



GOVERNANCE REPORT 2022

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 2022, 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 2022 governance report template approved by the Authority which was issued on 13 January 2023. 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 2022 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 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 2022, 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, four meetings of the Audit Committee, four meetings of the Nomination & Remuneration Committee, four meetings of the Executive Committee and two meetings of the Risk 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.
- 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 Audit Department reporting to the Board through the Audit Committee. The Internal Audit 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 authorities vested to the Management, any other additional tasks assigned by the Board and identifying duration necessary to practice these authorities;
- 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 Risk 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 2022

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 31/12/2022	Total sale	Total purchase
1	Mr. Abdullah Al Hamli	Chairman	-	-	-
2	H.E. Hamad Buamim	Vice-Chairman	1,514,654	-	-
3	Mr. Rashid Hasan Al Dabboos	Board member	22,105	-	-
4	Mr. Mohamed Al Sharif	Board member	-	-	-
5	Mr. Mohammed Al Nahdi	Board member	-	-	-
6	Dr. Adnan Chilwan	Board member	-	-	-
7	Mr. Obaid Nasser Lootah	Board member	234,432	-	-
8	Mr. Yasser Bin Zayed	Board member	-	-	-
9	Ms. Maryam Mohammed Bin Fares	Board member	-	-	-

According to the statement of the Board Members and as per the response from Dubai Financial Market sent to the Company on 23 January 2023 under Ref. No.2023/00131, stating that "There are no transactions by the Board Members of the Company securities (selling or purchasing) during 2022 as well as for the quantity of shares owned."

3. Board of Directors' Formation

The Board 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 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 was elected by the General Assembly for a subsequent term of three years on 27 April 2022.

The Board 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:

No.	Name	Category (Executive, Non-executive, Independent, Non- Independent)	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
1	 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 (14 years)	Chief Advisor to the Board of Directors of Dubai Islamic Bank PJSC	Chairman of Emirates REIT and Chairman of Al Tanmyah Services LLC.
2	 H.E. Hamad Buamim	Vice Chairman Non-executive / Non- Independent	Finance, banking and investments	Bachelor of Electrical Engineering from University of Southern California; Master of Science in Finance and Banking from University of Missouri, Kansas City United States of America	Appointed in 2022	Chairman of National General Insurance (NGI) PJSC; Board Member of Dubai Islamic Bank PJSC	Chairman of Dubai Multi Commodities Centre Authority (DMCC); Board Member of Economic Zones World (EZW); Board Member and Group Managing Director of Dubai World (DW); Board Member and Partner of Advanced Media Trading LLC (AMT); Board Member of UAE Banks Federation (UBF); Chairman of the Executive Committee of the Company.
3	 Mr. Rashid Al Dabboos	Board Member Non-executive / Independent	Investments, Real Estate and brokerage	Diploma in Commerce and Economics from Dubai Higher College of Technology	Appointed in 2022	-	Chief Executive Officer of Al Sharif & Al Daboos Trading Co. LLC and Deira Capital LLC; Member of the Executive Committee of the Company.
4	 Mr. Mohamed Al Sbarif	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 (13 years)	Chief of International Business & Real Estate Investments at Dubai Islamic Bank PJSC	Vice Chairman in Tamweel and Member of the Audit Committee and Risk Committee of the Company.

No.	Name	Category (Executive, Non-executive, Independent, Non- Independent)	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
5	 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 (13 years)	-	Board Member in Tanmyah LLC; Member of the NRC, Audit and Risk Committee of the Company.
6	 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 (13 years)	Group Chief Executive Officer of Dubai Islamic Bank PJSC	Member of the Board of Tamweel; Associate Fellow Member in Islamic Finance Professionals Board; and Member of the Executive Committee of the Company.
7	 Mr. Obaid Nasser Lootah	Board Member Non-executive / Non- Independent	Real estate and banking	Bachelor of Business Administration from the University of United Arab Emirates	Appointed since 2010 (12 years)	-	Board Member at Arady Development LLC; and Member of the NRC and Executive Committee of the Company.
8	 Mr. Yasser Bin Zayed	Board Member Non-executive/ Independent	Real estate, and financing operations	Bachelor of Business Administration from California State University, United States of America	Appointed since 2016 (6 years)	-	General Manager at Dubai Office; Board member in Falcon Holding Ltd.; Chairman of the NRC and Member of the Audit Committee and Risk Committee of the Company.
9	 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 (3 years)	-	Senior Manager Treasury Dealing at Etihad Airways; and Chairman of the Audit Committee and Risk Committee and Member of the NRC of the Company.

B. Statement of the percentage of female representation in the Board for 2022:

In line with the vision 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, the Company has allocated a space for the female candidate in its Board of Directors. One female Board Member has been elected on 27 April 2022 for the next term.

C. Statement of Board members' remunerations and allowances to attend the meetings of the Committees:**1. Total remunerations paid to the Board members for 2021:**

6.56% of the net profit for the financial year ended in 2021 was given as a remuneration to the Board members (after deducting depreciations and reserve), which represents the amount of AED 3 million after obtaining approval of the General Assembly which was held on 27 Apr 2022.

2. Total remunerations of the Board members proposed for 2022 to be presented in the annual General Assembly meeting for approval:

It is proposed to pay AED 3.55 million from the net profit of the financial year ended on 31 December 2022 (After deducting depreciation and reserves) as a remuneration to the Board members, after obtaining the approval of the General Assembly.

(We will make the necessary update if the proposed remuneration is changed in the upcoming General Assembly meeting).

3. Allowance paid to the Board members for attending meetings of the Board Committees for 2022:

The Board 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 2022
1	H.E. Hamad Buamim	Executive Committee	5,000	3	15,000
2	Dr. Adnan Chilwan	Executive Committee	5,000	3	15,000
3	Mr. Mohamed Al Sharif	Audit Committee	5,000	4	30,000
		Risk Committee	5,000	2	
4	Mr. Mohammed Al Nahdi	Nomination and Remuneration Committee	5,000	4	40,000
		Audit Committee	5,000	2	
		Risk Committee	5,000	2	
5	Mr. Obaid Nasser Lootah	Nomination and Remuneration Committee	5,000	1	25,000
		Executive Committee	5,000	4	
6	Mr. Yasser Bin Zayed Al Falasi	Nomination and Remuneration Committee	5,000	1	30,000
		Audit Committee	5,000	3	

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 2022
		Risk Committee	5,000	2	
7	Ms. Maryam Bin Fares	Nomination and Remuneration Committee	5,000	1	35,000
		Audit Committee	5,000	4	
		Risk Committee	5,000	2	
8	Mr. Rashid Al Dabboos	Executive Committee	5,000	3	15,000
9	Mr. Abdullah Lootah*	Nomination and Remuneration Committee	5,000	3	15,000
10	H.E. Khalifa Al Zaffin*	Nomination and Remuneration Committee	5,000	3	15,000
* Board member till 27 April 2022					

4. Details and reasons of additional allowances, salaries or fees paid to the Board members for 2022 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 2022
1	Mr. Obaid Nasser Lootah	For attending the meetings of the Board of Directors of a joint venture and an associate company (Arady / Alzorah) in his capacity as a member of the board of directors	20,000

D. Board of Directors meetings for the fiscal year 2022

The Board held four (4) meetings during 2022, as follows:

No.	Name	Meeting Dates			
		24 Feb 2022	10 May 2022	19 Oct 2022	27 Dec 2022
1	Mr. Abdullah Al Hamli	√	√	√	X
2	H.E. Hamad Buamim*	N/A	√	√	T
3	Mr. Rashid Hasan Al Dabboos*	N/A	√	√	T
4	Mr. Mohamed Al Sharif	√	√	√	T
5	Mr. Mohammed Al Nahdi	X	√	√	T
6	Dr. Adnan Chilwan	X	√	√	T
7	Mr. Obaid Nasser Lootah	√	T	√	T
8	Mr. Yasser Bin Zayed Al Falasi	√	√	√	T
9	Ms. Maryam Bin Fares	√	T	√	T
10	Mr. Abdullah Lootah**	√	N/A	N/A	N/A
11	H.E. Khalifa Al Zaffin**	√	N/A	N/A	N/A
√	Attended the meeting	X	Absent	T	Attended through modern technology
*	Newly elected on 27 April 2022				
**	Board member till 27 April 2022				

E. Number of Board's decisions issued by circulation during the fiscal year 2022

Three decisions were issued by circulation on 1 June, 18 July and 20 September 2022 and they were documented in subsequent Board meetings.

F. Duties and responsibilities assigned by the Board 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 10 May 2022, 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 approved additional authorisation to the CEO in the resolution passed by circulation dated 20 September 2022 as follows:

- To open and close bank account/s, deposit, endorse or withdraw funds to or from any of the Company's bank accounts or safe deposit box.
- To execute, sign and deliver to banks on behalf of the Company and its subsidiaries any forms, mandates to add signatories to operate the accounts, agreements, deeds and any account opening and servicing documentation and do all acts, things and matters whatsoever necessary for the opening, maintenance and operation of the account/s and to avail all cash management, credit cards or any electronic / online banking services with roles.

The Board also approved to do the necessary changes to the POA given to the General Counsel in the Board Meeting held on 10 May 2022 and summarized as follows:

- 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 during the Board meeting held on 10 May 2022.

