Damac Real Estate Development Limited, DIFC
Dubai - United Arab Emirates

Report and consolidated financial statements
for the year ended 31 December 2023

Damac Real Estate Development Limited, DIFC
Dubai - United Arab Emirates

Consolidated Financial Statements
For the year ended 31 December 2023

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Director's Report

The Chairman has the pleasure in submitting their report together with the consolidated financial statements of Damac Real Estate Development Limited, DIFC (the "Company") and its subsidiaries (together the "Group") for the financial year ended 31 December 2023. Profit for the year is AED 4,231 million (2022: AED 1,404 million).

Principal activities

The principal activity of the Group is investment in real estate development companies.

Financial position and results

The financial position and results of the Group for the year ended 31 December 2023 are set out in the accompanying consolidated financial statements.

Chairman

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Damac Real Estate Development Limited, DIFC
Dubai
United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Damac Real Estate Development Limited, DIFC** (the "Company") **and its subsidiaries** (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS Accounting 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 the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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INDEPENDENT AUDITOR'S REPORT
To the shareholder of Damac Real Estate Development Limited, DIFC (continued)

Key Audit Matters (continued)

Key audit matter	**How our audit addressed the key audit matter**
Valuation of development properties	
The Group holds development properties of AED 9,461 million, which comprise completed residential and commercial properties (AED 729 million), land held for mixed-use development and sale (AED 670 million) and properties under development (AED 8,062 million) as disclosed in note 10. The Group determines whether its development properties exhibit any indicators of impairment and if so, compares the value of each property at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Group applies significant estimates in determining the net realisable value of development properties. Changes in these estimates could have a significant impact on the determination of the net realisable value of development properties. Key inputs used by management in their valuation exercise include future projected cash flows and comparable property transactions, which are influenced by prevailing market conditions and the specific characteristics of each property in the portfolio. In addition, the Group also appoints professionally qualified external valuers to determine the fair value of the Group's portfolio of development properties. 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 development properties in the Group's consolidated financial statements. In the event that the carrying amount of a property is lower than the net realisable value, the Group will adjust the property to its net realisable value and recognise an impairment loss. Refer to note 5 for details about judgements applied and estimates made in determining the valuation of development properties.	Our audit procedures included, but were not limited to, the following: We obtained an understanding of the process implemented by the Group in valuing development properties. We assessed the controls over the valuation process to determine if they had been designed and implemented appropriately. We considered if there were any properties which exhibited indicators of impairment and had not been considered for an assessment of the net realisable value by management. We assessed the external valuer's skills, objectivity, competence and independence. We read the external valuer's terms of engagement with the Group to determine if the scope was sufficient for audit purposes. We tested samples for the data provided to the external valuer by the Group. This data included costs incurred to date, costs to complete, historical sales prices, outstanding receivables to be collected and information relating to unsold inventories. We involved our internal real estate valuation specialists to review the valuation reports for selected properties and assessed whether the valuation approach and methods used are in accordance with the established standards and requirements of Royal Institute of Chartered Surveyors for valuation of the properties and suitable for use in determining the fair value for the purpose of assessment of impairment loss. Where we identified estimates and assumptions that are outside the typical ranges used, we discussed these with the external valuer to understand the rationale. We determined whether the results of the valuation were appropriately incorporated into the results presented in the consolidated financial statements. We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

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INDEPENDENT AUDITOR'S REPORT
To the shareholder of Damac Real Estate Development Limited, DIFC (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Revenue recognition of development properties sale</td></tr>
<tr><td>Revenue recognition on development properties sale require significant judgements to be applied and estimates to be made. The Group assesses for each of its contracts with customers for development properties sale, whether to recognise revenue over time or at a point in time based on a consideration of whether the Group has created a real estate asset with no alternative use and whether the Group has an enforceable right to payment for performance completed at any time during the life of the contract as disclosed in note 4 to the consolidated financial statements.

Where revenue is recognised over time, the Group estimates total development and infrastructure costs required to meet performance obligations under the contract and recognises proportionate revenue to the extent of satisfaction of performance obligations as at the end of the reporting period.</td><td>Our audit procedures included, but were not limited to, the following:

We obtained an understanding of the process implemented by the Group for revenue recognition and measurement in respect of development properties sale.

We tested the design and operating effectiveness of relevant controls over revenue which included;

▪ the budgeting process including the variation process of the Group to assess the robustness of the budgets with specific focus on the expected total cost to complete the real estate developments; and

▪ the review and approval process over the preparation of percentage of completion calculations.</td></tr>
<tr><td>Revenue recognition on development properties sale was assessed as a key audit matter due to the significance of the assessment of satisfaction of performance obligations and judgments made in assessing the timing of revenue recognition.

Refer to note 5 for details about judgments applied and estimates made in determining the amount of revenue to be recognised.</td><td>In addition, we also performed the following audit procedures on a sample of contracts;

▪ verified that the Group has correctly recognised revenue in accordance with the terms of the contracts and the relevant jurisdiction in which the project is located;

▪ recalculated the revenue and compared it with the calculation performed by the management; and

▪ reviewed and challenged the basis of estimation used by management for assessing the total cost to complete for the respective real estate projects are reasonable.

We assessed the disclosure in the consolidated financial statements relating to this area against the requirements of IFRSs.</td></tr>
</table>

Other information

The Board of Directors are responsible for the other information. The other information comprises the Director's Report which we obtained prior to the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

Other information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 Companies Law pursuant to DIFC Law No. 5 of 2018, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the shareholder of Damac Real Estate Development Limited, DIFC (continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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 and 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, we report that the consolidated financial statements comply, in all material aspects, with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018.

Deloitte & Touche (M.E.)

Deloitte & Touche

11 March 2024
Dubai
United Arab Emirates

Consolidated statement of financial position
as at 31 December 2023

	Notes	2023 AED'000	2023 USD'000 Equivalent	2022 AED'000	2022 USD'000 Equivalent
ASSETS					
Cash and bank balances	7	**16,068,749**	**4,372,449**	8,170,066	2,223,147
Trade and other receivables	9	**6,048,090**	**1,645,739**	5,111,496	1,390,884
Development properties	10	**9,461,378**	**2,574,525**	7,535,172	2,050,387
Other financial assets	12	**850,308**	**231,376**	446,928	121,613
Right-of-use assets	13	**74,112**	**20,166**	54,174	14,741
Property and equipment	14	**200,441**	**54,542**	111,438	30,323
Investment properties	15	**475,331**	**129,342**	63,066	17,161
Due from related parties	22	**24,310**	**6,615**	76,590	20,841
Total assets		**33,202,719**	**9,034,754**	21,568,930	5,869,097
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	**3,980,025**	**1,083,000**	3,980,025	1,083,000
Statutory reserve		**154,205**	**41,961**	151,883	41,329
Retained earnings		**9,438,284**	**2,568,241**	5,209,588	1,417,576
Total equity		**13,572,514**	**3,693,202**	9,341,496	2,541,905
LIABILITIES					
Trade and other payables	18	**4,235,728**	**1,152,579**	3,288,041	894,704
Advance from customers	19	**11,950,288**	**3,251,779**	7,656,864	2,083,500
Bank borrowing	20	**100,000**	**27,211**	-	-
Sukuk certificates	21	**3,279,434**	**892,363**	1,217,538	331,303
Lease liabilities	13	**64,755**	**17,620**	64,991	17,685
Total liabilities		**19,630,205**	**5,341,552**	12,227,434	3,327,192
Total equity and liabilities		**33,202,719**	**9,034,754**	21,568,930	5,869,097

The consolidated financial statements was signed on 11 March 2024 by:

Chairman

Director

The accompanying notes on pages 13 to 75 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss for the year ended 31 December 2023

	Notes	2023 AED'000	2023 USD'000 Equivalent	2022 AED'000	2022 USD'000 Equivalent
Revenue	**23**	**8,843,247**	**2,406,326**	3,000,473	816,455
Cost of sales		**(3,864,476)**	**(1,051,558)**	(1,887,097)	(513,496)
Gross profit		**4,978,771**	**1,354,768**	1,113,376	302,959
Other operating income - net	**24**	**669,495**	**182,176**	1,241,569	337,842
General, administrative and selling expenses	**25**	**(2,447,894)**	**(666,096)**	(1,842,161)	(501,268)
Amortisation of right-of-use assets	**13**	**(2,731)**	**(743)**	(3,077)	(837)
Depreciation on property & equipment	**14**	**(25,398)**	**(6,911)**	(20,420)	(5,556)
Depreciation on investment properties	**15**	**(11,742)**	**(3,195)**	(9,643)	(2,624)
Reversal of impairment on development properties - net	**10**	**129,826**	**35,327**	694,208	188,900
Loss allowance reversal on trade & other receivables - net	**9(a)(b)**	**84,548**	**23,006**	67,329	18,321
Loss on sale of financial investments carried at fair value through profit or loss (FVTPL)	**8(b)**	**-**	**-**	(130,405)	(35,484)
Exchange loss	**37**	**-**	**-**	(23,589)	(6,419)
Other income	**26**	**501,244**	**136,393**	274,813	74,779
Finance income	**27**	**575,856**	**156,696**	91,800	24,980
Finance cost	**28**	**(294,288)**	**(80,078)**	(108,958)	(29,648)
Share of net loss of associates	**11**	**-**	**-**	(13,219)	(3,597)
Gain on net monetary position	**37**	**-**	**-**	91,030	24,770
Reversal/(provision) for value added tax	**29**	**73,331**	**19,954**	(16,533)	(4,499)
Profit before tax		**4,231,018**	**1,151,297**	1,406,120	382,619
Income tax expense – overseas	**36**	**-**	**-**	(2,292)	(624)
Profit for the year		**4,231,018**	**1,151,297**	1,403,828	381,995
Attributable to:					
Owners of the company		**4,231,018**	**1,151,297**	1,404,945	382,299
Non-controlling interests		**-**	**-**	(1,117)	(304)
		4,231,018	**1,151,297**	1,403,828	381,995
Earnings per share attributable to the owners of the Company:					
Basic and diluted AED/USD	**41**	**3.907**	**1.063**	1.297	0.353

The accompanying notes on pages 13 to 75 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2023

	Notes	2023 AED'000	2023 USD'000 Equivalent	2022 AED'000	2022 USD'000 Equivalent
Profit for the year		**4,231,018**	**1,151,297**	1,403,828	381,995
Other comprehensive loss:					
Item that will not be reclassified subsequently to consolidated statement of profit or loss:					
Fair value loss on investment in equity instruments designated at fair value through other comprehensive income (FVTOCI)	**8(a)**	**-**	**-**	(281,743)	(76,665)
Item that may be reclassified subsequently to consolidated statement of profit or loss:					
Foreign exchange differences on translation of financial statements of foreign operations		**-**	**-**	(116,784)	(31,778)
Other comprehensive loss for the year		**-**	**-**	(398,527)	(108,443)
Total comprehensive income for the year		**4,231,018**	**1,151,297**	1,005,301	273,552
Total comprehensive income attributable to:					
Owners of the Company		**4,231,018**	**1,151,297**	1,030,527	280,416
Non-controlling interests		**-**	**-**	(25,226)	(6,864)
		4,231,018	**1,151,297**	1,005,301	273,552

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

	Attributable to the owners of the Company							
	Share Capital AED'000	Statutory reserve AED'000	Fair value reserve AED'000	Foreign currency translation reserve AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interest AED'000	Total AED'000
Balance at 1 January 2022	3,980,025	151,883	488,369	(280,031)	8,746,873	13,087,119	-	13,087,119
Acquisition of additional stake in a subsidiary (note 16)	-	-	-	-	-	-	411,487	411,487
Payment to non-controlling interests (note 16)	-	-	-	-	-	-	(33,543)	(33,543)
Profit for the year	-	-	-	-	1,404,945	1,404,945	(1,117)	1,403,828
Other comprehensive loss for the year	-	-	(281,743)	(92,675)	-	(374,418)	(24,109)	(398,527)
Total comprehensive income/(loss) for the year	-	-	(281,743)	(92,675)	1,404,945	1,030,527	(25,226)	1,005,301
Transfer of fair value reserve upon disposal of investments in equity instruments designated at FVTOCI	-	-	(206,626)	-	206,626	-	-	-
Derecognition of non-controlling interests on disposal of subsidiaries (note 38)	-	-	-	-	-	-	(352,718)	(352,718)
Gain on disposal of subsidiaries – net (note 38)	-	-	-	372,706	41,704	414,410	-	414,410
Dividends (note 40)	-	-	-	-	(5,190,560)	(5,190,560)	-	(5,190,560)
Balance at 31 December 2022	3,980,025	151,883	-	-	5,209,588	9,341,496	-	9,341,496
Profit for the year	-	-	-	-	4,231,018	4,231,018	-	4,231,018
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	**4,231,018**	**4,231,018**	-	**4,231,018**
Transfer to statutory reserve	-	2,322	-	-	(2,322)	-	-	-
Balance at 31 December 2023	**3,980,025**	**154,205**	-	-	**9,438,284**	**13,572,514**	-	**13,572,514**

The accompanying notes on pages 13 to 75 form an integral part of these consolidated financial statements.

