,037**	25,471
B2	**25**	25
	462,566	**374,904**

The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

33. Financial risk management (continued)

Credit risk management (continued)

31 December 2021	Notes	Gross carrying amount AED'000	Loss allowance AED'000	Net carrying amount AED'000
Trade and unbilled receivables	10 (i)	658,319	(120,287)	538,032
Other receivables (excluding advances and prepayments)	10 (ii)	78,001	(1,541)	76,460
Due from related parties	11 (c)	447,776	(33,622)	414,154
		1,184,096	**(155,450)**	**1,028,646**

31 December 2020	Notes	Gross carrying amount AED'000	Loss allowance AED'000	Net carrying amount AED'000
Long term fixed deposits	9	43,994	(4,214)	39,780
Trade and unbilled receivables	10 (i)	632,679	(117,847)	514,832
Other receivables (excluding advances and prepayments)	10 (ii)	74,145	(374)	73,771
Due from related parties	11 (c)	963,519	(396,475)	567,044
		1,714,337	**(518,910)**	**1,195,427**

(i) For trade receivables, due from related parties and other 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 historical credit loss experience based on the past due status 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.

Notes to the consolidated financial statements
For the year ended 31 December 2021 (continued)

33. Financial risk management (continued)

Liquidity risk

The Group monitors its risk of a possible shortage of funds using cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its financial assets and liabilities. The tables below summarises the maturity profile of the Group's financial assets and liabilities based on undiscounted contractual collections and payments.

			Contractual cash flows		
	Carrying amount AED'000	Contractual cash flows AED'000	Within 1 year AED'000	2 to 5 Years AED'000	More than 5 years AED'000
As at 31 December 2021					
Borrowings	795,185	885,836	143,659	512,304	229,873
Trade and other payables	424,053	424,053	424,053	-	-
Retentions payable	46,656	46,656	42,386	4,270	-
	1,265,894	**1,356,545**	**610,098**	**516,574**	**229,873**
As at 31 December 2020					
Borrowings	826,500	861,783	130,457	489,527	241,799
Trade and other payables	336,985	336,985	336,985	-	-
Retentions payable	78,666	78,666	70,651	8,015	-
	1,242,151	**1,277,434**	**538,093**	**497,542**	**241,799**

33. Financial risk management (continued)

Fair value estimation

The Group has an established control framework with respect to the measurement of fair values, and management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

The following table presents the Group's financial assets that are measured at fair value:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31 December 2021				
Equity instrument at fair value through other comprehensive income	5,461	-	-	**5,461**
As at 31 December 2020				
Equity instrument at fair value through other comprehensive income	3,413	-	-	**3,413**

The carrying value less impairment provision of trade, contract and other receivables and due from related parties approximates their fair values keeping in view the period over which these are expected to be realised. Financial liabilities approximate their fair values.

Notes to the consolidated financial statements
For the year ended 31 December 2021 (continued)

33. Financial risk management (continued)

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

	Amortised cost AED'000	Equity instrument at fair value through other comprehensive income AED'000	Total AED'000
31 December 2021			
Assets as per statement of financial position			
Equity instrument at fair value other comprehensive income	-	5,461	**5,461**
Trade, contract and other receivables (excluding advances and prepayments)	614,492	-	**614,492**
Due from related parties	414,154	-	**414,154**
Bank balances	462,566	-	**462,566**
	1,491,212	**5,461**	**1,496,673**
Liabilities as per statement of financial position			
Trade and other payables	424,053	-	**424,053**
Retentions payable	46,656	-	**46,656**
Borrowings	795,185	-	**795,185**
	1,265,894	**-**	**1,265,894**
31 December 2020			
Assets as per statement of financial position			
Equity instrument at fair value other comprehensive income	-	3,413	**3,413**
Trade, contract and other receivables	588,603	-	**588,603**
Due from related parties	567,044	-	**567,044**
Long term fixed deposits	39,780	-	**39,780**
Bank balances	374,904	-	**374,904**
	1,570,331	**3,413**	**1,573,744**

33. Financial risk management (continued)

	Amortised cost AED'000	Equity instrument at fair value through other comprehensive income AED'000	Total AED'000
31 December 2020			
Liabilities as per statement of financial position			
Trade and other payables	336,985	-	**336,985**
Retentions payable	78,666	-	**78,666**
Borrowings	826,500	-	**826,500**
	1,242,151	**-**	**1,242,151**

34. Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the year. Except for complying with certain provisions of the UAE Federal Law No. (2) of 2015, the Group is not subject to any externally imposed capital requirements.