G. Statement of the details of transactions made with related parties (stakeholders) during 2022

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 2022, there are no transactions with related parties (stakeholders) or any other parties during 2022. 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.

	2022 AED' 000	2021 AED'000
Ultimate majority shareholder		
Other operating income/finance income	3,691	770
Finance cost	25,288	10,258
Borrowings drawdown	219,793	626,407
Borrowings repayments	216,129	121,064
Joint venture		
Other operating income	1,125	725
Dividend income	19,095	10,223
Associate		
Dividend income	2,000	-

b) Remuneration of key management personnel

	2022 AED' 000	2021 AED'000
Salaries and other short term employee benefits	13,980	13,281
Termination and post-employment benefits	508	451
Board of Directors' sitting fees	165	165
Board of Directors' remuneration	3,150	2,850
	17,803	16,747

c) Due from related parties comprises:

	2022 AED' 000	2021 AED'000
Current		
Due from a joint venture	1,084	2,350
Due from other related parties	245,426	445,426
	246,510	447,776
Less: provision for impairment	(33,613)	(33,622)
	212,897	414,154

Cash and bank balances include amounts held with the ultimate majority shareholder of the Group (One of the banks), bank account balances of AED 166.6 million (2021: AED 113 million) and fixed deposits of AED 354 million (2021: AED 168 million), at market prevailing profit rates.

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.

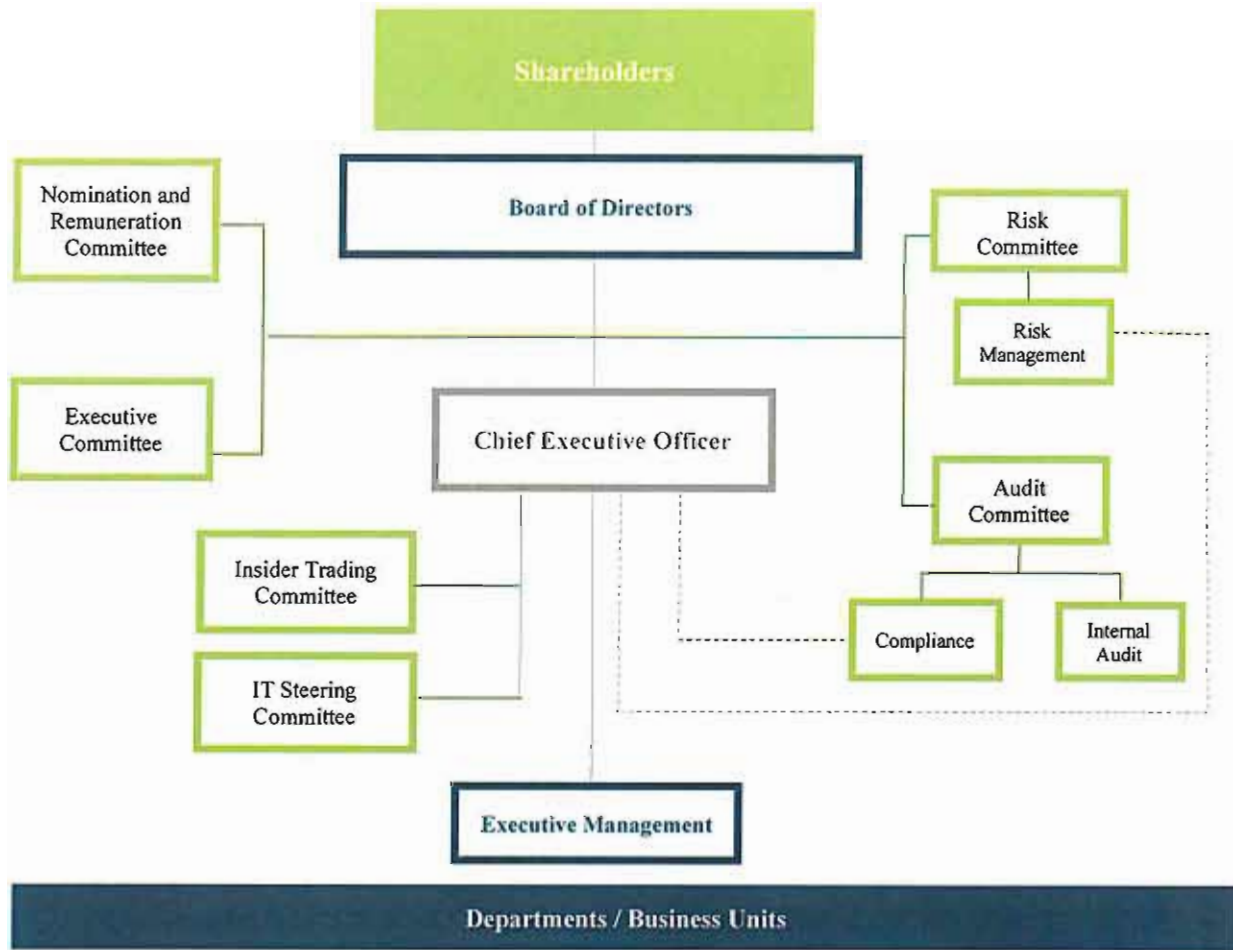
3. Due to related parties comprises:

	2022 AED '000	2021 AED'000
Current		
Due to a significant shareholder	271	322
Due to other related parties	110	435
	381	757

As of 31 December 2022, the Group had bank loans from the ultimate majority shareholder of AED 798.8 million (2021: AED 795.2 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 as on 31 December 2022:

No	Position	Appointment date	Total salaries and allowances paid for 2022 (AED)	Total Bonuses paid for 2022 (AED)*	Any other cash/in-kind bonuses for 2022 or due in the future
1	Chief Executive Officer	1 Jun 2007	2,516,115	-	NA
2	Chief Operating and Transformation Officer	2 Aug 2015	1,674,281	-	NA
3	Vice President-Operations	1 May 2004	1,059,705	-	NA
4	Vice President-Sales	8 Jan 2006	1,202,632	-	NA
5	Vice President-Human Resources	30 May 2022	499,603	-	NA
6	Vice President-Marketing and Corporate Communications	1 Aug 2008	751,123	-	NA
7	Vice President-Legal (General Counsel)	7 Feb 2017	1,159,347	-	NA
8	Senior Vice President-Projects & Commercial	26 Apr 2022	871,507	-	NA
9	Vice President-Asset Management & Hospitality	24 Nov 2016	944,465	-	NA
10	Vice President-Property & Community Management	6 Dec 2022	68,384	-	NA

* There are no bonuses paid for the year 2022 as of report date. If any bonuses have been paid, we will make the necessary update.



4. External Auditor

A- Deloitte & Touche M.E. (Deloitte) was reappointed as external auditor for the year 2022 at the General Assembly meeting on 27 April 2022 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	Daneya Suriya
Number of years served as the Company's external auditor	Four years
Number of years the Partner Auditor spent auditing the Company's accounts	One year
Total audit fees for 2022 (in AED)	AED 451,000
Fees and costs of special services other than auditing the financial statements for 2022 (in AED), if any, and in case of absence of any other fees, this shall be expressly stated	AED 49,000
Details and nature of other services (if any). If there are no other services, this shall be expressly stated.	External auditor's opinion on Company's method for capital reduction as per ESCA requirement.
Cost of variation in audit services provided by external auditor for year 2021 which was conducted in 2022	AED 58,800
Details and nature of variation in audit services provided by external auditor for year 2021 which was conducted in 2022	<ul style="list-style-type: none"> • Additional time spent on review of fair valuation model of investment properties/property, plant and equipment. • Obtain assurance on the significant increase in profit share of the Company from Al Zorah.

The table below shows a statement of other services provided by an **external auditor other than** the Company's auditor in 2022:

Auditor	Partner Auditor	Type of services	Amount (AED)
KPMG Lower Gulf Limited	Maryam Zaman	Consulting services	67,000

C- There are no reservations made by the External Auditor of the Company in the interim and annual financial statements for the year 2022.

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.

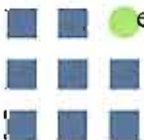
A. Ms. Maryam Bin Fares, Audit Committee Chairman, acknowledges her responsibility for the committee charter in the Company, to review its work mechanism and ensure its effectiveness.

B. Names of members of the Audit Committee:

No.	Name	Title
1	Ms. Maryam Bin Fares	Chairman
2	Mr. Mohammed Al Sharif	Member
3	Mr. Yasser Bin Zayed Al Falasi	Member
4	Mr. Mohammed Al Nahdi	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 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, 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 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 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 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 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 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 for above mentioned issues, and considering any other issues determined by the Board.