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

	2023	**2023**	2022	2022
	AED'000	**USD'000 Equivalent**	AED'000	USD'000 Equivalent
Cash flows from operating activities				
Profit for the year before tax	**4,231,018**	**1,151,297**	1,406,120	382,619
Adjustments for:				
Depreciation on property and equipment and investment properties (notes 14 and 15)	**37,140**	**10,106**	30,063	8,180
Amortisation on right-of-use assets (note 13)	**2,731**	**743**	3,077	837
Provision for employees' end-of-service indemnity (note 18)	**24,061**	**6,547**	20,075	5,463
Amortisation of issue costs on sukuk certificates (note 21)	**6,159**	**1,676**	2,951	803
Loss on write off/disposal of property and equipment (note 14)	**604**	**164**	11,330	3,083
Reversal of impairment on development properties - net (note 10)	**(129,826)**	**(35,327)**	(694,208)	(188,900)
Loss allowance reversal on trade and other receivables - net (note 9)	**(84,548)**	**(23,006)**	(67,329)	(18,321)
Finance costs (note 28)	**294,288**	**80,078**	108,958	29,648
Finance income (note 27)	**(575,856)**	**(156,696)**	(91,800)	(24,980)
Loss on disposal/fair value of financial investments at FVTPL [note 8 (b)]	-	-	130,405	35,484
Share of net loss of associates (note 11)	-	-	13,219	3,597
Dividend income (note 26)	-	-	(23,765)	(6,467)
Gain on net monetary position (note 37)	-	-	(91,030)	(24,770)
Loss on repurchase of sukuk certificates (note 26)	-	-	1,171	319
(Reversal)/provision for value added tax (note 29)	**(73,331)**	**(19,954)**	16,533	4,499
Operating cash flows before changes in operating assets and liabilities	**3,732,440**	**1,015,628**	775,770	211,094
Increase in trade and other receivables	**(817,611)**	**(222,478)**	(658,792)	(179,264)
(Increase)/decrease in development properties	**(1,133,024)**	**(308,306)**	384,977	104,756
(Decrease)/increase in trade and other payables	**(201,578)**	**(54,851)**	405,895	110,448
Increase in advances from customers	**4,293,424**	**1,168,279**	4,662,332	1,268,662
Employee end-of-service indemnity paid (note 18)	**(13,096)**	**(3,564)**	(8,321)	(2,264)
Decrease/(increase) in due from related parties	**52,280**	**14,226**	(445,272)	(121,162)
Income tax paid – overseas	-	-	(2,292)	(624)
Net cash generated from operating activities	**5,912,835**	**1,608,934**	5,114,297	1,391,646
Cash flows from investing activities				
Purchases of property and equipment (note 14)	**(34,615)**	**(9,419)**	(28,146)	(7,659)
Purchase of investment properties (note 15)	**(435)**	**(118)**	(132,972)	(36,183)
Acquisition of financial investments at FVTPL and FVTOCI (note 8)	-	-	(254,584)	(69,275)
Proceeds from disposal of financial investment at FVTPL (note 8)	-	-	1,943,650	528,884
Acquisition of subsidiaries - net of cash acquired (note 16)	-	-	51,889	14,119
Disposal of subsidiaries - net of cash disposed of (note 39)	-	-	(556,118)	(151,325)
Increase in other financial assets (note 12)	**(403,380)**	**(109,763)**	(39,864)	(10,847)
Increase in deposits with an original maturity of greater than three months (note 7)	**(416,729)**	**(113,396)**	(347,946)	(94,679)
Interest received	**541,185**	**147,262**	85,126	23,164
Dividend income received (note 26)	-	-	23,765	6,467
Net cash (used in)/generated from investing activities	**(313,974)**	**(85,434)**	744,800	202,666

The accompanying notes on pages 13 to 75 form an integral part of these consolidated financial statements.

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

	2023	**2023**	2022	2022
	AED'000	**USD'000 Equivalent**	AED'000	USD'000 Equivalent
Cash flows from financing activities				
Repayment of bank borrowings (note 20)	**-**	**-**	(124,834)	(33,968)
Proceeds from bank borrowings (note 20)	**100,000**	**27,211**	13,156	3,580
Proceeds from issuance of sukuk certificates – net (note 21)	**3,274,027**	**890,892**	-	-
Redemption and repurchase of sukuk certificates (note 21)	**(1,218,290)**	**(331,507)**	(1,325,017)	(360,549)
Repayment of principal lease liabilities (note 13)	**(6,622)**	**(1,802)**	(6,622)	(1,802)
Dividend paid (note 40)	**-**	**-**	(551,250)	(150,000)
Non-controlling interests (note 16)	**-**	**-**	(33,543)	(9,127)
Finance costs paid (note 18)	**(266,022)**	**(72,388)**	(129,212)	(35,160)
Net cash generated from/(used in) financing activities	**1,883,093**	**512,406**	(2,157,322)	(587,026)
Net increase in cash and cash equivalents	**7,481,954**	**2,035,906**	3,701,775	1,007,286
Cash and cash equivalents at the beginning of the year (note 7)	**7,364,790**	**2,004,024**	3,663,015	996,739
Cash and cash equivalents at the end of the year (note 7)	**14,846,744**	**4,039,930**	7,364,790	2,004,025
Non-cash transactions:				
Disposal of subsidiaries (note 38)	-	-	3,172,271	863,203
Disposal of assets (note 39)	-	-	1,084,932	295,220
Due from a related party (note 22)	-	-	368,682	100,322

1. General information

Damac Real Estate Development Limited, DIFC (the "Company") was incorporated on 31 October 2013 as a Company limited by shares (registration number 1476) with the Registrar of Companies of the Dubai International Financial Centre (the "DIFC") under the DIFC Companies Law. The registered address of the Company is Unit 115, Level 1, Park Towers, Dubai International Financial Centre, P.O. Box 2195, Dubai, United Arab Emirates (U.A.E.).

The Company is 100% owned by Damac Properties Dubai Co PSC Private Joint Stock Company Single Owner P.J.S.C - S.O.C (the "Parent Company"). The Ultimate Shareholder is Mr. Hussain Ali Habib Sajwani (the "Ultimate Shareholder").

The Company and its subsidiaries (collectively the "Group") are involved mainly in the development of properties in the Middle East. Refer note 4.2 for the list of subsidiaries.

2 Statement of compliance and basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) ("IFRSs") issued by the International Accounting Standards Board (IASB) and also comply, in all material aspects, with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018.

2.2 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.

Basis of measurement

The consolidated financial statements of the Group are prepared under the historical cost basis, except for certain financial assets carried either at fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). 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.

2. Statement of compliance and basis of preparation (continued)

2.2 Basis of preparation (continued)

Basis of measurement (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are 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 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. Amounts are rounded to the nearest thousand, unless otherwise stated. The individual financial statements of Group entities are prepared in respective local currencies, being the currency in the primary economic environment in which these entities operate (the functional currency).

3. Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards)

(a) New and amended IFRS Accounting Standards that ere effective for the current year

In the current year, the Group has applied the below amendments to IFRS Accounting Standards (“IFRSs”) and interpretations issued by the International Accounting Standard Board (IASB) that are effective for annual periods beginning on or after 1 January 2023. 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.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments have no material impact on the Group’s consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have no impact on the Group’s disclosures of accounting policies, measurement, recognition or presentation of any items in the Group’s consolidated financial statements.

3. Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (continued)

(a) New and amended IFRS Accounting Standards that are effective for the current year (continued)

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

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments have no impact on the Group's consolidated financial statements.

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

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

• A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
• Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception, the use of which is required to be disclosed - applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

(b) New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted.

At the date of authorisation, of these consolidated financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

New and revised IFRS Accounting Standards	***Effective for annual periods beginning on or after***
IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024

3. Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (continued)

(b) New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

New and amended IFRS Accounting Standards	***Effective for annual periods beginning on or after***
IFRS S2 *Climate-related Disclosures* IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements* relating to Non-current Liabilities with Covenants The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024
Amendments to IFRS 16 *Leases* relating to Lease Liability in a Sale and Leaseback The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments*: Disclosures relating to Supplier Finance Arrangements The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.	1 January 2024
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* relating to Lack of Exchangeability The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025

3. Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) (continued)

(b) New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

New and amended IFRS Accounting Standards	*Effective for annual periods beginning on or after*
Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.	1 January 2025
Amendments to IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)* The amendments relate to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

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 of the Group in the period of initial application.

4. Material accounting policies information

4.1 Business combinations

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

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

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

4. Material accounting policies information (continued)

4.1 Business combinations (continued)

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

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

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

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

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

4.2 Basis of consolidation

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

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

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

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

4. Material accounting policies information (continued)

4.2 Basis of consolidation (continued)

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

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

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

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

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

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

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

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

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

4. Material accounting policies information (continued)

4.2 Basis of consolidation (continued)

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences, recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The Company consolidated 100% of the operations, assets and liabilities of the subsidiaries listed below which in total are 85 (2022: 69) companies (together the "Group"):

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
Damac Luxury Real Estate Properties Co LLC	U.A.E.	Real estate development	100%	100%
Damac Heritage Properties Co LLC	U.A.E.	Real estate development	100%	100%
Al Bawader Real Estate L.L.C	U.A.E.	Sales office	100%	100%
Front Line Investment Management L.L.C	U.A.E.	Real estate development	100%	100%
Business Tower Investment L.L.C	U.A.E.	Real estate development	100%	100%
Damac Properties Development Co (LLC)	U.A.E.	Holding company	100%	100%
Damac Properties Co. (L.L.C)	U.A.E.	Holding company	100%	100%
Marina Terrace Co. (L.L.C)	U.A.E.	Real estate development	100%	100%
Damac Gulf Properties (L.L.C)	U.A.E.	Real estate development	100%	100%
Lake Terrace Co. L.L.C	U.A.E.	Real estate development	100%	100%
Royal Crown Properties L.L.C	U.A.E.	Real estate development	100%	100%
Damac Star Properties (LLC)	U.A.E.	Real estate development	100%	100%
Island Oasis Properties	U.A.E.	Real estate development	100%	100%
Damac Crescent Properties	U.A.E.	Real estate development	100%	100%
Damac Development (LLC)	U.A.E.	Real estate development	100%	100%
The Waves FZ LLC	U.A.E.	Real estate development	100%	100%
Damac Real Estate Developers FZ- LLC	U.A.E.	Real estate development	100%	100%
Damac Properties FZ- LLC	U.A.E.	Real estate development	100%	100%
Damac Real Estate Services Co (L.L.C)	U.A.E.	Holding company	100%	100%
Namaa Properties Development L.L.C	U.A.E.	Real estate development	100%	100%
Damac Homes (L.L.C)	U.A.E.	Group treasury operation	100%	100%
Damac Properties Services Co. Shj LLC	U.A.E.	Sales office	100%	100%
Ocean Pearl Real Estate Comp LLC	U.A.E.	Real estate development	100%	100%