35.Subsidiaries and equity accounted investees entities

Name of entity	Country of incorporation	Effective ownership	Principal activities
Subsidiaries			
Deyaar Facilities Management LLC	UAE	100%	Facility management services
Nationwide Realtors LLC*	UAE	100%	Brokerage and other related services
Deyaar Hospitality LLC	UAE	100%	Property Investment and Development
Deyaar International LLC *	UAE	100%	Real Estate Consultancy

35. Subsidiaries and equity accounted investees entities (continued)

Name of entity	Country of incorporation	Effective ownership	Principal activities
Deyaar Ventures LLC *	UAE	100%	Property Investment and Development
Flamingo Creek LLC *	UAE	100%	Property Investment and Development
Beirut Bay Sal *	Lebanon	100%	Property Investment and Development
Deyaar West Asia Cooperatief U.A. *	Netherlands	100%	Investment Holding Company
Deyaar Development Cooperation *	USA	100%	Property Investment and Development
Deyaar AL Tawassol Lil Tatweer Aleqare Co. *	KSA	100%	Property Investment and Development
Deyaar Limited *	UAE	100%	Property Investment and Development
Deyaar Community Management LLC	UAE	100%	Owners Association Management
Deyaar Property Management LLC	UAE	100%	Property Management
Montrose L.L.C *	UAE	100%	Buying, Selling and Real Estate Development
The Atria L.L.C	UAE	100%	Hotel Management
Deyaar One Person Holding LLC*	UAE	100%	Investment in Commercial/ Industrial Enterprise & Management
Bella Rose Real Estate Development L.L.C	UAE	100%	Buying, selling and real estate development
Nationwide Management Services LLC	UAE	100%	District cooling services
Al Barsha LLC	UAE	100%	Hotel & Hotel Apartments Rental
Mont Rose FZ-LLC	UAE	100%	Hotels & Leisure services
Deyaar Bay Real Estate Development LLC*	UAE	100%	Buying, selling and real estate development

35. Subsidiaries and equity accounted investees entities (continued)

Name of entity	Country of incorporation	Effective ownership	Principal activities
Joint Venture			
Arady Developments LLC	UAE	50%	Property Investment and Development
Associate			
SI Al Zorah Equity Investments Inc.	Cayman Islands	22.72%	Property Investment and Development

* These entities did not carry out any commercial activities during the year.

36. Investment in shares

During the year, the Group has not purchased or invested in any shares.

37. Impact of COVID-19

The outbreak of novel coronavirus (COVID-19) pandemic in early 2020 has either directly or indirectly affected all businesses. Measures to prevent and contain transmission of the virus have impacted businesses throughout the world and lower economic activity resulted in reduced demand for many goods and services. Till date, the impact of COVID-19 on the Group's operational performance has not been significant, and management expects this to remain the same. The management continues to take required actions in order to optimise the Group's operating cash flows and preserve liquidity and have a reasonable expectation that the Group has adequate resources to continue as a going concern in foreseeable future.

Due to different variants of COVID-19, there is still uncertainty over the duration and severity of the outbreak on businesses and accordingly, it is not possible to reliably estimate the impact on the financial position and results of the Group for future periods. Given the unpredictable outcome of this pandemic, the Group will continue to monitor and assess the situation and keep adjusting its critical judgements and estimates including the inputs used for expected credit loss, macroeconomic factors, valuation of property and equipment, properties held for development and sale, and investment properties, as necessary, during the course of 2022.