C. Statement of number and dates of the Audit Committee meetings held during 2022 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 four (4) meetings during the fiscal year as follows:

No.	Name	Meeting Dates							
		9 Feb 2022		25 Apr 2022		26 Jul 2022		17 Oct 2022	
		Attendance	Purpose	Attendance	Purpose	Attendance	Purpose	Attendance	Purpose
1	Ms. Maryam Bin Fares	√	Discussion of financial statements and matters of Internal Control	√	Discussion of financial statements and matters of Internal Control	√	Discussion of financial statements and matters of Internal Control	√	Discussion of financial statements and matters of Internal Control
2	Mr. Mohamed Al Sharif	√		√		√		√	
3	Mr. Yasser Bin Zayed Al Falasi	√		X		T		√	
4	Mr. Mohammed Al Nahdi*	N/A	N/A	√		√		√	
√	Attended the meeting	X	Absent	T	Attended through modern technology	*	Newly elected on 10 May 2022		

6. Nomination and Remuneration Committee

The Nomination and Remuneration 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. Yasser Bin Zayed Al Falasi, Nomination and Remuneration Committee Chairman, acknowledges the responsibility for the committee charter 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. Yasser Bin Zayed Al Falasi	Chairman
2	Ms. Maryam Bin Fares	Member
3	Mr. Obaid Lootah	Member
4	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 of the 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's 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.

C. Statement of number and dates of Nomination and Remuneration Committee meeting held during 2022, indicating the number of times of personal attendance of all members of the Committee

The Committee held four (4) meetings as follows:

No.	Name	Meeting Dates			
		25 Jan 2022	30 Mar 2022	19 Apr 2022	17 Oct 2022
1	Mr. Yasser Bin Zayed Al Falasi*	N/A	N/A	N/A	√
2	Ms. Maryam Bin Fares*	N/A	N/A	N/A	√
3	Mr. Obaid Lootah*	N/A	N/A	N/A	√
4	Mr. Mohammed Al Nahdi	√	√	√	√
5	Mr. Abdulla Lootah**	√	√	√	N/A
6	H.E. Khalifa Al Zaffin**	√	√	√	N/A
√	Attended the meeting	* Newly elected on 10 May 2022	**	Board member till 27 Apr 2022	

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, 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 charter 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 Operating and Transformation Officer
2	Ms. Amel Al Hosani	Member	Vice President-Human Resources
3	Mr. Ala Hasan	Member	Board Secretary & Head of Compliance and Risk

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 policies and procedures related to Board and employees trading in the Company's shares or its parent company, affiliates or associated companies' shares and submit such policies and procedures to the Board for review and approval;
3. Take all necessary measures for maintaining confidentiality of the Company's key information;
4. Take the necessary procedures to ensure related parties who have access to internal information including information of the Company maintain confidentiality and prevent this information from abuse or transferring to other parties; and
5. Ensuring that all insiders sign a declaration form confirming their awareness 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 2022

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. Hamad Buamim, Executive Committee Chairman, acknowledges his responsibility for the committee charter 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. Hamad Buamim	Chairman
2	Dr. Adnan Chilwan	Member
3	Mr. Rashid Hasan Al Dabboos	Member
4	Mr. Obaid Lootah	Member

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

The roles and tasks assigned thereto:

1. Monitor and evaluate the progress of achieving Company's strategic goals and initiatives along with providing the necessary directions to the CEO in this matter;
2. Review the Company budget and provide recommendation to the Board;
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;
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;
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;
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 2022, indicating the number of times of personal attendance of all members of the Committee

The Committee held four (4) meetings as follows:

No.	Name	Meeting Dates			
		30 Mar 2022	31 May 2022	20 Sep 2022	12 Dec 2022
1	H.E. Hamad Buamim*	N/A	√	√	√
2	Mr. Rashid Al Dabboos*	N/A	√	√	√
3	Dr. Adnan Chilwan*	N/A	√	√	√
4	Mr. Obaid Lootah	√	√	√	√
5	Mr. Mohamed Al Nahdi	√	N/A	N/A	N/A
6	H.E. Khalifa Al Zaffin**	√	N/A	N/A	N/A
7	Mr. Abdullab Lootah**	√	N/A	N/A	N/A
√	Attended the meeting	* Newly elected on 10 May 2022	** Board Member till 27 Apr 2022		

9. Risk Committee

The Risk Committee oversees and approves the Company's risk management framework to assist the Board in identifying and managing the risks that the Company is exposed to. The Committee also communicates with the Board and senior Management on the Company's risk management activities and progress to keep them informed of any potential risks to the Company.

A. Ms. Maryam Bin Fares, Risk Committee Chairman, acknowledges her responsibility for the committee charter in the Company to review its work mechanism and ensure its effectiveness.

B. Names of members of the Risk Committee

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

The roles and tasks assigned thereto:

1. Develop a comprehensive risk management strategy and policies that are consistent with the nature and volume of the Company activities, monitor its implementation, review and update based on the company internal and external changing factors;
2. Identify and maintain an acceptable level of risks that the Company may face and ensure that the Company does not exceed such level;
3. Supervise the risk management framework of the Company and evaluate the effectiveness of the framework and mechanisms of identifying and monitoring the risks that threaten the Company in order to identify areas of inadequacy and adequacy;
4. Provide guidance to management, as needed, to assist them in improving their risk management practices and/or mitigating certain risks, including the presence of qualified management personnel to carry out risk management activities effectively;

5. Obtain assurance from the executive management and internal audit that the risk processes and systems operate effectively with appropriate controls, in addition to compliance with approved policies;
6. Prepare reports on the level of exposure to risks and recommended procedures for managing such risks, along with submitting them to the Board;
7. Make recommendations to the Board on matters relating to risk management;
8. Ensure availability of adequate resources and systems for risk management;
9. Report regularly to the Board on the Company's risk profile and promptly inform the Board of any significant changes in the volume of the risk;
10. Verify that the risk management personnel are apart from the activities that may expose the Company to risk; and
11. Review appointment, performance and replacement of the Risk officer and monitor the effectiveness of the risk management unit in general.

C. Statement of number and dates of Risk Committee meetings held during 2022, indicating the number of times of personal attendance of all members of the Committee

The Committee held two (2) meetings as follows:

No.	Name	Meeting Dates	
		26 Jul 2022	17 Oct 2022
1	Ms. Maryam Bin Fares	√	√
2	Mr. Mohammed Al Sharif	√	√
3	Mr. Yasser Bin Zayed Al Falasi	T	√
4	Mr. Mohammed Al Nahdi	√	√
√	Attended the meeting	T	Attended through modern technology

10. Internal Control System

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

The Board has overall responsibility for ensuring the effectiveness of the internal control system of the Company. This allows effective and efficient operations, accurate financial reporting and compliance with laws and regulations throughout the following assurance functions:

Internal Audit

The Company's Internal Audit Department is an independent, objective assurance and consulting activity established to enhance and add value to the Company's operations. It carries out its responsibilities according to corporate governance requirements and international standards issued by Institute of Internal Auditors and its approved guidelines. Its activities are conducted in a manner based on a continuous evaluation of perceived business risks and has full and unrestricted access to all activities, documents, records, properties and staff. This includes verifying the compliance of the Company and its employees with the provisions of applicable laws, regulations, policies and procedures, and following up on the mechanism of risk management.

The Internal Audit Department is reporting to the Board through the Audit Committee so that the Department and its staff are independent to perform 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 authorised by the Board and submits reports including observations and recommendations related to systems' improvement to the Management and the Audit Committee.

Follow up on implementation of internal audit recommendations:

As a result of continuous follow up and meetings with management during the year, a significant number of open issues were implemented/resolved. Around 85% of the issues are implemented/resolved for reports issued until year 2022.

Risk Management

The Company 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 and evaluate the level of protection provided by this framework.

Compliance

The Compliance function performs continuous and ongoing monitoring of compliance and implementation of laws and regulations applicable to the Company. It also monitors the extent to which the Company abides by code of conduct rules, review the setup of Fraud Hotline through Internal Audit Department to enhance awareness regarding the prevention and detection of any fraudulent or irregular activity.

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

Bassam El Ghawi is the Head of Internal Audit Department (*Chief Audit Executive, CAE*) since August 2014; he is a specialist in control and has an extensive experience (around 27 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

Mr. Ala Addin Mansoor is the Head of Compliance since April 2022, in addition to his role as the Secretary of the Board of the Company. He joined the Company in 2013 and held the position of Public Relations and Investor Relations Manager until 2022.

He holds a Bachelor's degree in Mass Communication in Public Relations from Al Falah University - Dubai and has more than 14 years of experience in communication, marketing, public relations management, government relations and investor relations.

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

The Internal Audit 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 Audit Committee. It ensures that recommendations 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, status of action taken by each department on the recommendations of the previous audits and adequacy of Department's resources.
- **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 Audit Department has not encountered any significant issues within the Company which required to be disclosed in the 2022 annual financial statements.

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

The Internal Audit Department reports to the Board through the Audit Committee and issued reports during 2022 to the Committee according to the approved audit plan. The number of reports issued is shown below:

Report type	Internal Control	Internal Audit	Compliance
Quantity	13	16	1

11. Details of violations committed during 2022, 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 2022.

12. Cash and in-kind contributions made by the Company during 2022 for local community development and environmental conservation

The Company 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 activities in line with the Company's strategy and values.

During 2022, the Company celebrated International Women's Day by organizing a bowling tournament for its female employees. The tournament witnessed the participation of nearly forty female employees in enthusiastic and competitive atmosphere.

The Company also organized a number of Umrah trips in cooperation with Beit Al Khair Society and Dar Al Ber Society, where a number of orphans and needy people were sent to the Holy Land to perform Umrah. The cost of the trips is AED 100,000. Additionally, the Company provided a support of AED 10,000 to the Emirates Society for Parents Care and Relief.