4. Material accounting policies information (continued)

4.2 Basis of consolidation (continued)

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
Luxury Owner Association Management Services Co. L.L.C	U.A.E.	Facilities management	100%	100%
Damac Hotels & Resorts Management L.L.C	U.A.E.	Hotels management	100%	100%
Paramount Holiday Homes L.L.C	U.A.E.	Vacation homes rental	100%	100%
Integrated Project Management L.L.C	U.A.E.	Project management services	100%	100%
Damac Business Real Estate Co. L.L.C	U.A.E.	Real estate development	100%	100%
Damac World Real Estate L.L.C	U.A.E.	Real estate development	100%	100%
Damac Canal One Property Development L.L.C	U.A.E.	Real estate development	100%	100%
Damac Canal Two Property Development L.L.C	U.A.E.	Real estate development	100%	100%
JA Parks L.L.C	U.A.E.	Real estate development	100%	100%
Damac Asset Management L.L.C	U.A.E.	Property leasing	100%	100%
Damac International Golf Club L.L.C	U.A.E.	Golf club	100%	100%
Quanta Real Estate L.L.C	U.A.E.	Real estate development	100%	100%
Avitus Investments L.L.C	U.A.E.	Shell Company	100%	100%
Proteus Hotel L.L.C	U.A.E.	Hotels management	100%	100%
Dov Luxury Co L.L.C	U.A.E.	Real estate development	100%	100%
Pathfinder Property Development L.L.C	U.A.E.	Real estate development	100%	100%
Zenica Property Development L.L.C	U.A.E.	Real estate development	100%	100%
Remus Hotel L.L.C	U.A.E.	Hotels management	100%	100%
Trios Hotel Appartments L.L.C	U.A.E.	Hotel apartments rental	100%	100%
Prive Cafe L.L.C	U.A.E.	Restaurant/Coffee shop	100%	100%
BB Plot 1 LLC	U.A.E.	Real estate development	100%	100%
BB Plot 2 LLC	U.A.E.	Real estate development	100%	100%
Damac C S L Investment L.L.C	U.A.E.	Investment company	100%	100%
Damac J R ONE Investment L.L.C	U.A.E.	Investment company	100%	100%
Damac J R TWO Investment L.L.C	U.A.E.	Investment company	100%	100%
Damac J W F Investment L.L.C	U.A.E.	Investment company	100%	100%
Damac MDN Investment L.L.C	U.A.E.	Investment company	100%	100%
Damac MRY Investment L.L.C	U.A.E.	Investment company	100%	100%
Damac P S L Investment L.L.C	U.A.E.	Investment company	100%	100%
Lona Investment L.L.C	U.A.E.	Investment company	100%	100%
Pax Investment L.L.C	U.A.E.	Investment company	100%	100%
Damac Enterprises & Management Co. (L.L.C)	U.A.E.	Trade marks	100%	100%
Promus Hotel LLC	U.A.E.	Hotels management	100%	100%
DAMAC Al Marjan Real Estate L.L.C	U.A.E.	Real estate development	100%	100%
Malibu Restaurant L.L.C	U.A.E.	Restaurant/Coffee shop	100%	100%

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

4. Material accounting policies information (continued)

4.2 Basis of consolidation (continued)

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
Alpha Star Holding VI Limited	U.A.E.	Trust arrangement	0%	100%
Acreage Real Estate L.L.C*	U.A.E.	Real Estate Buying & Selling Brokerage	100%	100%
Equinox Real Estate L.L.C*	U.A.E.	Real Estate Buying & Selling Brokerage	100%	100%
Lennox Investment L.L.C*	U.A.E.	Investment company	100%	100%
Spectrum Investment L.L.C*	U.A.E.	Investment company	100%	100%
Damac Hills 2 Hotel L.L.C*	U.A.E.	Hotels management	100%	100%
Pinnacle Real Estate Developments L.L.C*	U.A.E.	Real estate development	100%	100%
One Quantem Real Estate Development L.L.C*	U.A.E.	Real estate development	100%	100%
Galaxy Sky Real Estate Development L.L.C*	U.A.E.	Real estate development	100%	100%
Resta Real Estate Development L.L.C*	U.A.E.	Real estate development	100%	100%
Vesta Real Estate Development L.L.C*	U.A.E.	Real estate development	100%	100%
Aqua Viridis Investment L.L.C*	U.A.E.	Investment company	100%	100%
Damac Orient Investment L.L.C*	U.A.E.	Investment company	100%	100%
Alpha Star Holding VII Limited*	U.A.E.	Trust arrangement	0%	100%
Modular Innovations L.L.C*	U.A.E.	Manufacturing company	100%	100%
Damac Luxury Star Investment L.L.C*	U.A.E.	Investment company	100%	100%
Capital Star Investment L.L.C*	U.A.E.	Investment company	100%	100%
Damac Collections L.L.C*	U.A.E.	Marketing management	100%	100%
Damac Lake View Company Limited*	U.A.E.	Real estate development	100%	100%
Damac Park Towers Company Limited*	U.A.E.	Real estate development	100%	100%
Damac Crown Properties Company Limited*	U.A.E.	Real estate development	100%	100%
Alpha Star Holding VIII Limited*	U.A.E.	Trust arrangement	0%	100%
Imperial Spectra Gas Services L.L.C*	U.A.E.	Specialised piping & related fittings contracting	100%	100%
Adora Management Services L.L.C*	U.A.E.	Investment company	100%	100%
Damac Elite Investment Co. L.L.C*	U.A.E.	Investment company	100%	100%
Amias Investment Co. L.L.C*	U.A.E.	Investment company	100%	100%
Damac Mall L.L.C*	U.A.E.	Mall in Damac Hills	100%	100%

* These are newly incorporated entities / acquired that became part of the Group during the year.

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

4. Material accounting policies information (continued)

4.2 Basis of consolidation (continued)

During the year, the Group liquidated/carved out the following subsidiaries:

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
Oceanside Development Company Limited	United Kingdom	Real estate development	100%	100%
LETA Investment B.V.	Netherlands	Investment company	100%	100%
Majara Investments Limited	British Virgin Island	Investment company	100%	100%
Priority Holding Limited	Cayman Islands	Trust arrangement	100%	100%
RICA Marketing and Support Service LLP	India	Marketing and public relations	100%	100%
Guangzhou Advance Consulting Service Limited.	China	Sales office	0%	100%
Edgnex Data Centre & Cloud Services L.L.C	U.A.E.	Cloud Service & Datacentres Providers	100%	100%
Glory Sky Investments LLC	U.A.E.	Investment company	100%	100%
Alpha Star Holding V Limited	Cayman Islands	Trust arrangement	0%	100%
M H S Sports Academy Owned by Damac Crescent Properties One Person Company L.L.C	U.A.E.	Sports activities, tennis training	100%	100%
Luluah Al Nujoom Real Estate L.L.C	U.A.E.	Real estate development	100%	100%
Alera Real Estate L.L.C	U.A.E.	Real Estate Buying & Selling Brokerage	100%	100%

There are certain entities included in the table above for which the Group's legal ownership has been less than 100%. These are entities whose shares have been held for and on behalf of the Company and for each such entity the Parent's economic interest as listed in the above table.

The beneficial ownership of the above entities is with the Group either directly or indirectly through beneficial ownership agreements. All balances and transactions between Group entities consolidated in these consolidated financial statements have been eliminated upon consolidation. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

4.3 Disposal of subsidiaries

When the Group losses control of a subsidiary under a common control transaction, the gain or loss on disposal is recognised directly in equity. The gain or loss is calculated as the difference between the aggregate of the fair value of the net assets disposed off and the previous carrying amount of the net assets, adjusted for any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary being disposed off are reclassified to retained earnings as part of gain or loss on disposal.

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

4. Material accounting policies information (continued)

4.3 Disposal of subsidiaries (continued)

In prior year 2022, as part of Group reorganisation, below subsidiaries were disposed under a common control transaction and control of the below subsidiaries passed to the acquirer, the Ultimate Shareholder. Details of the assets and liabilities disposed, and the calculation of gain or loss on disposal are disclosed in note 38.

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
Martis Investment Company	France	Investment company	100%	100%
ABT Landco Limited	Ireland	Cloud Service & Datacenters Providers	90%	90%
Edgnex Turkey Gayrimenkul Bilisim Teknolojileri Anonim Sirketi	Turkey	Real estate development	100%	100%
Edgnex Data Centre & Cloud Services	Morocco	Real estate development	100%	100%
MAEA Investment B.V.	Netherlands	Investment company	100%	100%
Elite Turkey Gayrimenkul Yatirim Anonim Sirketi	Turkey	Real estate development	100%	100%
Prestige Turkey Gayrimenkul Yatirim Anonim Sirketi	Turkey	Real estate development	100%	100%
Clio Development Company Limited	United Kingdom	Real estate development	100%	100%
10245 Collins Holdings, INC.	United States of America	Holding company	100%	100%
10245 COLLINS LLC	United States of America	Shell Company	100%	100%
East Oceanside Development, LLC	United States of America	Real estate development	100%	100%
Florida Pine Investments, LLC	United States of America	Investment company	100%	100%
Damac International Limited**	Cayman Islands	Investment company	68%	68%
Lucan Marketing and Consulting Services LTD**	Israel	Marketing and exhibitions	68%	68%
Vita Heights Company Limited**	Maldives	Resort management	68%	68%
Vita Heights Company Limited**	U.A.E.	Resort management	68%	68%
AYKON International Real Estate Services Limited**	United Kingdom	Marketing services	68%	68%
NINE ELMS L.R LIMITED**	United Kingdom	Real estate development	76%	76%
Nine Elms LR 2 Limited**	United Kingdom	Real estate development	76%	76%
Nine Elms Property Limited**	United Kingdom	Real estate development	76%	76%
NINE ELMS S. R CO LTD.**	United Kingdom	Real estate development	76%	76%
NINE ELMS S.H CO LTD**	United Kingdom	Real estate development	76%	76%

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

4. Material accounting policies information (continued)

4.3 Disposal of subsidiaries (continued)

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
Primus International GmbH*	Germany	Real estate development	100%	100%
Akoya Property Investment Company ApS*	Denmark	Real estate development	90%	90%
Al-Imaratieh Properties LLC	Jordan	Real estate development	100%	100%
Damac Lebanon SAL (Holding)	Lebanon	Holding company	100%	100%
Damac Properties Lebanon SAL	Lebanon	Real estate development	100%	100%
Tilal Development Holding SAL	Lebanon	Holding company	100%	100%
Damac Enterprises Co. Ltd	Mauritius	Trademarks	100%	100%
Damac Properties International Limited	Mauritius	Holding company	100%	100%
Excel Operations Company Limited	U.A.E.	Holding company	100%	100%
Kapok Investments Limited	United Kingdom	Investment company	100%	100%
Seascape Investment Company Limited	United Kingdom	Investment company	100%	100%
Ghalia Investment (Canada) Limited	Canada	Investment company	100%	100%
Damac Properties Company Limited	KSA	Real estate development	100%	100%
Damac Casa Investment Co. L.L.C	U.A.E.	Real estate development	100%	100%
Dico International Investment L.L.C**	U.A.E.	Investment company	100%	100%
Dark International for Land and Real Estate Development and Management Co.-OPC**	Kuwait	Real estate development	100%	100%
DICO Eskan for Land and Real Estate Development & Management Co.-OPC**	Kuwait	Real estate development	100%	100%
DICO Housing for Land and Real Estate Leasing and rental Co.-OPC**	Kuwait	Real estate development	100%	100%
DICO International for Land and Real Estate Development & Management Co.-OPC**	Kuwait	Real estate development	100%	100%
DICO Luxury Group for Land and Real Estate Development & Management Co.-OPC**	Kuwait	Real estate development	100%	100%
House of Luxury for Land and Real Estate Development & Management**	Kuwait	Real estate development	100%	100%
Helios Venture Holdings Limited	BVI	Holding company	100%	100%
Vitus Buckingham Gate Development Limited	United Kingdom	Development of Building Projects	100%	100%
Valencia Development Company WLL	Bahrain	Real estate development	100%	100%
Dalma Investment Limited	Canada	Real estate development	100%	100%

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

4. Material accounting policies information (continued)

4.3 Disposal of subsidiaries (continued)

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
Kings Vally Investment LLC	U.A.E.	Investment company	99%	99%
MILON DEVELOPMENT COMPANY LIMITED	United Kingdom	Real estate development	100%	100%
Buckingham Gates Estates Limited	United Kingdom	Development of Building Projects	100%	100%
Damac General Trading (L.L.C)	U.A.E.	Holding company	0%	100%
Damac Crescent Properties Company LLC	U.A.E.	Real estate development	0%	100%
Damac Properties Qatar WLL	Qatar	Real estate development	0%	100%
Al Hikmah International Enterprises LLC	Qatar	Real estate development	0%	100%
Viator Investment Limited**	British Virgin Island	Investment company	100%	100%
Dosia Investment Limited**	British Virgin Island	Investment company	100%	100%
Al Aman Investment Management Co. LLC	U.A.E.	Holding company	100%	100%
Damac Tuscan Residence L L C	U.A.E.	Real estate development	100%	100%
Damac Lake View Company Limited	U.A.E.	Real estate development	100%	100%
Damac Properties Company Limited	U.A.E.	Real estate development	100%	100%
Damac Park Towers Company Limited	U.A.E.	Real estate development	100%	100%
Damac Crown Properties Company Limited	U.A.E.	Real estate development	100%	100%
Damac Investment & Properties (Jordan) LLC	Jordan	Real estate development	100%	100%
Arjann Holdings Limited	BVI	Investment company	100%	100%
Maksab Holding Limited	BVI	Holding company	100%	100%
Damac FC Holding Co Ltd	U.A.E.	Holding company	100%	100%
Damac Hills Properties Development LLC	U.A.E.	Real estate development	100%	100%
Globe An Investments LLC	U.A.E.	Investment company	100%	100%
Creon Investment L.L.C	U.A.E.	Investment company	100%	100%
Luxury Star Investment L.L.C	U.A.E.	Investment company	100%	100%

** In 2022, Companies acquired/incorporated and disposed under common control transaction.

4. Material accounting policies information (continued)

4.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at bank with original maturities of less than three months less bank overdrafts and are used by the Group in the management of its short-term commitments.

4.5 Trade and other receivables

Trade and other receivables are amounts due from customers for properties sold or services provided in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration receivable less expected credit losses. Services rendered but not billed at the reporting date are accrued as per the terms of the agreements as unbilled receivable. These financial assets are carried at amortised cost.

4.6 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset for the Group and a financial liability or equity instrument for another party or vice versa.

Financial assets

Classification and measurement

Financial assets are regular way purchases or sales that require delivery of assets within the time frame established by regulation or convention in the marketplace. All such regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the consolidated statement of profit or loss.

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

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows from payments of principal and interest on the outstanding principal, are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, are subsequently measured at FVTOCI;
- all other debt instruments such as debt instruments managed on a fair value basis or held for sale and equity investments are subsequently measured at FVTPL. However, the Group may make the following irrevocable designation at initial recognition of a financial asset on an asset-by-asset basis:
  - the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income (OCI); and
  - the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

4. Material accounting policies information (continued)

4.6 Financial instruments (continued)

Financial assets (continued)

Classification and measurement (continued)

A financial asset is held for trading if:

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

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments fair value reserve is not transferred to consolidated statement of profit or loss.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Group has financial assets under “trade and other receivables” (excluding prepayments and advances), “other financial assets” and “cash and cash equivalents” that are subject to the expected credit loss model under IFRS 9.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following change in business model.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassesses its business models for each reporting period to determine whether the business models have changed since the preceding period. During the current financial year and previous accounting period, there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in OCI is not subsequently reclassified to profit or loss but is reclassified to retained earnings.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

4. Material accounting policies information (continued)

4.6 Financial instruments (continued)

Financial assets (continued)

Impairment

The Group recognises loss allowances for expected credit losses on 'trade and other receivables', 'other financial assets' and 'cash and cash equivalents'.

Other than for purchased or originated credit impaired financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (12-month ECL), (referred to as Stage 1); or
- lifetime ECL that result from all possible default events over the life of the financial instrument (lifetime ECL), (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. Loss allowance for financial investments measured at amortised costs are deducted from gross carrying amount of assets. For debt securities at FVTOCI, the loss allowance is recognised in the OCI.

The Group has elected to measure loss allowances for cash and bank balances and other financial assets at an amount equal to 12-month ECL and for trade and other receivables at an amount equal to lifetime ECLs.

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

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

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 costs or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and forward-looking information. For certain categories of financial assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to loans and advances are presented separately in the consolidated statement of profit or loss and OCI. The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of the grade of the investment.

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

4. Material accounting policies information (continued)

4.6 Financial instruments (continued)

Financial assets (continued)

Measurement of ECL

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios.

Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised costs and debt securities at FVTOCI are credit impaired.

The Group writes off a financial asset when management assess that there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures. Any recoveries made are recognised in profit or loss.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

These financial liabilities are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of profit or loss. The Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings and Sukuk certificates are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs, as well as any interest payable while the liability is outstanding. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.
- Trade and other payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Trade payables, accruals and other liabilities are recognised for amounts to be paid in the future for goods or services received as at the reporting date, whether billed by the supplier or not.

4. Material accounting policies information (continued)

4.6 Financial instruments (continued)

Financial liabilities (continued)

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

a) the rights to receive the cash flows from the asset have expired; or

b) the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

c) either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Financial liabilities

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss. If the modification is not substantial, the difference between the carrying amount of the liability before the modification; and the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss.

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

4. Material accounting policies information (continued)

4.7 Advances from customers

Advances from customers includes instalments received from buyers for properties sold or services performed and from tenants for lease of a property prior to meeting the revenue recognition criteria. These are subsequently released to the consolidated statement of profit or loss once the revenue recognition criteria are met or settle upon termination of contract by the Group.

4.8 Development properties

Properties acquired, constructed or in the course of construction for sale are classified as development properties. These are stated at the lower of cost and net realisable value.

Cost principally includes the cost of the land and construction cost and all other costs which are necessary to get the properties ready for sale. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of development properties recognised in the consolidated statement of profit or loss is determined with reference to the costs incurred on the property sold to the extent of work completed.

4.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss. The cost of property and equipment is the construction costs and/or purchase consideration together with any incidental costs of acquisition.

Cost includes construction costs and professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

	Years
Buildings	10-30
Furniture and fixtures	6
Tools and office equipment	6
Motor vehicles	6

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

4. Material accounting policies information (continued)

4.10 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including investment property under construction for such purposes). Investment properties are measured initially at cost, including related transaction costs, less accumulated depreciation and any accumulated impairment losses in accordance with the cost model of IAS 40: Investment property.

Depreciation is charged so as to write-off the cost of completed investment properties on a straight-line basis over the average estimated useful lives of 10-30 years.

The useful lives and depreciation method of investment properties are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these properties.

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

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in the consolidated statement of profit or loss in the period in which the property is derecognised.

Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner-occupation or commencement of development with a view to sale. Such transfers are made at the carrying value of the properties at the date of transfer.

4.11 Impairment of tangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit, typically the development project, to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

4. Material accounting policies information (continued)

4.11 Impairment of tangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.12 Leases

The Group as Lessee

Leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated based on termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

4. Material accounting policies information (continued)

4.12 Leases (continued)

The Group as Lessee (continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged.

In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

The Group as Lessor

The Group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

4. Material accounting policies information (continued)

4.12 Leases (continued)

The Group as Lessor (continued)

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

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

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

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

4.13 Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

4.14 Statutory reserve

In accordance with the Articles/Memorandum of Association of certain subsidiaries of the Group, 10% of the profit for the year is transferred to a statutory reserve for each entity. Such transfers are required to be made until the reserve equals 50% of the share capital in each of the subsidiaries. This reserve is not available for distribution, except in circumstances stipulated in the Commercial Companies laws applicable to each entity.

4.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

4. Material accounting policies information (continued)

4.15 Provisions (continued)

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group for a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

4.16 Provision for employees' end-of-service benefits

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period as stipulated in the Labour Laws of the respective countries of operations. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

4.17 Value added tax

Value added tax (VAT) asset/liability is recognised in the books on the basis of regulations defined by Tax authorities of the relevant jurisdictions.

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable,
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the consolidated financial statements.

4.18 Revenue recognition

Revenue from contracts with customers

IFRS 15 *Revenue from Contracts with Customers* outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes five-step model that will apply to revenue arising from contracts with customers.

4. Material accounting policies information (continued)

4.18 Revenue recognition (continued)

Revenue from contracts with customers (continued)

Step 1 Identify the contract 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 each of those rights and obligations.
Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.
Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.
Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5 Recognise revenue as and when the Group satisfies a performance obligation.

Sales of development properties

The Group recognises revenue over time if any one of the following criteria is met:

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

The Group has elected to apply the input method. 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 to 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. These estimates include the cost of providing infrastructure, potential claims by contractors and the cost of meeting other contractual obligations to the customers.

In cases where the Group determines the performance obligations are satisfied at a point in time, revenue is recognised when control over the assets is transferred to the customer.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset/trade receivables 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/advance from customers. The Group's obligation of refund liability upon termination of contract with customers are governed by the contract and the regulations prevailing in the respective jurisdictions.

4. Material accounting policies information (continued)

4.18 Revenue recognition (continued)

Sales of development properties (continued)

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 agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated financial statements 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.

Income on termination of sale contracts

The Group proceeds to terminate contracts and recognise income from termination of properties in the consolidated statement of profit or loss as per the Real Estate Regulatory Agency (RERA) guidelines and with the necessary approvals from RERA / Dubai Land Department.

Income from deposits

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

Leasing income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are charged to statement of profit or loss.

4.19 Foreign currencies

(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.

Up to 2020, the Group's consolidated financial statements were presented in US Dollar (USD). In 2021 the management has decided to change the presentation currency to UAE Dirham (AED). The Group believes that this will provide users of the consolidated financial statements with reliable and more relevant information, providing a more accurate reflection of the Group's financial performance and financial position. The change has been applied retrospectively in line with IAS 8 *"Accounting Policies, Changes in accounting Estimates and Errors"*. Since the UAE Dirham (AED) is pegged to US Dollar (USD) therefore there is no impact of this change in the presentation currency.

4. Material accounting policies information (continued)

4.19 Foreign currencies (continued)

(b) Functional and presentation currency (continued)

For presentation purposes only, additional columns for US Dollar (USD) equivalent amounts have been presented in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows using a fixed conversion rate of USD 1.00 = AED 3.675.

(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.

Group entities

The results and financial position of all the Group entities (other than subsidiary in hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
(ii) Income and expenses for each statement of profit or loss are translated at average exchange rates; and
(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to equity. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to statement of profit or loss.

4.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Board of Directors are the chief operating decision makers of the Group. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4.21 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

4. Material accounting policies information (continued)

4.22 Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

4.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the year in which they are incurred.

4.24 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.

4.25 Dividend distribution and income

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.

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

5. Critical accounting judgments and key sources of estimation of uncertainty

In the application of the Group's material accounting policies, which are described in note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying material accounting policies

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

5. Critical accounting judgments and key sources of estimation of uncertainty (continued)

Critical judgments in applying material accounting policies (continued)

Classification of properties

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

Satisfaction of performance obligations under IFRS 15 Revenue from Contracts with Customers

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 customers, 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. Where this is not the case revenue is recognised at a point in time.

Determination of transaction prices

In the process of determining transaction prices in respect of its contracts with customers, the Group assesses impact of any variable consideration in the contract due to discounts, penalties, the existence of any significant financing component or any non-cash consideration. In determining the impact of variable consideration the Group uses the most likely amount method under IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

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 to 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.

5. Critical accounting judgments and key sources of estimation of uncertainty (continued)

Critical judgments in applying material accounting policies (continued)

Recognising income from Collections on Cancelled Apartments (COCA)

Upon termination or cancellation of contracts with customers, amounts received from customers become refundable subject to forfeiture clauses contained in the original sale contract documents and as per local real estate regulations. Forfeited amounts are carried as liability on the consolidated statement of financial position upon cancellation/termination of the contract. Amounts forfeited on cancelled/terminated property units (net of customer refunds, where applicable) are subsequently recognised in the consolidated statement of profit or loss based on management's judgment on whether the Group expects any future association with the customer.

Key sources of estimation uncertainty

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

Cost to complete the projects

At each reporting date, the Group is required to estimate costs to complete its development projects. These estimates require the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claims by subcontractors and the cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the period in which the estimates are revised. The Group uses its commercial teams together with project managers to estimate the costs to complete the development projects. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, increase in labour and other costs are included in the construction cost estimates based on best estimates updated based on the requirement.

Net realisable value of development properties

The realisable values of development properties were determined by the management based on valuations performed by qualified and independent chartered surveyors and property consultants. These valuations have been prepared in accordance with the Valuation Standards of the Royal Institution of Chartered Surveyors (RICS) and are reflective of the economic conditions prevailing as at the reporting date, and changes in the development plan of certain projects.

The valuation method used for 'properties under development' was the residual valuation method which is based on a discounted cash flow approach that determines the value of the property by deducting the estimated costs to complete the development from the estimated value on completion derived from the sales proceeds of the property. This method entails estimating the gross realization from the projected sales price of the properties. From this is deducted the outstanding estimated cost to service the property including a developer's margin to arrive at a residual value.

5. Critical accounting judgments and key sources of estimation of uncertainty (continued)

Key sources of estimation uncertainty (continued)

Net realisable value of development properties (continued)

The resultant value expressed in net present value terms represents the estimated price that a well-informed rational and efficient developer or investor would pay for the subject property. The method takes into account the time value of money concept where future cash flows are discounted at rates ranging from 12% to 15% (2022: 12% to 20%) depending on the nature and scale of the project under development and the timeframe over which it is expected to be developed. The properties are expected to be developed over a period varying between 1 to 5 years.