As part of its social activities, the Company organized a health wellness day event at the Company's headquarter in cooperation with a number of clinics and health centers, in order to provide routine examinations for its employees.

In the environmental field, the Company 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.

13. 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 2022:

Month	Highest price	Lowest price	Closing price
January	0.48	0.47	0.48
February	0.47	0.46	0.47
March	0.47	0.46	0.46
April	0.48	0.47	0.48
May	0.41	0.40	0.40
June	0.47	0.46	0.46
July	0.50	0.49	0.50
August	0.56	0.54	0.55
September	0.46	0.44	0.45
October	0.50	0.48	0.49
November	0.52	0.51	0.51
December	0.51	0.50	0.51

B. Statement of the comparative performance of the Company's shares with general market index and sector index to which the Company belongs during 2022



C. Statement of shareholders' ownership distribution as on 31 December 2022 (individual, companies, governments) classified as follows: Local, Gulf, Arab and Foreign:

Shareholders classification	Percentage of shares held					Total
	Individual	Companies	Government	Banks	Institution	
Local	37.473%	10.668%	0.518%	41.147%	0.052%	89.858%
Gulf	1.843%	1.101%	-	0.234%	0.005%	3.183%
Arab	3.469%	0.300%	-	0.001%	-	3.770%
Foreign	1.574%	1.615%	-	-	-	3.189%
Total	44.359%	13.684%	0.518%	41.382%	0.057%	100%

D. Statement of the shareholders owning 5% or more of the Company's capital as on 31 December 2022

Name	Number of owned shares	Percentage of owned shares of the Company's capital
Dubai Islamic Bank (PJSC)	1,793,350,662	40.983%

E. Statement of the method of shareholders distribution according to the volume of shares as of 31 December 2022

No.	Shares ownership	Number of shareholders	Number of owned shares	Percentage of owned shares of the Company's capital
1	Less than 50,000	27,276	283,410,249	6.477%
2	From 50,000 to less than 500,000	3,054	478,849,247	10.943%
3	From 500,000 to less than 5,000,000	611	806,987,563	18.442%
4	More than 5,000,000	63	2,806,590,586	64.138%
Total		31,004	4,375,837,645	100%

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

The Company 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
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 2022 and procedures taken with respect thereto:

On 27 April 2022, a special resolution was approved by the General Assembly to reduce the issued share capital of the Company of AED 5.77 billion to AED 4.37 billion. Additionally, the General Assembly approved delegating the Company's Chief Executive Officer and/or any of the Board members to take all necessary steps to reduce the share capital of the Company. Subsequent to the AGM resolution, the capital reduction was activated on Dubai Financial Market on 13 Jun 2022.

Further, a special resolution was approved by the General Assembly to amend the Articles of Association to reflect the reduced share capital and be aligned with resolution No. (6/R.M) of 2022 amending some of the provisions of Resolution No. (3/R.M) of 2020 concerning adopting the Corporate Governance Guide for Public Joint Stock Companies in articles 5.1 and 15.3. The amendments have been published in the official Gazette after obtaining approval from the relevant authorities.

The General Assembly approved on 21 November 2022 by way of special resolution the amicable settlement with Limitless and delegated the Board to sign the settlement agreement amounting to AED 500 million and to take all necessary steps to execute the settlement and duly sign all addendums and amendments related to the payment mechanism.

H. Name and date of appointment of Board Secretary

Name of Board Secretary	Alaa Addin Mansoor Hasan
Date of appointment	10 May 2022

I. Statement of significant events and important disclosures occurred during 2022

- Announcement of the financial results for the year 2021 with revenues of AED 496 million.
- The election of the Board for the next three years.
- Announcement of Q1, 2022 financial results with revenues of AED 162 million.
- Announcement of capital reduction from AED 5.77 billion to AED 4.37 billion i.e. 24.3%.
- The launch of Tria project, the Company's first luxury tower in Dubai Silicon Oasis.
- The yellow flag next to the Company on Market watch page has been removed.
- The announcement of the financial results for H1 2022 with revenues of AED 369.4 million.
- Announcement of 91% completion of Mesk District and 78% Noor District in Midtown.
- The announcement of Q3, 2022 financial results with revenues of AED 577.2 million.
- The settlement agreement with Limitless has been signed which in turn deposited the first payment of AED 200 million as stipulated in the agreement.
- The announcement of AED 300 million real estate development in Al Furjan, comprising of residential units and hotel apartments.

J. Statement of transactions made with related parties during 2022 that are equal to or more than 5% of the Company's capital:

The Company entered into a sale and purchase agreement with a UAE based developer (related party) wherein the sale transaction falls within the definition of a related party in line with International Financial Reporting Standards (IFRS).

Certain properties were under dispute with the related party against which the Company received a favourable judgment to terminate all sale and purchase agreements of lands under dispute. In 2022, the related party offered a settlement which was recommended by the Board and approved by the General Assembly by way of special resolution on 21 November 2022.

The Company has signed a Conditional Settlement Agreement with the related party for an amount of AED 500 million i.e. 11.4% of the Company's capital. The Company received AED 200 million during the year upon execution of the Agreement and the remaining amount of AED 300 million is to be received within 18 months from date of the signed Agreement. Accordingly, the Company submitted an application to the court for the temporary suspension of the auction process on the remaining properties of the related party identified in the Agreement.

K. Statement of Emiratisation percentage in the Company at the end of years 2020, 2021 and 2022

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 through providing suitable training.

The percentage of UAE national employees in the Company in 2020, 2021 and 2022 is 9%, 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 2022

In 2022, the Company started executing its Digital Transformation Strategy, which is based on four pillars: operational excellence, profitable growth, compliance and security, in addition to enhancing customer experience.

This strategy aims to provide fast and accurate customer service, by providing digital tools to employees that help them achieve their targets, in addition process automation to achieve sustainable and low-cost business model and increasing revenues from digital operations.

Part of this Digital Transformation Strategy, the Company has completed number of projects throughout its business divisions, which include the following:

- Proposal Management
- Collection Process Hardening
- Legal Cases Management
- DPM Branchless Processes
- Digital Residents' Services
- Online Fees Collection
- Alternatives Payments Methods
- Tenant E-Services
- VAT & tax invoices restructure
- Single Sign On

Yours Sincerely,



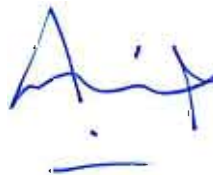
Maryam Bin Fares
Chairman of Audit
Committee



Yasser Bin Zayed
Chairman of Nomination &
Remuneration Committee



Bassam El Ghawi
Head of Internal Audit
Department



Abdulla Al Hamli
Chairman of Deyaar Development PJSC

Deyaar Development PJSC

**Consolidated financial statements
For the year ended 31 December 2022**

Deyaar Development PJSC

Consolidated financial statements for the year ended 31 December 2022

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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 2022.

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 2022 is AED 803 million (2021: AED 497 million) and profit for the year amounted to AED 144 million (2021: AED 51 million).

The Group aims to provide comprehensive, long term solutions that enhances the value of property investments. Total assets of the Group have increased by AED 384 million from AED 5,792 million in the previous year to AED 6,176 million in the current year.

Directors

The Board of Directors comprised of:

Mr. Abdulla Ali Obaid Al Hamli	Chairman
Mr. Hamad Buamim	Vice Chairman
Mr. Rashid Hasan Al Dabboos	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

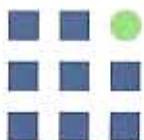
Auditors

The consolidated financial statements for the year ended 31 December 2022 have been audited by Deloitte & Touche (M.E.), who were appointed as auditors of the Company at the Annual General Meeting held on 27th April 2022.

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 2022, 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 2022, 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.

Cont’d...

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Deyaar Development PJSC (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of properties held for development and sale	
<p>The Group holds properties for development and sale of AED 1,463 million, which comprise completed residential and commercial properties (AED 300 million), land held for mixed-use development and sale (AED 694 million) and properties under development (AED 469 million) (Note 8).</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>We considered if there were any properties which had not been considered for an assessment of the recoverable amount by management.</p> <p>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.</p> <p>We tested the data provided to the valuer by the Group, on a sample basis.</p> <p>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.</p> <p>We assessed and challenged the underlying key assumptions used in the recoverable amount assessment.</p> <p>We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of the recoverable amount.</p> <p>We reperformed the arithmetical accuracy of the determination of recoverable amounts.</p> <p>We assessed the disclosures made relating to this matter to determine if they were in accordance with the requirements of IFRSs.</p>

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Deyaar Development PJSC (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
<p>Valuation of investment properties</p> <p>The Group's investment properties portfolio is carried at AED 763 million in the consolidated statement of financial position. No fair value gains or losses were recorded in the consolidated statement of profit or loss during the year ended 31 December 2022 (Note 6).</p> <p>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 assets.</p> <p>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.</p> <p>The sales comparable approach requires the valuers to examine and analyse market transactions/data and requires adjustments to be made for the data to account for individual characteristics.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>We assessed the design and implementation of controls in the process involved in the determination of the valuation of investment properties</p> <p>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.</p> <p>We tested the data provided to the valuer by the Group, on a sample basis.</p> <p>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.</p> <p>We assessed and challenged the underlying key assumptions used in the recoverable amount assessment.</p> <p>We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values.</p> <p>We reperformed the arithmetical accuracy of the determination of recoverable amounts.</p> <p>We assessed the disclosures made to determine if they were in accordance with the requirements of IFRSs.</p>