The valuation method used for 'completed properties' and 'land held for development' was the comparable method which is based on similar transactions in the market adjusted for market risk, legal risk and property risk inherent to each of the properties.

Based on the above, the Group reviewed the carrying value of development properties and reversed provision for impairment by AED 130 million (2022: AED 694 million) to the consolidated statement of profit or loss for the year ended 31 December 2023.

6. Segment analysis

The Group currently comprises a single reportable operating segment, being property development. Information reported to the Board of Directors for the purpose of the resource allocation and assessment of performance is primarily determined by the geographical location of these operations.

Geographic information for the Group is split between operations in the U.A.E. "Domestic" and operations in other jurisdictions "International".

	2023 AED'000	2022 AED'000
Revenue		
Domestic	**8,843,247**	2,920,081
International	**-**	80,392
	8,843,247	3,000,473

All revenue disclosed above is generated from external customers for the current and prior year.

	2023 AED'000	2022 AED'000
Development properties		
Domestic	**9,461,378**	7,535,172
International	-	-
	9,461,378	7,535,172

7. Cash and bank balances

	2023 **AED'000**	2022 AED'000
Cash on hand	**5,492**	2,042
Cash held in escrow	**13,332,871**	6,090,751
Bank balances	**589,036**	182,491
Fixed deposits	**2,141,350**	1,894,782
Cash and bank balances	**16,068,749**	8,170,066
Fixed deposits with an original maturity of greater than three months	**(1,222,005)**	(805,276)
Cash and cash equivalents	**14,846,744**	7,364,790
Derecognised on disposal of subsidiaries (note 38)	**-**	556,118

Cash held in escrow represents cash received from customers which is held with banks authorised by the Real Estate Regulatory Authority ("RERA"). Use of this cash is restricted to the specific development properties to which the cash receipts relate and, hence, is considered as cash and cash equivalents.

Balances with banks are assessed to have low credit risk of default since these assets are held with banks that are highly regulated by the central banks of the respective countries. Accordingly, the management estimates the loss allowance at the end of the reporting period at an amount equal to 12-month ECL.

Considering the historical default experience and the current credit ratings of the banks, the management have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

Fixed deposits are financial assets held by banks with a maturity period of less than and more than three months from the date of placement. As at the year ended 31 December 2023, majority of the fixed deposits earned interest at rates ranging from 3.5% to 5.8% (2022: 0.6% to 5.2%) per annum.

As at 31 December 2023, fixed deposits and bank balances of AED 1,330 million (2022: AED 522 million) are held by banks under lien against credit facilities issued to the Group.

As at 31 December 2023, an amount of AED 1,142 million (2022: AED 729 million) is held with Islamic banks and the remaining balance is held with conventional banks.

8. Financial investments

As at the reporting date, the balances of financial investments carried at FVTPL and FVTOCI:

a) Financial investments at FVTOCI

	2023 AED'000	2022 AED'000
Opening balance	**-**	1,147,408
Additions (i)	**-**	55,343
Disposals	**-**	(921,008)
Change in fair value (ii)	**-**	(281,743)
Closing balance	-	-

i. In prior year 2022, Group acquired quoted equity instrument designated at FVTOCI amounting to AED 55 million.

ii. In prior year 2022, Group had recognised a fair value loss amounting to AED 282 million.

b) Financial investments at FVTPL

	2023 AED'000	2022 AED'000
Opening balance	**-**	1,458,761
Additions	**-**	199,241
Disposals	**-**	(1,022,642)
Loss on disposal (i)	**-**	(130,405)
Disposed off to a related party (note 39)	**-**	(504,955)
Closing balance	-	-

i. In prior year 2022, the Group recognised a loss of AED 130 million in the consolidated statement of profit or loss upon disposal of equity investments.

9. Trade and other receivables

	2023 AED'000	2022 AED'000
Unbilled receivables *(i)*	**1,636,543**	1,866,307
Trade receivables *(ii)*	**620,947**	774,355
Provision for expected loss allowance on trade receivables *(iii)*	**(26,705)**	(131,034)
	2,230,785	2,509,628
Advances and deposits	**765,588**	660,379
Other receivables, prepayments and other assets *(iv)*	**3,071,498**	1,941,489
Provision for expected loss allowance on other receivables *(v)*	**(19,781)**	-
	6,048,090	5,111,496
Derecognised on disposal of subsidiaries (note 38)	**-**	829,289

(i) Unbilled receivables are contract assets which relate to the Group's right to receive consideration for work completed but not billed as at the reporting date. These are transferred to trade receivables when invoiced as per milestones agreed in contracts with the customers.

Movement in unbilled receivables during the year is as follows:

	2023 AED'000	2022 AED'000
Balance at the beginning of the year	**1,866,307**	2,947,419
Increase due to project progress	**1,139,347**	1,192,410
Transfer to trade receivables	**(1,369,111)**	(2,095,950)
Derecognised on disposal of subsidiaries (note 38)	**-**	(177,572)
Balance at the end of the year	**1,636,543**	1,866,307

(ii) Trade receivables represent amounts due from customers. Customers are allowed 30 days from each invoice date to settle outstanding dues.

(iii) Movement in expected loss allowance on trade receivables is as follows:

	2023 AED'000	2022 AED'000
Balance at the beginning of the year	**(131,034)**	(242,463)
Reversal of loss allowance during the year	**104,329**	67,329
Derecognised on disposal of subsidiaries (note 38)	**-**	44,100
Balance at the end of the year	**(26,705)**	(131,034)

(iv) Other receivables, prepayments and other assets mainly includes deferred commission on sale of properties and VAT recoverable - net.

9. Trade and other receivables (continued)

(v) Movement in expected loss allowance on other receivables is as follows:

	2023 AED'000	2022 AED'000
Balance at the beginning of the year	**-**	-
Charge during the year	**(19,781)**	-
Balance at the end of the year	**(19,781)**	-

The Group has assessed and provided for expected loss allowance on trade and other receivables at the year ended 31 December 2023.

The concentration of credit risk is limited due to the customer base being large and unrelated.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less influence on credit risk. The Group has entered into contracts for the sale of residential and commercial units and plots of land on an installment basis. The installments are specified in the contracts. The Group is exposed to credit risk in respect of installments due. However, the legal ownership of residential, commercial units and plots of land is transferred to the buyer only after all the installments are recovered. In addition, installment dues are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group establishes expected credit loss allowance at each reporting date that represents its estimate of expected credit losses in respect of trade, unbilled and other receivables. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Ageing of unbilled and trade receivables that are not impaired is as follows:

	Neither past due nor impaired AED'000	**1 – 60 days AED'000**	**61 – 120 days AED'000**	**121 – 180 days AED'000**	**Above 180 days AED'000**	**Total AED'000**
31 December 2023	**1,636,543**	**122,994**	**30,423**	**24,852**	**415,973**	**2,230,785**
31 December 2022	1,866,307	13,111	36,587	55,309	538,314	2,509,628

Ageing of impaired trade receivables is as follows:

	1 – 60 days AED'000	**61 – 120 days AED'000**	**121 – 180 days AED'000**	**Above 180 days AED'000**	**Total AED'000**
31 December 2023	**-**	**-**	**-**	**26,705**	**26,705**
31 December 2022	-	-	350	130,684	131,034

10. Development properties

Development properties represent development and construction costs incurred on properties being developed for sale. Movement during the year is as follows:

	2023 AED'000	2022 AED'000
Balance at the beginning of the year	**7,535,172**	8,585,233
Additions	**6,146,902**	1,516,152
Recognised as part of business combination (note 16)	**-**	2,183,487
Transfer (to)/from investment properties – net (note 15)	**(423,572)**	115,585
Transfer to cost of sales	**(3,846,560)**	(1,873,545)
Transfer to property and equipment (note 14)	**(80,390)**	-
Reversal for impairment – net	**129,826**	694,208
Disposed off to a related party (note 39)	**-**	(470,777)
Foreign currency translation differences	**-**	(145,507)
Derecognised on disposal of subsidiaries (note 38)	**-**	(3,069,664)
Balance at the end of the year	**9,461,378**	7,535,172

During the year ended 31 December 2023, the Group entered into various Sale and Purchase Agreements ("SPAs") with third parties for the purchase of land plots on a deferred payment plan. The present value of deferred payments amounting to AED 1,922 million, payable over the period of maximum 4 years, has been discounted at the incremental borrowing rate of the Group.

Additions during the prior year ended 31 December 2022, includes an addition through acquisition of a subsidiary amounting to AED 2,183 million and same was disposed of under common control transactions as part of a Group reorganisation (note 16).

During 2021, Group entered into a Sale and Purchase Agreement ("SPA") dated 21 September 2021 with a third party for the purchase of certain land parcels (the "Parcel") amounting to AED 1,500 million. As of the reporting date, the Group has a remaining commitment of AED 248 million (2022: AED 342 million) relating to this SPA and will be recorded as and when the payment is made, and each Parcel is legally transferred to the Group.

Impairment of development properties

At 31 December 2023, the Group reviewed the carrying value of its land held for future development, properties under development and completed properties by assessing the net realisable value of each project. The key judgement in this review was estimating the net releasable value of properties under development using residual value which is based on a discounted cash flow approach that determines the value of the property by deducting the estimated costs to complete the development from the estimated value on completion derived from the sales proceeds of the property. This method entails estimating the gross realization from the projected sales price of the properties. From this is deducted the outstanding estimated cost to service the property including a developer's margin to arrive at a residual value. This review resulted in a net reversal of impairment amounting to AED 130 million mainly on projects launched during the year due to improved market conditions (2022: AED 694 million).

For impairment reversal recognised till the 31 December 2023, the Group has assessed, based on internal and external sources of information, and concluded that the carrying value of the related development properties is appropriately stated as per IAS 2.

10. Development properties (continued)

Assets held as development properties

The development properties balance includes land held for future development, properties under development and completed properties held in inventory. The balances above are split into the categories as follows:

	2023 **AED'000**	2022 AED'000
Land held for future development	**670,064**	221,950
Properties under development	**8,061,701**	6,006,486
Completed properties	**729,613**	1,306,736
	9,461,378	7,535,172

No borrowing costs have been capitalized to development properties.

11. Investment in associates

In prior year 2022, pursuant to the share purchase agreement dated 16 March 2022, the Group entered into a share purchase agreement with DICO International Ventures Company Limited (a related entity) to acquire an additional 23% shareholding in Damac International Limited ("DIL") for a consideration of AED 290 million which resulted in an overall equity interest of the Group in DIL to 68%. Accordingly, the Group obtained control over DIL. The fair value of the identified net assets of DIL as at the date of acquisition amounted to AED 1,574 million. The transaction represented a business combination under IFRS 3 *'Business Combination'* and had been accounted for using the acquisition method of accounting. Accordingly, the consideration paid had been allocated based on the fair values of the assets acquired and liabilities assumed.

On 16 March 2022, the 25% equity interest of Nine Elms S.H Co. Ltd, Jersey ("NESH") was representative of 25% equity interest in Nine Elms Property Ltd, Jersey ("NEPL"). The remaining 75% equity interest in NEPL was held by DIL. As a result of the Group acquiring an additional 23% equity interest in DIL, the Group's effective equity interest in NESH was 76% and accordingly, the Group had obtained control over NESH. Accordingly, the investment in associates was reclassified as investment in subsidiary and in the prior year 2022, disposed off to a related party under common control transaction (note 38). During the year ended 31 December 2023, the Group recorded a share of net loss of associates amounting to AED Nil (2022: AED 13 million).

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

12. Other financial assets

	2023	2022
	AED'000	AED'000
Escrow retention accounts	**830,204**	421,476
Margin deposits	**17,245**	23,119
Other	**2,859**	2,333
	850,308	446,928
Derecognised on disposal of subsidiaries (note 38)	**-**	34,908

In accordance with applicable laws, the Group holds funds under escrow in Real Estate Regulatory Authority ("RERA") authorised bank accounts. These funds must be held in these escrow accounts for a fixed period of one year after completion of the relevant development properties, at which point they are released to the Group. These funds earn profit or interest at relevant commercial rates.

Other financial assets are assessed to have low credit risk of default since these assets are held with banks that are highly regulated by the central banks of the respective countries. Accordingly, the management of the Group estimates the loss allowance at the end of the reporting period at an amount equal to 12-month ECL. Considering the historical default experience and the current credit ratings of the banks, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

At 31 December 2023, margin deposits are held by banks under lien against credit facilities issued to the Group and earn profit or interest at relevant commercial rates.

As at the year ended 31 December 2023, out of the total escrow retention accounts, an amount of AED 45 million (2022: AED 100 million) is held with Islamic banks and the remaining balance is held with conventional banks.

13. Right-of-use assets and lease liabilities

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year are as follows:

	Total AED'000
Cost:	
At 1 January 2022	125,278
Recognised as part of business combination (note 16)	77,379
Derecognised on disposal of subsidiaries (note 38)	(77,379)
At 31 December 2022	125,278
Addition during the year	22,669
At 31 December 2023	**147,947**
Accumulated amortisation:	
At 1 January 2022	68,379
Charge for the year	3,077
Recognised as part of business combination (note 16)	9,372
Derecognised on disposal of subsidiaries (note 38)	(9,724)
At 31 December 2022	71,104
Charge for the year	2,731
At 31 December 2023	**73,835**
Carrying value:	
At 31 December 2023	**74,112**
At 31 December 2022	54,174

13. Right-of-use assets and lease liabilities (continued)

Amount of lease liabilities outstanding as at year end:

	2023 **AED'000**	2022 AED'000
Opening balance	**64,991**	65,117
Recognised as part of business combination (note 16)	**-**	93,858
Interest expense for the year (note 28)	**6,386**	6,401
Lease payment during the year	**(6,622)**	(6,622)
Derecognised on disposal of subsidiaries (note 38)	**-**	(93,763)
Closing balance	**64,755**	64,991

Net present value of lease liabilities:

	2023 **AED'000**	2022 AED'000
Within one year	**3,798**	4,178
Between two to five years	**13,243**	14,187
After 5 years	**23,109**	25,963

The Group has recognised the lease payments associated with those short-term leases as an expense on a straight-line basis over the period of lease term. The amount of short-term leases charged to the consolidated statement of profit or loss during the year is AED 4 million (2022: AED 5 million).

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

14. Property and equipment

	Land and Buildings AED'000	Furniture and fixtures AED'000	Tools and office equipment AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost:						
At 1 January 2022	168,766	81,616	129,343	10,199	-	389,924
Additions	7,868	2,861	10,452	50	6,915	28,146
Recognised as part of business combination (note 16)	-	1,480	6,803	-	132,982	141,265
Derecognised on disposal of subsidiaries (note 38)	(6,957)	(13,474)	(14,551)	-	(139,897)	(174,879)
Write off and disposals	(9,207)	(11,693)	(16,354)	(32)	-	(37,286)
At 31 December 2022	160,470	60,790	115,693	10,217	-	347,170
Additions	-	2,356	29,034	3,225	-	34,615
Transfer from development properties (note 10)	80,390	-	-	-	-	80,390
Write off and disposals	-	(1,837)	(1,714)	(2,920)	-	(6,471)
At 31 December 2023	**240,860**	**61,309**	**143,013**	**10,522**	**-**	**455,704**
Accumulated depreciation and impairment:						
At 1 January 2022	94,758	61,558	98,458	5,448	-	260,222
Charge for the year	7,373	4,497	7,301	1,249	-	20,420
Recognised as part of business combination (note 16)	-	1,480	6,766	-	-	8,246
Derecognised on disposal of subsidiaries (note 38)	(1,160)	(12,966)	(13,074)	-	-	(27,200)
Write off and disposals	(9,207)	(8,778)	(7,971)	-	-	(25,956)
At 31 December 2022	91,764	45,791	91,480	6,697	-	235,732
Charge for the year	9,972	2,854	11,506	1,066	-	25,398
Write off and disposals	-	(1,729)	(1,694)	(2,444)	-	(5,867)
At 31 December 2023	**101,736**	**46,916**	**101,292**	**5,319**	**-**	**255,263**
Carrying value:						
At 31 December 2023	**139,124**	**14,393**	**41,721**	**5,203**	**-**	**200,441**
At 31 December 2022	68,706	14,999	24,213	3,520	-	111,438

15. Investment properties

Investment properties represent completed properties held at cost less accumulated depreciation and any impairment losses under the cost model in accordance with IFRS.

Movement during the year is as follows:

	2023	2022
	AED'000	AED'000
Cost:		
Balance at the beginning of the year	**78,064**	203,114
Additions during the year	**435**	132,972
Transfer from/(to) development properties - net (note 10)	**420,252**	(148,822)
Disposed off to a related party (note 39)	**-**	(109,200)
Balance at the end of the year	**498,751**	78,064
Accumulated depreciation:		
At 1 January	**(14,998)**	(38,592)
Charge for the year	**(11,742)**	(9,643)
Transfer to development properties (note 10)	**3,320**	33,237
Balance at the end of the year	**(23,420)**	(14,998)
Net carrying value	**475,331**	63,066

Fair value of the investment properties were determined under the comparable and investment method which involves assumptions such as current and estimated rental values at an equivalent yield of approximately 8% to 9% (2022: 8%). The valuation was performed in accordance with RICS Appraisals and Valuation Standards as adapted for Dubai and U.A.E. Laws and Regulations and is reflective of the economic conditions prevailing as at the year ended 31 December 2023 and 2022.

At 31 December 2023, the fair value of the completed investment properties and related land was AED 832 million (2022: AED 75 million) on the basis of a valuation carried out by an independent external valuation expert. The investment properties are located in the U.A.E. and are categorised under Level 3 in the fair value hierarchy.

All of the investment properties held by the Group are rental generating. During the year, AED 53 million (2022: AED 48 million) has been recognised in the consolidated statement of profit or loss in relation to rental income from the investment properties. Direct operating expenses, including repairs and maintenance, arising from investment properties amounted to AED 3 million (2022: AED 8 million). As at 31 December 2023 and 2022, there were no restrictions on the realization of investment properties or the remittance of income and proceeds of disposal.

During the year, the Group has reclassified certain properties units amounting to AED 424 million net, from development properties based on change in use of these units. These units were reclassified to investment properties at their carrying value.

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

16. Non-controlling interests

In prior year 2022, pursuant to the share purchase agreement dated 16 March 2022, the Group entered into a share purchase agreement with DICO International Ventures Company Limited (a related entity) to acquire an additional 23% shareholding in DIL for a consideration of AED 290 million which resulted in an overall equity interest of the Group in DIL to 68%. Accordingly, the Group has obtained control over DIL. The fair value of the identified net assets of DIL as at the date of acquisition was amounted to AED 1,574 million. The transaction represents a business combination under IFRS 3 *'Business Combination'* and had been accounted for using the acquisition method of accounting. Accordingly, the consideration paid had been allocated based on the fair values of the assets acquired and liabilities assumed.

Details of the purchase consideration and the net assets acquired are as follows:

	16 March 2022 AED'000
Purchase consideration:	
Consideration paid	290,325
Fair value of previously held equity interest	871,773
Attributable to non-controlling interests	411,487
	1,573,585

	16 March 2022 AED'000
Assets	
Cash and bank balances	342,214
Development properties	2,183,487
Property and equipment	133,019
Right-of-use assets	68,007
Trade and other receivables	131,705
Liabilities	
Borrowings	(704,728)
Advance from customers	(389,639)
Lease liabilities	(93,858)
Trade and other payables	(96,622)
Total identifiable assets acquired and liabilities assumed	**1,573,585**

a) Net cash outflow/(inflow) arising on acquisition:

	16 March 2022 AED'000
Cash consideration	290,325
Less: cash and cash equivalent balances acquired	(342,214)
Net cash inflow arising on acquisition	**(51,889)**

16. Non-controlling interests (continued)

In prior year 2022, as part of Group reorganisation, DIL was disposed of under common control transaction effective from 1 July 2022 (note 38) and corresponding non-controlling interests was derecognised.

b) Below is the summarised financial information in respect of Group's subsidiaries that had material non-controlling interests before such interests was derecognised as of 1 July 2022. The summarised financial information below represented amounts before intragroup eliminations.

	30 June 2022 AED'000
Revenue	-
Expenses	(4,341)
Loss for the period	(4,341)
Loss attributable to owners of the Company	(3,224)
Loss attributable to the non-controlling interests	(1,117)
Other comprehensive loss attributable to owners of the Company	(48,635)
Other comprehensive loss attributable to the non-controlling interests	(24,109)
Other comprehensive loss for the period	(72,744)
Total comprehensive loss attributable to owners of the Company	(51,859)
Total comprehensive loss attributable to the non-controlling interests	(25,226)
Total comprehensive loss for the period	(77,085)
Payment to non-controlling interests	33,543

Payment to non-controlling interests represented amount paid during the year to non-controlling interests in proportion to their interest in the subsidiary against shareholder's fund until the derecognition of non-controlling interests.

17. Share capital

	2023 AED'000	2022 AED'000
Authorised share capital of 1,500 million shares of USD 1 each	**5,512,500**	5,512,500
Issued, subscribed and fully paid 1,083 million shares of USD 1 each	**3,980,025**	3,980,025

The above share capital has been converted from USD 1 each to AED at the rate of AED 3.675 each.

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

18. Trade and other payables

	2023 AED'000	2022 AED'000
Deferred consideration payable for land *(i)* (note 31)	**1,127,312**	-
Accruals	**1,305,552**	1,031,558
Trade payables	**1,083,671**	1,281,944
Retentions payable *(ii)*	**529,704**	745,043
Other payables *(iii)*	**120,053**	171,025
Provision for employees' end-of-service indemnity *(iv)*	**69,436**	58,471
	4,235,728	3,288,041
Derecognised on disposal of subsidiaries (note 38)	**-**	222,799

(i) Present value of deferred payments, payable over the period of maximum 4 years, have been discounted at the incremental borrowing rate of the Group.

(ii) Retentions payable comprise amounts due to contractors which are held for one year after the completion of a project until the defects liability period has passed and are typically between 5% and 15% of work done.

	2023 AED'000	2022 AED'000
Retentions payable within 12 months	**263,690**	518,643
Retentions payable after 12 months	**266,014**	226,400
	529,704	745,043

(iii) Reconciliation of liabilities arising from financing activities

	1 January 2023 ***(a)*** **AED'000**	**Cash flows** ***(b)*** **AED'000**	**Other changes** ***(c)*** **AED'000**	**31 December 2023** ***(a)*** **AED'000**
Other payables	**21,477**	**(266,022)**	**294,288**	**49,743**

	1 January 2022 *(a)* AED'000	Cash flows *(b)* AED'000	Other changes *(c)* AED'000	31 December 2022 *(a)* AED'000
Other payables	41,731	(129,212)	108,958	21,477

(a) Balance at the beginning and at the end of the year represent provision for finance costs that are included under other payables.
(b) The cash flows represent finance costs paid during the year in the consolidated statement of cash flows.
(c) Other changes represent finance costs charged related to sukuk and borrowings to the consolidated statement of profit or loss during the year.

18. Trade and other payables (continued)

(iv) Movement in provision for employees' end-of-service indemnity during the year is as follows:

	2023 **AED'000**	2022 AED'000
Balance at the beginning of the year	**58,471**	46,717
Charge for the year	**24,061**	20,075
Payments during the year	**(13,096)**	(8,321)
Balance at the end of the year	**69,436**	58,471

19. Advance from customers

Advance from customers are contract liabilities which represent payments received from customers for which revenue has not yet been recognised.

Movement during the year is as follows:

	2023 **AED'000**	2022 AED'000
Balance at the beginning of the year	**7,656,864**	3,373,313
Amounts collected/advance billing during the year	**13,700,837**	8,831,950
Recognised as part of business combination (note 16)	**-**	389,639
Revenue recognised during the year	**(8,737,918)**	(2,915,810)
Other operating income recognised during the year	**(669,495)**	(1,253,807)
Foreign currency translation differences	**-**	(26,139)
Derecognised on disposal of subsidiaries (note 38)	**-**	(742,282)
Balance at the end of the year	**11,950,288**	7,656,864

Revenue recognised during the year, as stated above, is significantly recognised from the balance at the beginning of the year.

20. Bank borrowing

	2023 **AED'000**	2022 AED'000
Bank facilities (a)	**100,000**	-

(a) During the year ended 31 December 2023, the Group has arranged for a secured bank term loan facility amounting to AED 100 million (2022: AED Nil) bearing interest at 3 months EIBOR plus 1.4% per annum. This facility has been fully utilised to finance the purchase of a land parcel and is repayable in three installments on a semi-annual basis.

20. Bank borrowing (continued)

(b) Group had arranged for a bank overdraft facility amounting to AED 23 million (2022: AED 522 million). This facility remained unutilised as at the reporting date.

(c) As at 31 December 2023, the Group had arranged for bank facilities amounting to AED 3,433 million (2022: AED 2,225 million) in the form of letters of credit and guarantees out of which AED 1,057 million (2022: AED 881 million) remained unutilised as at the reporting date.