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Deyaar Development PJSC (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of property and equipment	
<p>The Group has a portfolio of hotels, partly which are owner occupied and are therefore classified as property and equipment. The carrying value of the portfolio of hotels, amounting to AED 483 million, is included in the total carrying value of the Group's property and equipment amounting to AED 521 million (Note 5).</p> <p>The Group determines whether each hotel exhibits indicators of impairment and if so, compares the recoverable amount of these hotels to their carrying amount.</p> <p>The Group applies significant estimates in determining the recoverable amount of its 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.</p> <p>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.</p> <p>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.</p> <p>In the event that the carrying amount of the hotels is higher than its recoverable amount, the Group will adjust the carrying value of its portfolio of hotels to its recoverable amount and recognise an impairment loss.</p> <p>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.</p>	<p>We assessed the design and implementation of controls over the process of assessing indicators of impairment of property and equipment.</p> <p>We considered if there were any hotel properties which had not been considered for an assessment of the recoverable amount by management.</p> <p>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.</p> <p>We tested the data provided to the valuer by the Group, on a sample basis.</p> <p>We assessed and challenged the underlying key assumptions used in the recoverable amount assessment.</p> <p>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.</p> <p>We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of the recoverable amount.</p> <p>We reperformed the arithmetical accuracy of the determination of recoverable amounts.</p> <p>We assessed the disclosures made to determine if they were in accordance with the requirements of IFRSs.</p>



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Deyaar Development PJSC (continued)

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	
<p>The carrying amount of the balance due from a related party is AED 212 million (2021: AED 412 million). This amount relates to certain properties under dispute against which the Group obtained a favourable court judgement in 2019 and, as a result of ongoing negotiations, the Group signed a Conditional Settlement Agreement (“the Agreement”) on 22 November 2022.</p> <p>In accordance with the Agreement, AED 200 million was paid in cash upon signing the Agreement and the remaining amount due will be settled in cash within eighteen months from the date of signing the Agreement.</p> <p>Management has engaged an external legal counsel to assist them in the execution and administrative process.</p> <p>Based on management’s assessment, no adjustment has been made to the net carrying value of the remaining receivable due from the related party as at the reporting date. Refer to Note 11 and Note 31 in the consolidated financial statements for more details relating to this assessment.</p> <p>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.</p>	<p>We obtained a detailed understanding of the properties under dispute and reviewed all legal documents issued by the jurisdictional authorities related to the balance due from the related party. We also discussed this matter with management and those charged with governance.</p> <p>We assessed the design and implementation of controls over the assessment of the amount recognized and the recoverability of the amount due from a related party.</p> <p>We reviewed the signed copy of the Conditional Settlement Agreement (“the Agreement”) between the Group and the related party and inspected supporting documents for the receipt of cash of AED 200 million.</p> <p>We evaluated the significant judgements applied and estimates made by management in their determination of the carrying value of the remaining receivable due from a related party as at the reporting date.</p> <p>We assessed the disclosures made relating to this matter to determine if they were in accordance with the requirements of IFRSs.</p>



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Deyaar Development PJSC (continued)

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 Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Deyaar Development PJSC (continued)

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

As part of an audit in accordance with ISA's, 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 auditor's 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.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Deyaar Development PJSC (continued)

Report on Other Legal and Regulatory Requirements

Further as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- we have obtained all the information 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 Decree Law No. (32) of 2021;
- 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 2022;
- 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 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2022; and
- note 24 to the consolidated financial statements discloses the social contributions made during the financial year ended 31 December 2022.

Deloitte & Touche (M.E.)

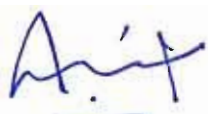
Akbar Ahmad
Registration No. 1141
13 February 2023
Dubai
United Arab Emirates

Consolidated statement of financial position
As at 31 December 2022

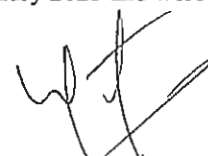
	Notes	2022 AED'000	2021 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	521,463	535,688
Investment properties	6	762,776	758,231
Investments in a joint venture and an associate	7	1,356,671	1,364,570
Trade, contract and other receivables	10	276,294	143,615
Equity instrument at fair value through other comprehensive income	13	4,894	5,461
		<u>2,922,098</u>	<u>2,807,565</u>
Current assets			
Properties held for development and sale	8	1,463,259	1,520,597
Inventories		3,042	2,430
Trade, contract and other receivables	10	635,211	583,227
Due from related parties	11(c)	212,897	414,154
Cash and bank balances	12	939,907	463,544
		<u>3,254,316</u>	<u>2,983,952</u>
Total assets		<u>6,176,414</u>	<u>5,791,517</u>
EQUITY			
Share capital	14	4,375,838	5,778,000
Legal reserve	15	14,424	303,438
Equity instruments fair valuation reserve	13	(14,441)	(13,874)
Retained earnings/(accumulated losses)		126,664	(1,705,600)
Total equity		<u>4,502,485</u>	<u>4,361,964</u>
LIABILITIES			
Non-current liabilities			
Borrowings	16	838,261	716,257
Retentions payable	19	13,409	4,270
Provision for employees' end of service benefits	20	16,070	15,096
		<u>867,740</u>	<u>735,623</u>
Current liabilities			
Borrowings	16	99,247	78,928
Advances from customers	17	173,607	142,486
Trade and other payables	18	482,332	424,053
Retentions payable	19	44,408	42,386
Provision for claims	26	6,214	5,320
Due to related parties	11(d)	381	757
		<u>806,189</u>	<u>693,930</u>
Total liabilities		<u>1,673,929</u>	<u>1,429,553</u>
Total equity and liabilities		<u>6,176,414</u>	<u>5,791,517</u>

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 13 February 2023 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.

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

	Notes	2022 AED'000	2021 AED'000
Revenue	21	803,409	496,955
Direct costs	22	(531,318)	(315,056)
General administrative and selling expenses	24	(178,303)	(160,931)
Other operating income	23	39,555	19,344
Finance cost	27	(36,087)	(31,921)
Provision/expense against claims	26	(1,169)	(946)
Finance income-net	27	3,488	1,359
Share of results from a joint venture and an associate	7	44,663	54,340
Profit before fair value adjustments & impairment losses		144,238	63,144
Loss on derecognition of fixed deposits	9	-	(19,999)
Gain from fair valuation on investment properties	6	-	7,657
Profit for the year		144,238	50,802
Profit attributable to:			
Owners of the Company		144,238	50,802
		144,238	50,802
Earnings per share attributable to the owners of the Company during the year - basic and diluted	28	Fils 3.3	Fils 0.88

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

**Consolidated statement of other comprehensive income
For the year ended 31 December 2022**

	Note	2022 AED'000	2021 AED'000
Profit for the year		144,238	50,802
Other comprehensive (loss)/income			
<i>Item that will not be subsequently reclassified to profit or loss:</i>			
Equity instrument at fair value through other comprehensive (loss)/ income - net change in fair value	13	<u>(567)</u>	2,048
Other comprehensive (loss)/income for the year		<u>(567)</u>	2,048
Total comprehensive income for the year		<u>143,671</u>	<u>52,850</u>
<i>Attributable to:</i>			
Owners of the Company		<u>143,671</u>	<u>52,850</u>
Total comprehensive income for the year		<u>143,671</u>	<u>52,850</u>

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

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

	Share capital AED'000	Legal reserve AED'000	Equity instruments fair valuation reserve AED'000	Retained earnings/ (accumulated losses) AED'000	Total equity AED'000
Balance at 1 January 2021	5,778,000	298,358	(15,922)	(1,748,472)	4,311,964
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	-	50,802	50,802
Other comprehensive income for the year	-	-	2,048	-	2,048
Total comprehensive income 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
Approved reduction (Refer Note 14)	(1,402,162)	(303,438)		1,705,600	-
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	-	144,238	144,238
Other comprehensive income for the year	-	-	(567)	-	(567)
Total comprehensive income for the year	-	-	(567)	144,238	143,671
Transfer to legal reserve	-	14,424	-	(14,424)	-
Board of Directors' remuneration [(Note 11(b))]	-	-	-	(3,150)	(3,150)
Balance at 31 December 2022	4,375,838	14,424	(14,441)	126,664	4,502,485

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

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

	Notes	2022 AED'000	2021 AED'000
Cash flows from operating activities			
Net cash generated from operating activities	29	317,123	94,532
Cash flows from investing activities			
Additions to property and equipment – net	5	(6,058)	(1,612)
Additions to investment properties – net	6	(1,356)	(1,134)
Repayment from joint venture	7	30,905	24,777
Dividend from joint venture and associates	7	21,095	10,223
Net movement in term deposits with an original maturity after three months		(179,450)	13,445
Income from deposits		2,375	1,698
Net (used in)/cash generated from investing activities		(132,489)	47,397
Cash flows from financing activities			
Repayment of borrowings		(273,871)	(657,722)
Drawdown of borrowings		416,194	626,407
Finance cost paid		(29,928)	(32,904)
Net cash generated from/(used in) financing activities		112,395	(64,219)
Increase in cash and cash equivalents			
Cash and cash equivalents, beginning of the year		398,028	320,309
(Reversal)/charge of impairment on bank balances		(66)	9
Cash and cash equivalents, end of the year	12	694,991	398,028

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

**Notes to the consolidated financial statements
For the year ended 31 December 2022****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 has 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 has applied the requirements of New Companies Law during the year ended 31 December 2022.