(d) The non-funded facilities are mainly secured by corporate guarantees of the Company, pledges over bank accounts and deposits aggregating to AED 1,307 million (2022: AED 304 million). During the year ended 31 December 2023, the non-funded facilities was secured by mortgages over certain properties owned by the Group with a market value of AED 259 (2022: AED 362 million).

(e) In prior year 2022, bank borrowing of AED 705 million pertains to acquisition of a subsidiary. Prior to acquisition, the subsidiary entered into a senior term loan facility on 8 March 2019 with a consortium of bankers amounting to AED 844 million (GBP 175 million) bearing interest at 3 months SONIA plus 3.2% per annum. The loan was secured at full fixed and floating security over all assets of the subsidiary. The said subsidiary was subsequently disposed off to a related party under the common control transaction on 01 July 2022. On the disposal date, this loan had decreased to AED 669 million because of foreign currency translation differences amounting to AED 49 million and additional drawdown amounting to AED 13 million.

(f) Repayment profile of the Group's bank borrowing at the reporting date is as follows:

	2023 AED'000	2022 AED'000
Payable within 12 months	**50,000**	-
Payable after 12 months	**50,000**	-
Balance at the end of the year	**100,000**	-

(g) The cash flows from bank facilities represent net repayments of borrowing in the consolidated statement of cash flows.

	AED'000
1 January 2022	124,834
Recognised as part of business combination	704,728
Drawn down	13,156
Repayments	(124,834)
Foreign currency translation differences	(48,522)
Derecognised on disposal of subsidiaries (note 38)	(669,362)
31 December 2022	**-**
Drawdown	100,000
31 December 2023	**100,000**

21. Sukuk certificates

	2023 AED'000	2022 AED'000
Balance at the beginning of the year	**1,218,290**	2,542,136
Issuance of sukuk certificates during the year	**3,305,250**	-
Redemption and repurchase of sukuk certificates during the year	**(1,218,290)**	(1,323,846)
Balance at the end of the year	**3,305,250**	1,218,290
Unamortised issue costs	**(25,816)**	(752)
Carrying amount of sukuk certificates	**3,279,434**	1,217,538

Movement in unamortised issue costs is as follows:

	2023 AED'000	2022 AED'000
Balance at the beginning of the year	**752**	3,703
Addition during the year	**31,223**	-
Amortised during the year	**(6,159)**	(2,951)
Balance at the end of the year	**25,816**	752

- On 12 October 2023, the Group issued US$ 300 million (AED 1,102 million) unsecured Sukuk Trust Certificates ("Certificates") maturing on 12 April 2027. Alpha Star Holding VIII Limited ("Alpha Star VIII") is the Issuer and Trustee pursuant to Declaration of Trust and Damac Real Estate Development Limited ("DRED") is the Guarantor. The Certificates are listed on the Irish Stock Exchange. The sukuk is structured on the basis of service agency whereby the service agent for and on behalf of the Issuer enters into Ijara (leasing) and Murabaha contracts with the Company. Holders of the Certificates from time to time (the "Certificate-holders") have the right to receive certain payments arising from an undivided ownership interest in the Trust Assets and the Trustee will hold such Trust Assets upon trust absolutely for the Certificate-holders pro rata according to the face amount of the Certificates held by each Certificate-holder in accordance with the Declaration of Trust and the terms and conditions of the Certificates.

  The Certificate-holders will be paid returns at the rate of 8.375% per annum. At the reporting date, the fair value of the sukuk is amounting to AED 1,151 million (2022: Nil).

- On 27 April 2023, the Group issued US$ 400 million (AED 1,469 million) unsecured Sukuk Trust Certificates ("Certificates") maturing on 27 April 2026. Alpha Star Holding VII Limited ("Alpha Star VII") is the Issuer and Trustee pursuant to Declaration of Trust and Damac Real Estate Development Limited ("DRED") is the Guarantor. The Certificates are listed on the Irish Stock Exchange. The sukuk is structured on the basis of service agency whereby the service agent for and on behalf of the Issuer enters into Ijara (leasing) and Murabaha contracts with the Company. Holders of the Certificates from time to time (the "Certificate-holders") have the right to receive certain payments arising from an undivided ownership interest in the Trust Assets and the Trustee will hold such Trust Assets upon trust absolutely for the Certificate-holders pro rata according to the face amount of the Certificates held by each Certificate-holder in accordance with the Declaration of Trust and the terms and conditions of the Certificates.

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

21. Sukuk certificates (continued)

The Certificate-holders will be paid returns at the rate of 7.75% per annum. At the reporting date, the fair value of the sukuk is amounting to AED 1,489 million (2022: Nil).

- On 7 February 2023, the Group issued US$ 200 million (AED 734 million), unsecured private placement of Sukuk Trust Certificates (the "Certificates") maturing on 7 May 2025, with an option for Damac Real Estate Development Limited ("DRED") to call the instrument on any date after 7 February 2025. Alpha Star Holding VI Limited ("Alpha Star VI") is the Issuer and Trustee pursuant to Declaration of Trust and DRED is the Guarantor. The sukuk is structured on the basis of service agency whereby the service agent for and on behalf of the Issuer enters into Ijara (leasing) and Murabaha contracts with the Company. Holders of the Certificates from time to time (the "Certificate holders") have the right to receive certain payments arising from an undivided ownership interest in the Trust Assets and the Trustee will hold such Trust Assets upon trust absolutely for the Certificate holder's pro rata according to the face amount of the Certificates held by each Certificate holder in accordance with the Declaration of Trust and the terms and conditions of the Certificates.

  The Certificate holders will be paid returns at the rate of 7.50% per annum. At the reporting date, the fair value of the sukuk is amounting to AED 736 million (2022: Nil).

- On 18 April 2023, the Group has fully settled the remaining Sukuk Certificates due upon maturity amounting to US$ 331 million (AED 1,218 million). On 18 April 2018, the Group issued US$ 400 million (AED 1,470 million) Sukuk Trust Certificates (the "Certificates"). Alpha Star Holding V Limited was the Issuer and Trustee pursuant to Declaration of Trust and DRED is the Guarantor. The Certificates were listed on the Irish Stock Exchange and NASDAQ Dubai. The Certificate holders were paid returns at the rate of 6.625% per annum. During the year ended 31 December 2023, the Group repurchased sukuk certificates with a face value of US$ Nil [AED Nil] (2022: US$ 16 million [AED 58 million]) at a premium.

- In prior year 2022, the Group had fully settled the Sukuk certificates amounting to US$ 341 million (AED 1,252 million). On 20 April 2017, the Group issued US$ 500 million (AED 1,838 million) Sukuk Trust Certificates (the "Certificates"). Alpha Star Holding III Limited was the Issuer and Trustee pursuant to Declaration of Trust and DRED was the Guarantor. The Certificates were listed on the Irish Stock Exchange and NASDAQ Dubai. The Certificate holders were paid returns at the rate of 6.25% per annum. During the year ended 31 December 2023, the Group repurchased sukuk certificates with a face value of US$ Nil [AED Nil] (2022: US$ 4 million [AED 14 million]) at a premium.

The repayment profile of sukuk certificates is as follows:

	2023 **AED'000**	2022 AED'000
Amount due for settlement within 12 months	-	1,218,290
Amount due for settlement after 12 months	**3,305,250**	-
	3,305,250	1,218,290

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

21. Sukuk certificates (continued)

Reconciliation of liabilities arising from financing activities:

	AED'000
1 January 2022	2,542,136
Redemption and repurchase (i)	(1,323,846)
31 December 2022	**1,218,290**
Issuance of sukuk certificates during the year	**3,305,250**
Redemption (i)	**(1,218,290)**
31 December 2023	**3,305,250**

(i) The cash flows from sukuk certificates represent repurchase and redemption of sukuk certificates outstanding balance of AED 1,218 million (2022: AED 1,324 million) against the cash payment of AED 1,218 million (2022: AED 1,325 million) in the consolidated statement of cash flows.

22. Related party transactions

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, their partners and key management personnel. Management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges which are substantially the same terms as those prevailing at the same time for comparable transactions with the third parties. Pricing policies and terms of all transactions are approved by the management.

Nature of significant related party transactions and amounts involved are as follows:

	2023 AED'000	2022 AED'000
Entities under the control of the Ultimate Shareholder:		
Royalty fees *(i)*	**651,238**	110,740
Support services and royalty fees *(ii)* (note 26)	**42,033**	74,142
Disposal of subsidiaries (note 38)	**-**	3,172,271
Disposal of assets (note 39)	**-**	1,084,932
Financial Investments *(iii)*	**-**	317,535
Investment in Damac International Limited *(iv)* (note 16)	**-**	290,325
(Receipts)/payments on behalf of related parties	**(35,323)**	51,147
Payment to non-controlling interests *(iv)* (note 16)	**-**	33,543

(i) Royalty fees

During the year ended 31 December 2023, the Group paid AED 651 million (2022: AED 111 million) towards royalty and design consultancy fees to related entities under the control of Ultimate Shareholder.

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

22. Related party transactions (continued)

(ii) Support services and royalty fees

During the year ended 31 December 2023, the Group billed amount of AED 42 million (2022: AED 74 million) towards support services and royalty fees rendered to related entities under the control of Ultimate Shareholder.

(iii) Financial investments acquired on behalf of a related party

In prior year 2022, the Group had acquired financial investments on behalf of a related party.

(iv) Acquisition of additional stake in DIL:

In prior year 2022, pursuant to the share purchase agreement dated 16 March 2022, the Group entered into a share purchase agreement with DICO International Ventures Company Limited to acquire an additional 23% shareholding in DIL for a consideration of AED 290 million which was fully paid and resulted in an overall equity interest in DIL to 68% thereby obtaining control in the subsidiary.

(v) Payment to non-controlling interests

Payment to non-controlling interests represents amount paid during the prior year to non-controlling interests in proportion to their interest in the subsidiary against shareholder's fund.

Remuneration of key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24: *Related Party Disclosures*.

	2023 AED'000	2022 AED'000
Salaries and other short-term benefits	**419,234**	231,976
Other long term benefits	**554**	171
	419,788	232,147

Due from related parties

	2023 AED'000	2022 AED'000
Due from Ultimate Shareholder	**-**	7,285
Due from entities under common control - net	**24,310**	69,305
	24,310	76,590

Due from related parties balance is unsecured, interest free and receivable on demand.

23. Revenue

Revenue recognised over time and at a point in time is provided as below:

	2023 AED'000	2022 AED'000
Over time	**7,974,718**	2,389,301
Point in time	**868,529**	611,172
	8,843,247	3,000,473

	2023 AED'000	2022 AED'000
Sale of development properties	**8,745,813**	2,913,383
Leasing revenue	**52,601**	47,690
Other revenue	**44,833**	39,400
	8,843,247	3,000,473

As at 31 December 2023, the aggregate amount of transaction price allocated to unsatisfied, or partially satisfied performance obligations is AED 42,705 million (2022: AED 25,678 million). The Group will recognise this as revenue as and when the performance obligation is satisfied on the ongoing projects, which is expected to occur over the next 1 to 5 years.

24. Other operating income - net

	2023 AED'000	2022 AED'000
Income from cancellation of units - net (note 19)	**669,495**	1,241,569

Income from cancellation of units – net includes income recognised by the Group from termination of properties as per the applicable rules and regulations.

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

25. General, administrative and selling expenses

	2023	2022
	AED'000	AED'000
Staff costs	**1,104,490**	708,134
Selling and marketing expenses	**863,281**	617,074
Repairs and maintenance	**182,352**	214,137
Legal and professional	**87,011**	91,384
Travel and communication	**63,435**	37,402
Bank charges	**48,779**	34,641
Insurance	**20,626**	12,706
Rent and license fees	**10,387**	28,451
Social contributions	**4,009**	11,700
Other	**63,524**	86,532
	2,447,894	1,842,161

26. Other income

	2023	2022
	AED'000	AED'000
Property management fees	**51,130**	46,647
Support services fees (note 22)	**42,033**	74,142
Dividend income	**-**	23,765
Loss on repurchase of sukuk certificates	**-**	(1,171)
Other *	**408,081**	131,430
	501,244	274,813

*During the year ended 31 December 2023, the Group won an arbitrational award against a contractor and pursuant to arbitrational award, provision amounting to AED 201 million has been reversed.