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 2022, 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 2022.

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 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be lossmaking.
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

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 2022.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

**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.

<u><i>New and revised IFRSs</i></u>	<u><i>Effective for annual periods beginning on or after</i></u>
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely
IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)****3. Significant accounting policies (continued)****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, described 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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)****3. Significant accounting policies (continued)****Basis of consolidation (continued)**

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.

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

3. Significant accounting policies (continued)

Investments in a joint venture and an associate (continued)

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.

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

3. Significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

a) Classification and measurement of financial assets and financial liabilities (continued)

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

3. Significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

b) Impairment (continued)

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.

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

3. Significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

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.

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

3. Significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

c) Derecognition (continued)

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

3. Significant accounting policies (continued)

Foreign currency translation (continued)

Group entities (continued)

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.

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

3. Significant accounting policies (continued)

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.

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)****3. Significant accounting policies (continued)****Investment properties (continued)***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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)****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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)****3. Significant accounting policies (continued)****Revenue recognition (continued)**

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.

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)****3. Significant accounting policies (continued)****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 171 of the UAE Federal Law No. (32) of 2021 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.

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

3. Significant accounting policies (continued)

Current and non-current classification (continued)

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

4. Critical accounting estimates and judgements (continued)

(c) IFRS 15 Revenue from contracts with customers (continued)

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.

(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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

4. Critical accounting estimates and judgements (continued)

(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.

Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)

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 2021	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
Additions	44	-	5,950	-	64	6,058
Transfer to properties held for development and sale (Note 8)	(3,563)	-	-	-	-	(3,563)
As at 31 December 2022	576,785	4,796	121,394	623	79	703,677
Accumulated depreciation and impairment loss						
As at 1 January 2021	107,046	3,888	41,490	893	-	153,317
Charge for the year [Note 5 (d)]	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
Charge for the year [Note 5 (d)]	6,999	206	9,440	75	-	16,720
As at 31 December 2022	117,180	4,222	60,488	324	-	182,214
Carrying amount						
As at 31 December 2021	470,123	780	64,396	374	15	535,688
As at 31 December 2022	459,605	574	60,906	299	79	521,463

Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)

5. Property and equipment (continued)

- a) Land and Buildings with a carrying value of AED 256.3 million (2021: AED 278.5 million) are mortgaged under Islamic finance obligations (Note 16).
- b) During the year, the Company has reclassified certain units in a building amounting to AED 3.6 million (2021: AED 7.2 million) based on change in use of these units (Note 8)
- c) The Group has a portfolio of hospitality assets included in property and equipment amounting to AED 483 million against which no impairment loss has been recognised during the year (2021: AED Nil). The recoverable amount of two hotel assets has been determined using the indicative fair values of the property as at 31 December 2022 as concluded by management for one hotel asset and for the 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 11% (2021: 9%) and a terminal value growth rate of 3% (2021: 3%).

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

	2022 AED'000	2021 AED'000
Direct costs [Note 22 (ii) & (iii)]	14,437	14,029
General administrative and selling expenses (Note 24)	2,283	3,683
	<u>16,720</u>	<u>17,712</u>

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	2022 Total AED'000	2021 Total AED'000
Fair value hierarchy	3	3	3	3	3		
As at 1 January	160,313	74,201	14,045	221,549	288,123	758,231	736,077
Additions	728	-	-	493	135	1,356	1,134
Transfer from properties held for sale - net (Note 8)	-	-	-	-	3,189	3,189	13,363
Net gain from fair value adjustments on investment properties	-	-	-	-	-	-	7,657
As at 31 December	161,041	74,201	14,045	222,042	291,447	762,776	758,231

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)****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 13.2 million (2021: AED 9 million) (Note 22) and rental income recognised in consolidated statement of profit or loss includes AED 38.8 million (2021: AED 31.5 million) from investment properties.

Investment properties with carrying value of AED 426 million (2021: AED 347.3 million) are mortgaged against bank borrowings (Note 16).

During the year, the Company has reclassified certain units amounting to AED 3.2 million from properties held for development and sale based on change in use of these units (2021: units & parking spaces amounting to AED 13.4 million). 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).

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

6. Investment properties (continued)

Valuation processes (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) are presented in the table below. 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 below:

Country	Segment	Valuation	Estimate	Range of inputs	Sensitivity of management estimates	
					Impact lower AED'000	Impact higher AED'000
UAE	Mix use building	Income capitalisation	Estimated rental value	AED 75 to AED 175 per sqft per annum	(950)	950
			Discount rate	9.41%	15,426	(11,146)
		Sales comparable method	Estimated market value	AED 984 to AED 1,980 per sqft	(829)	829
UAE	Parking spaces		Estimated market value	AED 25 K to AED53 K per parking space	(742)	742
UAE	Store units	Sales comparable method	Estimated market value	AED 150 to AED 300 per sqft	(140)	140
UAE	Retail units		Estimated market value	AED 831 to AED 1,663 per sqft	(2,137)	2,137
UAE	One service apartment building	Income capitalisation	Estimated earnings	AED 6.0 million to AED 9.8 million per annum	(961)	961
			Discount rate	11%	6,270	(5,761)
UAE	Two service apartments	Sales comparable method	Estimated market value	AED 1,035 to AED 1,187 per sqft	(1,920)	1,920

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 apartment buildings, the valuation was determined using the indicative fair values of these investment properties as at 31 December 2022 provided by an independent professionally qualified valuer. The valuer has used the sales comparison method to determine the fair values of these assets.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

6. Investment properties (continued)

Valuation processes (continued)

Valuation techniques underlying management's estimation of fair value (continued)

For one service apartment 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	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
At 1 January	978,881	980,692	385,689	364,538	1,364,570	1,345,230
Share of profit (refer note (i) below)	37,048	33,189	7,053	21,151	44,101	54,340
Repayment of capital contribution	(30,905)	(24,777)	-	-	(30,905)	(24,777)
Dividend	(19,095)	(10,223)	(2,000)	-	(21,095)	(10,223)
At 31 December	965,929	978,881	390,742	385,689	1,356,671	1,364,570

(i) Reconciliation for share of profit

	Joint Venture		Associate		Total	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Share of profit	37,610	33,189	7,053	21,151	44,663	54,340
Intercompany adjustment	(562)	-	-	-	(562)	-
	37,048	33,189	7,053	21,151	44,101	54,340

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

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

Investment in an associate (continued)

The table below reconciles the summarised financial information relating to the carrying amount of the Group's interest in the associate:

	2022 AED'000	2021 AED'000
Percentage ownership interest	22.72%	22.72%
Non current assets	940,193	940,193
Current assets	22	22
Non current liabilities	-	-
Current liabilities	(900)	(720)
Net assets (100%)	939,315	939,495
Group's share of net assets (22.72%)	213,412	213,453
Adjustments (refer note (i) below)	177,330	172,236
Carrying amount of interest in an associate	390,742	385,689
Profit and total comprehensive income (100%)	(184)	(166)
Profit and total comprehensive income (22.72%)	(42)	(38)
Adjustment relating to accounting policy (refer note (i) below)	7,095	21,189
Group share of total profit and comprehensive income	7,053	21,151

- (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.

Investment in a joint venture

The Group has a 50% interest in Arady Developments LLC, a Company registered in United Arab Emirates. The joint venture is engaged in property development and leasing activities. The following amounts represent 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:

	2022 AED'000	2021 AED'000
Percentage ownership interest	50%	50%
Non Current Assets	1,207,387	1,229,595
Current Assets	192,722	237,739
Non Current Liabilities	(8)	(87)
Current Liabilities	(40,197)	(37,380)
Net assets (100%)	1,359,904	1,429,867
Group's share of net assets (50%)	679,952	714,934
Adjustments (refer note (i) below)	285,977	263,947
Carrying amount of interest in a joint venture	965,929	978,881

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

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

Investment in a joint venture (continued)

	2022 AED'000	2021 AED'000
Revenue	136,314	99,114
Interest income	588	241
Depreciation and amortisation	26,164	25,378
Profit and total comprehensive income (100%)	51,269	38,344
Profit and total comprehensive income (50%)	25,635	19,172
Adjustments relating to accounting policies (refer note (i) below)	11,911	12,583
Other adjustments	(498)	1,434
Group share of total profit and comprehensive income	37,048	33,189

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

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 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	-	-	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
As at 1 January 2022	332,622	498,563	689,412	1,520,597
Additions	7,867	335,808	4,181	347,856
Transfer from property and equipment (Note 5)	3,563	-	-	3,563
Transfer to investment property (Note 6)	(3,189)	-	-	(3,189)
Sale of properties (Note 22)	(40,329)	(365,239)	-	(405,568)
As at 31 December 2022	300,534	469,132	693,593	1,463,259

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 in a building amounting to AED 3.6 million from properties, plant & equipment (2021: AED 7.2 million) (Note 5).

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

8. Properties held for development and sale (continued)

During the year, the Company has reclassified certain units amounting to AED 3.2 million to investment properties (2021: Units & parking spaces amounting to AED 13.4 million) (Note 6).

Plots of land including under development project with total carrying value of AED 843 million (2021: AED 954.7 million) and completed properties with total carrying value of AED 65.6 million (31 December 2021: AED 43.7 million) are mortgaged under Islamic finance obligations (Note 16).

In the current year, the Group has recognised an amount of AED 406 million (2021: AED 220.6 million) included in the consolidated statement of profit or loss under “direct costs” against revenue recognised of AED 537.8 million (2021: AED 299.3 million) (Note 21 and Note 22).

For plots of land held for future development and use amounting to AED 693.6 million as at the reporting date (31 December 2021: AED 689.4 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 a Wakala deposit amounting to AED 101 million with a financial institution for a period of 12 years with quarterly repayments. As at 31 December 2021, Group had received cumulatively an amount of AED 41.1 million towards the repayment of the 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 ended 31 December 2021, the Group had participated in an auction to exit with the financial institution, thereby had 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 had 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 were reversed in finance income and general, administrative and selling expenses respectively in the prior year.

10. Trade, contract and other receivables

	2022 AED'000	2021 AED'000
Trade and unbilled receivables (refer (i) below)	671,456	538,032
Other receivables (refer (ii) below)	240,049	188,810
	<u>911,505</u>	<u>726,842</u>
Current	635,211	583,227
Non-current	276,294	143,615
Total	<u>911,505</u>	<u>726,842</u>

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

10. Trade, contract and other receivables (continued)

i. Trade and unbilled receivables

	2022	2021
	AED'000	AED'000
Trade receivables		
Trade receivables within 12 months	102,013	99,871
Contract assets		
Unbilled receivables within 12 months	293,149	294,546
Unbilled receivables after 12 months	276,294	143,615
Total trade and unbilled receivables	671,456	538,032

The above trade receivables are net of provision for impairment amounting to AED 121.6 million (2021: AED 120.3 million) relating to trade receivables which are past due. All other trade receivables are considered recoverable.

As at 31 December 2022, trade receivables of AED 615.1 million (2021: AED 491.1 million) were receivable from sale of properties, and trade receivables of AED 56.3 million (2021: AED 47 million) were receivable from other streams of revenue.

The ageing analysis of these trade and unbilled receivables is as follows:

	2022	2021
	AED'000	AED'000
Not due	569,443	438,161
Upto 3 months	52,424	54,421
Over 3 months	49,589	45,450
Net receivable	671,456	538,032

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

	2022	2021
	AED'000	AED'000
At 1 January	120,287	117,847
Add: Provision for impairment	1,280	2,440
At 31 December	121,567	120,287

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

10. Trade, contract and other receivables (continued)

ii. Other receivables

	2022 AED'000	2021 AED'000
Advances to contractors	38,909	55,412
Advances to suppliers	4,181	4,682
Prepayments	98,895	52,256
Others	99,767	78,001
	<u>241,752</u>	<u>190,351</u>
Less: provision for impairment	(1,703)	(1,541)
	<u>240,049</u>	<u>188,810</u>

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.

	2022 AED'000	2021 AED'000
Ultimate majority shareholder		
Other operating income/finance income	3,691	770
Finance cost	25,288	10,258
Borrowings drawdown	219,793	626,407
Borrowings repayments	216,129	121,064
	<u>219,591</u>	<u>138,509</u>
Joint venture		
Other operating income	1,125	725
Dividend income	19,095	10,223
Repayment of capital contribution	30,905	24,777
	<u>51,125</u>	<u>35,725</u>
Associate		
Dividend income	2,000	-
	<u>2,000</u>	<u>-</u>

(b) Remuneration of key management personnel

	2022 AED'000	2021 AED'000
Salaries and other short term employee benefits	13,980	13,281
Termination and post-employment benefits	508	451
Board of Directors' sitting fees	165	165
Board of Directors' remuneration	3,150	2,850
	<u>17,803</u>	<u>16,747</u>

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

11. Related party transactions and balances (continued)

(c) Due from related parties comprises:

	2022	2021
	AED'000	AED'000
Current		
Due from a joint venture	1,084	2,350
Due from other related parties	245,426	445,426
	246,510	447,776
Less: provision for impairment	(33,613)	(33,622)
	212,897	414,154

Management believes that based on the court judgement and the Conditional Settlement Agreement signed with a related party during the year (refer to Note 31 for further details), the net receivable balance from a related party amounting to AED 212 million is recoverable. Accordingly, no further adjustment has been made to the carrying value of the receivable amount as at the reporting date.

Cash and bank balances include amounts held with the ultimate majority shareholder of the Group, bank account balances of AED 166.6 million (2021: AED 113 million) and fixed deposits of AED 354 million (2021: AED 168 million), at market prevailing profit rates.

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:

	2022	2021
	AED'000	AED'000
Current		
Due to a significant shareholder	271	322
Due to other related parties	110	435
	381	757

At 31 December 2022, the Group had bank borrowings from the ultimate majority shareholder of AED 798.8 million (2021: AED 795.2 million) at market prevailing profit rates (Note 16).

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

12. Cash and bank balances

	2022 AED'000	2021 AED'000
Cash and bank balances including call deposits	470,843	287,415
Fixed deposits	469,021	175,572
Cash in hand	554	978
	<u>940,418</u>	<u>463,965</u>
Less: provision for impairment	(511)	(421)
Cash and bank balances	939,907	463,544
Less: deposits with original maturity more than three months	(244,916)	(65,516)
Cash and cash equivalents	694,991	398,028

Bank accounts include balance of AED 291.5 million (31 December 2021: AED 202 million) and fixed deposits of AED 52 million (31 December 2021: AED 25 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 99.7 million (2021: 63.2 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

	2022 AED'000	2021 AED'000
<i>Investment in a real estate investment trust (REIT)</i>		
1 January	5,461	3,413
Change in fair value	(567)	2,048
31 December	<u>4,894</u>	<u>5,461</u>

14. Share capital

At 31 December 2022 share capital comprised of 4,375,837,645 (31 December 2021: 5,778,000,000 shares) of AED 1 each. All shares are authorised, issued and fully paid up.

At the Annual General Meeting of Shareholders (AGM) held in April 2022, the shareholders have approved the proposal of the Board of Directors for the reduction of the issued share capital of the Group by partially writing off the accumulated losses amounting to AED 1,706 million and using legal reserves amounting to AED 303 million against the issued share capital amounting to AED 5,778 million as at 31 December 2021. Accordingly, during the current period management has obtained all the required approvals from the relevant authorities and reflected the share capital reduction as listed below:

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

14. Share capital (continued)

	As at 31 December 2021 AED'000	Approved reduction AED'000	As at 31 December 2022 AED'000
Issued share capital	5,778,000	(1,402,162)	4,375,838
Accumulated losses	(1,705,600)	1,705,600	-
Legal reserve	303,438	(303,438)	-

15. Legal reserve

In accordance with the UAE Federal Law No. 32 of 2021 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

	2022 AED'000	2021 AED'000
Islamic finance obligations		
Current	99,247	78,928
Non-current	838,261	716,257
Total borrowings	937,508	795,185
		AED'000
1 January 2021		826,500
Drawn down		626,407
Repayments		(657,722)
31 December 2021		795,185
Drawn down		416,194
Repayments		(273,871)
31 December 2022		937,508

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 current year, the Group has signed a new Islamic facility with one local bank amounting to AED 250 million. The existing outstanding facilities with the ultimate majority shareholder was settled partially by utilising the new facility and remaining balance of AED 54 million is available for drawdown to the Group. The new facility carries market prevailing profit rates and is repayable in yearly instalments over five years from the reporting date. The facility is subject to financial covenants.

Islamic finance obligations with the ultimate majority shareholder carry market prevailing profit rates and are repayable in quarterly instalments over a period of nine years from the reporting date (*31 December 2021: ten years*).

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).

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

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:

	AED'000	AED'000
1 January 2022	142,486	10,329
Amounts collected/ advance billing during the year	168,983	136,621
Amounts invoiced/ revenue recognised during the year	(137,862)	(4,464)
31 December 2022	173,607	142,486

18. Trade and other payables

	2022 AED'000	2021 AED'000
Trade payables	188,121	119,592
Refundable deposits	53,108	51,864
Accrued Islamic facilities charges	8,981	2,822
Project cost accruals	83,160	93,637
Other payables and accrued expenses	148,962	156,138
	482,332	424,053

19. Retentions payable

	2022 AED'000	2021 AED'000
Non-current portion	13,409	4,270
Current portion	44,408	42,386
	57,817	46,656

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

	2022 AED'000	2021 AED'000
At 1 January	15,096	14,705
Charge for the year	3,440	2,818
Payments	(2,466)	(2,427)
At 31 December	16,070	15,096

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

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

21. Revenue

	2022	2021
	AED'000	AED'000
<i>Property development activities</i>		
Sale of properties (Note 8)	537,820	291,399
Leasing income	40,556	33,268
	578,376	324,667
<i>Properties, facilities and association management</i>		
Property management	29,785	28,548
Facilities and association management	101,938	76,743
	131,723	105,291
<i>Hospitality</i>		
	93,310	66,997
	803,409	496,955

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.