27. Finance income

	2023	2022
	AED'000	AED'000
Islamic banks and financial institutions	**46,718**	9,092
Conventional banks and financial institutions	**529,138**	82,708
	575,856	91,800

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

28. Finance cost

	2023 AED'000	2022 AED'000
Islamic banks and financial institutions	**173,093**	101,057
Conventional banks and financial institutions	**12,773**	1,500
Interest on lease liabilities (note 13)	**6,386**	6,401
Unwinding of deferred consideration *(i)*	**102,036**	-
	294,288	108,958

(i) Interest expense on deferred consideration, payable over the period of a maximum of 4 years, has been calculated at the incremental borrowing rate of the Group.

29. Reversal/(provision) for value added tax ("VAT")

During the year ended 31 December 2023, the Group has reversed VAT provision amounting to AED 73 million. In prior year 2022, the Group provided for non-recoverable VAT amounting to AED 17 million.

30. Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Opening balance AED'000	**Financing cash flows (i) AED'000**	**Fair value adjustments AED'000**	**Others (ii) AED'000**	**Closing balance AED'000**
31 December 2023					
Bank borrowings and sukuk	**1,217,538**	**2,155,737**	**-**	**6,159**	**3,379,434**
Lease liabilities	**64,991**	**(6,622)**	**-**	**6,386**	**64,755**
	1,282,529	**2,149,115**	**-**	**12,545**	**3,444,189**
31 December 2022					
Bank borrowings and sukuk	2,663,267	(1,436,695)	1,171	(10,205)	1,217,538
Lease liabilities	65,117	(6,622)	-	6,496	64,991
	2,728,384	(1,443,317)	1,171	(3,709)	1,282,529

(i) The cash flows from bank borrowings and sukuk make up the net amount of proceeds from bank borrowings and sukuk and repayments of borrowings and sukuk in the consolidated statement of cash flows.

(ii) Others mainly include unamortised issue costs and finance costs incurred.

31. Contingent liabilities

	2023 **AED'000**	2022 AED'000
Bank guarantees	**2,375,310**	1,344,079

The Group has contingent liabilities in respect of bank guarantees issued in the normal course of business from which it is anticipated that no material liabilities will arise as at 31 December 2023. Out of the total issued bank guarantees of AED 2,375 million as at 31 December 2023, bank guarantees worth of AED 871 million (2022: AED Nil) has been issued against deferred consideration payable for land plots purchased (note 18).

There were certain claims submitted by the contractors in lieu of various construction projects in the ordinary course of business. Based on the review of opinion provided by the internal legal team, the management has assessed that no material unprovided liabilities will arise as at the year ended 31 December 2023. The Group also has certain claims from the customers and other parties for which the management is of the opinion that no cash outflows are expected to be paid by the Group against these legal cases and claims.

32. Commitments

Commitments for the acquisition of services for the development and construction of assets classified under developments in progress:

	2023 **AED'000**	2022 AED'000
Contracted for	**7,187,284**	3,539,995

33. Financial instruments

(a) Material accounting policies

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in note 4 to the consolidated financial statements.

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

33. Financial instruments (continued)

(b) Categories of financial instruments

	2023 **AED'000**	2022 AED'000
Financial assets		
At amortised cost	**19,501,927**	11,362,930
Financial liabilities		
At amortised cost	**6,508,985**	4,512,852

(c) Fair value of financial instruments

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. Differences can therefore arise between book value under historical cost method and fair value estimates.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values In prior year 2022, financial investments carried at FVTOCI reported in note 8(a) is classified as Level 1 and the financial investments at fair value through profit or loss reported in note 8(b) is classified as Level 1.

There were no transfers between Level 1, 2 and 3 during the year ended 31 December 2023 and 2022.

34. Financial risk management

Management reviews overall financial risk covering specific areas, such as market risk, credit risk, liquidity risk and investing excess cash.

The Group's profile with respect to exposure to financial risks identified below continues to be consistent.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Group's income or the value of its holdings of financial instruments. Financial instruments affected by market risk include interest-bearing loans and borrowings, deposits, financial assets at fair value through other comprehensive income and fair value through profit or loss. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group does not hold or issue equity securities or derivative financial instruments.

34. Financial risk management (continued)

(b) Interest rate risk management

The Group is exposed to interest rate risk as the Group deposits/borrows funds at floating interest rates. The Group's exposure to interest rates on financial assets and liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative financial instruments as at 31 December 2023. The analysis is prepared assuming the amount of assets/liabilities outstanding at the reporting date was outstanding for the whole year.

A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2023 would decrease/increase by AED 14 million (2022: AED 11 million). This is mainly attributable to the Group's exposure to variable rate financial instruments.

(c) Foreign currency risk management

The following table details the Group's sensitivity to a 500 basis points increase or decrease in AED against the relevant foreign currencies.

	2023 AED'000	2022 AED'000
GBP	**3**	127
EURO	**6**	119
Others*	**3**	71
	12	317

**Others include CNY, CAD, SGD, SAR, QAR and INR*

The Group also has other foreign currency transactions and balances denominated in CAD Dollars, Euro and US Dollar or currencies pegged to the US Dollar (AED, Saudi Riyal, Bahraini Dinar, Qatari Riyal, Hong Kong Dollars and Jordanian Dinar). As a result, foreign currency transactions and balances do not represent significant currency risk to the Group.

(d) Credit risk management

Credit risk refers to the risk that 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, excluding financial investments, recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. Refer note 7 and note 9 for more details.

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

34. Financial risk management (continued)

(e) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the management. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables below are the discounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table consists only of principal cash flows:

	Less than 1 year AED'000	**1 - 2 years AED'000**	**Over 3 Years AED'000**	**Total AED'000**
31 December 2023:				
Non-interest bearing	**2,772,966**	**266,014**	**-**	**3,038,980**
Fixed interest rate instruments	**6,622**	**731,261**	**2,632,122**	**3,370,005**
Variable interest rate instruments	**50,000**	**50,000**	**-**	**100,000**
	2,829,588	**1,047,275**	**2,632,122**	**6,508,985**
31 December 2022:				
Non-interest bearing	3,003,171	226,400	-	3,229,571
Fixed interest rate instruments	1,218,290	-	64,991	1,283,281
	4,221,461	226,400	64,991	4,512,852

The following table details the Group's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the discounted contractual maturities of the financial assets except where the Group anticipates that the cash flow will occur in a different period:

	Less than 1 year AED'000	**1 - 2 years AED'000**	**3 - 5 years AED'000**	**Total AED'000**
31 December 2023:				
Non-interest bearing	**16,510,269**	**-**	**-**	**16,510,269**
Variable interest rate instruments	**2,495,658**	**346,028**	**149,972**	**2,991,658**
	19,005,927	**346,028**	**149,972**	**19,501,927**
31 December 2022:				
Non-interest bearing	9,021,219	-	-	9,021,219
Variable interest rate instruments	1,376,212	785,290	180,209	2,341,711
	10,397,431	785,290	180,209	11,362,930

35. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the bank borrowing and sukuk certificates disclosed in notes 20 and 21, cash and cash equivalents and equity attributable to owners of the Group, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

36. Income tax expense - overseas

In prior year 2022, as part of Group reorganization, a subsidiary in Kingdom of Saudi Arabia has been disposed off under a common control transaction.

37. Hyperinflation

The International Monetary Fund (IMF) publishes inflation forecasts. Applying the October 2020 IMF information and the indicators laid out in IAS 29 *Financial Reporting in Hyperinflationary Economies*, the Lebanese economy is considered a hyperinflationary economy for the purposes of applying IAS 29 and for retranslation of foreign operations in accordance with IAS 21 *The Effect of Changes in Foreign Exchange Rates* in the consolidated financial statements for the prior year ended 31 December 2022.

In prior year 2022, as part of Group reorganisation, Damac Properties Lebanon SAL was disposed off under common control transaction. The disposal was effective from 1 July 2022, on which date Damac Properties Lebanon SAL was transferred to a related party. Accordingly, from 1 July 2022 IAS 29 ceases to apply because of disposal of subsidiary. The subsidiary did not have material operations and the total assets of the Lebanon subsidiary were approximately 0.69% of the Group's total assets as of 30 June 2022.

The Group applied IAS 29 to its subsidiary, Damac Properties Lebanon SAL effective from 1 January 2020 and for financial reporting purposes for the prior year ended 31 December 2022 and 2021. In line with IAS 29, the financial results of Damac Properties Lebanon SAL had been restated by applying a general price index to the historical cost, in order to reflect the changes in the purchasing power of the LBP, on the closing date of the financial statements. The non-monetary items of the statement of financial position as well as the profit or loss statement, statement of other comprehensive income and statement of cash flows of Damac Properties Lebanon SAL, had been adjusted for inflation and re-expressed in accordance with the variation of the consumer price index ('CPI'), at the presentation date of its financial statements. The re-expression of non-monetary items was made from the date of initial recognition in the statements of financial position and considering that the financial statements were prepared under the historical cost criterion. The consumer price index at the beginning of the prior reporting period 1 January 2022 was 921.4 and closed at 30 June 2022 at 1,286.76.

The gain or loss on the net monetary position which has been derived as the difference resulting from the restatement of non-monetary assets, equity and items in the statement of comprehensive income is recognised in the statement of profit or loss. In prior year 2022, the resulting gain on net monetary position for Damac Properties Lebanon SAL amounted to AED 91 million. Further, during the prior year ended 31 December 2022, the group recognised a foreign exchange loss of AED 24 million in the consolidated statement of profit or loss due to movement in foreign currency exchange rate.

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

38. Disposal of subsidiaries

In prior year 2022, the Group sold its interest in 70 wholly owned subsidiaries as part of the Group reorganisation under common control transaction with the Ultimate Shareholder at fair value and recorded a gain of AED 42 million which was recognised directly in equity. The assets and liabilities of the disposed subsidiaries at the date of disposal were as follows:

	AED'000
Cash and bank balances (note 7)	556,118
Trade and other receivables (note 9)	962,761
Development properties (note 10)	3,069,664
Other financial assets (note 12)	34,908
Right-of-use assets (note 13)	67,655
Property and equipment (note 14)	147,679
Lease liabilities (note 13)	(93,763)
Non-controlling interests	(352,718)
Trade and other payables (note 18)	(222,799)
Advances from customers (note 19)	(742,282)
Bank borrowings (note 20)	(669,362)
Net assets disposed of	2,757,861
Foreign currency translation reserve	372,706
	3,130,567
Total consideration	3,172,271
Gain on disposal of subsidiaries to Ultimate Shareholder	41,704
Net cash flows arising on disposal:	
Cash and cash equivalents disposed of	(556,118)

The consideration for disposal of subsidiaries was satisfied through due from a related party.

39. Disposal of assets pursuant to group reorganisation

In prior year 2022, pursuant to the Group reorganisation, certain assets were disposed off directly to the Ultimate Shareholder or to the Company under the common control of the Ultimate Shareholder:

	1 July 2022 AED'000
Financial investments [note 8 (b)]	504,955
Investment properties (note15)	109,200
Development properties (note 10)	470,777
Total assets	1,084,932

The assets were transferred at fair value and the consideration for disposal of assets was satisfied through due from a related party.

40. Dividends

In the prior year, on 3 August 2022, an interim cash dividend of USD 0.1385 (AED 0.509) per share amounting to USD 150 million (AED 551 million) was approved by the shareholders in the general assembly. The dividend was paid on 17 August 2022. Further, on 29 September 2022, the Company held a general meeting in which the shareholders approved a dividend equal to USD 1.1656 (AED 4.28) per share amounting to USD 1,262 million (AED 4,640 million). The dividend was settled against due from a related party balance.

41. Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the year. There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation.

	2023	2022
Profit attributable to the owners of the Company for the year (AED'000)	**4,231,018**	1,404,945
Weighted average number of ordinary shares ('000)	**1,083,000**	1,083,000
Earnings per ordinary share – Basic and diluted (AED)	**3.907**	1.297

42. Corporate Income Tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime becomes effective for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes.

The Ministry of Finance continues to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

As the Group's accounting year ends on 31 December, accordingly the effective implementation date for the Group will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025. Accordingly, no current tax provision is accounted for in the consolidated financial statements for the year ended 31 December 2023.

The CT Law is considered enacted for reporting purposes and the Group has assessed the impact of these laws and regulations and has concluded to have no impact on the consolidated financial statements.

The Group has not identified any material risk or uncertainties in the structure from a corporate perspective and will continuously monitor further developments that could impact the tax profile.

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

43. Event after the reporting period

On 23 January 2024, the Group issued US$ 175 million (AED 643 million) listed unsecured Sukuk Trust Certificates ("Certificates") maturing on 12 April 2027. The Certificate-holders will be paid returns at the rate of 8.375% per annum.

44. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of directors and authorised for issue on 11 March 2024.