	2023	2024	2025	Total
	AED'000	AED'000	AED'000	AED'000
Sale of properties	571,362	429,731	201,489	1,202,582

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

	2022	2021
	AED'000	AED'000
Cost of sale of properties (i) (Note 8)	405,568	220,624
Direct cost of facility management (ii)	79,536	58,648
Direct cost of hospitality (iii)	32,533	26,585
Direct cost of leasing properties (Note 6)	13,262	8,988
Others	419	211
	531,318	315,056

- (i) Cost of sale of properties include reversal of impairment amounting to AED 6.5 million (2021: AED 5.2 million) 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 35.3 million (2021: AED 26.5 million) and depreciation charge amounting to AED 1 million (2021: AED 0.7 million).
- (iii) Hospitality costs include staff costs amounting to AED 9.3 million (2021: AED 5.7 million) and depreciation charge amounting to AED 13.5 million (2021: AED 13.3 million).

Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)

22. Direct costs (continued)

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

	2022	2021
	AED'000	AED'000
Write back of provisions and liabilities no longer payable	-	3,337
Others	39,555	16,007
	39,555	19,344

24. General administrative and selling expenses

	2022	2021
	AED'000	AED'000
Staff costs (Note 25)	90,572	89,775
Marketing and selling expenses	44,691	24,750
Legal and professional charges	4,781	6,558
Rent expenses	1,314	918
Social contributions	134	139
Depreciation [Note 5(d)]	2,283	3,683
Provision/(reversal) of impairment against trade, contract and other financial assets	354	(839)
Others	34,174	35,947
	178,303	160,931

25. Staff costs

	2022	2021
	AED'000	AED'000
Payroll cost	53,180	53,576
End of service benefits	2,499	2,031
Pension and social security contributions	683	724
Other benefits	34,210	33,444
	90,572	89,775

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

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 -net

	2022 AED'000	2021 AED'000
Finance cost on bank borrowings	36,087	31,921
Finance income from short-term bank deposits	(3,488)	(1,359)
Finance cost - net	<u>32,599</u>	<u>30,562</u>

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.

	2022	2021
Profit attributable to equity holders of the Company (AED'000)	144,238	50,802
Weighted average number of ordinary shares in issue (thousands)	4,375,838	5,778,000
Earnings per share (AED)	<u>3.30</u>	<u>0.88</u>

Diluted

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

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

29. Cash flow from operating activities

	2022 AED'000	2021 AED'000
Profit for the year	144,238	50,802
Adjustments for:		
Depreciation [Note 5(d)]	16,720	17,712
Adjustment of depreciation (Note 5)	-	(4,185)
Provision for employees' end of service benefits (Note 20)	3,440	2,818
Reversal of impairment of properties held for development and sale, net [Note 22(i)]	(6,522)	(5,238)
(Reversal of impairment)/Impairment against trade receivables, contract and other financial assets and related parties (Note 24)	354	(839)
Loss on derecognition of fixed deposit (Note 9)	-	19,999
Provision/expense against claims	1,169	946
Finance income (Note 27)	(3,488)	(1,359)
Finance cost (Note 27)	36,087	31,921
Share of results from an associate and a joint venture (Note 7)	(44,101)	(54,340)
Gain on fair valuation of investment property (Note 6)	-	(7,657)
Operating cash flows before payment of employees' end of service benefits and changes in working capital	147,897	50,580
Payment of employees' end of service benefits (Note 20)	(2,466)	(2,427)
<i>Changes in working capital:</i>		
Properties held for development and sale (net of project cost accruals)	64,234	(16,167)
Retention payable - non-current (Note 19)	9,140	(3,745)
Retention payable - current (Note 19)	2,022	(28,265)
Trade, contract and other receivables - non-current	(132,679)	60,483
Trade, contract and other receivables – current	(51,117)	(164,462)
Advances from customers	31,121	132,157
Inventories	(612)	105
Due from related parties	201,265	(801)
Trade and other payables	48,693	66,847
Due to related parties	(375)	227
Net cash generated from operating activities	317,123	94,532

30. Commitments

At 31 December 2022, the Group had total commitments of AED 349 million (2021: AED 601 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	32,648	30,864	63,512

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

31. Contingencies

Contingent liabilities

At 31 December 2022, 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 246 million (2021: AED 172.4 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 (2021: AED 3.4 million). The Group anticipates that no material liabilities will *arise* from these performance and other guarantees.

Legal claims

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 2019, 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 2020, 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.

In 2022, the Group has signed a Conditional Settlement Agreement (“the Agreement”) with the related party for an amount of AED 500 million. The Group received AED 200 million during the year upon execution of the Agreement and the remaining amount of AED 300 million is to be received within 18 months from date of the signed Agreement (refer Note 11 for further details). Accordingly, the Group submitted an application to the court for the temporary suspension of the auction process on the remaining properties of the related party identified in the Agreement.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

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.

	Property development activities AED'000	Properties and facilities management AED'000	Hospitality AED'000	Total AED'000
31 December 2022				
Segment revenues – external	578,376	131,723	93,310	803,409
Segment profit	96,262	17,670	30,306	144,238
Segment assets	5,085,713	283,517	807,184	6,176,414
Segment liabilities	1,482,850	170,485	20,594	1,673,929
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

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 2022 is AED 0.5 million (2021: AED 0.5 million).

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

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.

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 2022, if profit rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been AED 6.4 million lower/higher (2021: profit for the year would have been AED 7.4 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.

	2022 AED'000	2022 AED'000 Notional amount	2021 AED'000	2021 AED'000 Notional amount
	Fair value		Fair value	
Profit rate swap	-	47,500	-	47,500
	-	47,500	-	47,500

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

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

33. Financial risk management (continued)

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:

	2022 AED'000	2021 AED'000
Trade, contract and other receivables (excluding advances and prepayments)	769,521	614,492
Due from related parties	212,897	414,154
Bank balances	939,353	462,566
	<u>1,921,771</u>	<u>1,491,212</u>

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 2022.

	2022 AED'000	2021 AED'000
Bank balances		
A1	271,534	146,282
A2	526,237	278,235
Baa1	121,801	19,987
Baa2 – Baa3	19,756	18,037
B2	25	25
	<u>939,353</u>	<u>462,566</u>

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

33. Financial risk management (continued)

Credit risk management (continued)

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:

	Notes	Gross carrying amount AED'000	Loss allowance AED'000	Net carrying amount AED'000
31 December 2022				
Trade and unbilled receivables	10 (i)	793,023	(121,567)	671,456
Other receivables (excluding advances and prepayments)	10 (ii)	99,767	(1,703)	98,064
Due from related parties	11 (c)	246,510	(33,613)	212,897
		1,139,300	(156,883)	982,417
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

- (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.

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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

33. Financial risk management (continued)

Liquidity risk (continued)

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.

	Carrying amount AED'000	Contractual cash flows AED'000	----- Contractual cash flows -----		
			Within 1 year AED'000	2 to 5 Years AED'000	More than 5 years AED'000
As at 31 December 2022					
Borrowings	937,508	1,172,356	156,092	740,517	275,747
Trade and other payables	482,332	482,332	482,332	-	-
Retentions payable	57,817	57,817	44,408	13,409	-
	1,477,657	1,712,505	682,832	753,926	275,747
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

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).

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

33. Financial risk management (continued)

Fair value estimation (continued)

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 2022				
Equity instrument at fair value through other comprehensive income	4,894	-	-	4,894
As at 31 December 2021				
Equity instrument at fair value through other comprehensive income	5,461	-	-	5,461

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.

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 2022			
Assets as per statement of financial position			
Equity instrument at fair value other comprehensive income	-	4,894	4,894
Trade, contract and other receivables (excluding advances and prepayments)	769,521	-	769,521
Due from related parties	212,897	-	212,897
Bank balances	939,353	-	939,353
	1,921,771	4,894	1,926,665
Liabilities as per statement of financial position			
Trade and other payables	482,332	-	482,332
Retentions payable	57,817	-	57,817
Borrowings	937,508	-	937,508
	1,477,657	-	1,477,657

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

33. Financial risk management (continued)

Fair value estimation (continued)

	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	614,492	-	614,492
Due from related parties	414,154	-	414,154
Bank balances	462,566	-	462,566
	<u>1,491,212</u>	<u>5,461</u>	<u>1,496,673</u>
31 December 2021			
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
	<u>1,265,894</u>	<u>-</u>	<u>1,265,894</u>

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. 32 of 2021, 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

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)**

35. Subsidiaries and equity accounted investees entities (continued)

Name of entity	Country of incorporation	Effective ownership	Principal activities
Subsidiaries			
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 (also holds registration as Millenium Montrose Hotel apartments LLC issued by Dubai economic Department)	UAE	100%	Hotels & Leisure services
Deyaar Bay Real Estate Development LLC	UAE	100%	Buying, selling and real estate development
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.

**Notes to the consolidated financial statements
For the year ended 31 December 2022 (continued)****36. Investment in shares**

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

37. Corporate Income Tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

38. Reclassifications

Certain comparative figures have been reclassified to conform to the presentation adopted in these condensed consolidated interim financial statements. The reclassification does not have any material effect on the condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows.