DAMAC

DAMAC REAL ESTATE DEVELOPMENT LIMITED
Reports revenue of AED 1,222 million for period ended March 2023

DAMAC Real Estate Development Limited ("DAMAC" or the "Company"), a leading developer of high-end and luxury residential property in the Middle East, announces results for the period ending 31 March 2023.

Financial Statements are available at:

https://www.damacproperties.com/en/investor-relations/financial-information/damac-real-estate-development-limited/financial-statements

Performance Highlights

- Revenue at AED 1,222 million for Q1 2023
- Gross profit at AED 610 million for Q1 2023
- Total assets stood at AED 26,773 million as at 31 March 2023.
- Gross Debt stood at AED 1,942 million as at 31 March 2023 representing Gross debt to equity ratio of 0.20.

-end-

For further information:
Investor.relations@damacgroup.com

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

Review report and condensed consolidated interim financial information for the three month period ended 31 March 2023

Damac Real Estate Development Limited, DIFC

Review report and condensed consolidated interim financial information (Unaudited) for the three month period ended 31 March 2023

Table of contents

Deloitte & Touche (M.E.)
Building 2, Level 3
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax:+971 (0) 4 376 8899
www.deloitte.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Damac Real Estate Development Limited, DIFC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Damac Real Estate Development Limited, DIFC** (the "Company") **and its subsidiaries** (together referred to as the "Group") as at 31 March 2023 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410: "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)

Deloitte & Touche

Ali Abdul Aziz
26 June 2023
Dubai
United Arab Emirates

Condensed consolidated interim statement of financial position as at 31 March 2023

	Notes	31 March 2023 AED'000 *(Unaudited)*	31 March 2023 USD'000 Equivalent *(Unaudited)*	31 December 2022 AED'000 *(Audited)*	31 December 2022 USD'0000 Equivalent *(Audited)*
ASSETS					
Cash and bank balances	6	**11,215,021**	**3,051,706**	8,170,066	2,223,147
Trade and other receivables	8	**5,398,612**	**1,469,010**	5,111,496	1,390,884
Development properties	9	**9,381,833**	**2,552,880**	7,535,172	2,050,387
Other financial assets	11	**434,828**	**118,320**	446,928	121,613
Right-of-use assets		**53,491**	**14,556**	54,174	14,741
Property and equipment		**109,364**	**29,759**	111,438	30,323
Investment properties		**91,756**	**24,968**	63,066	17,161
Due from related parties	18	**88,026**	**23,953**	76,590	20,841
Total assets		**26,772,931**	**7,285,152**	21,568,930	5,869,097
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	**3,980,025**	**1,083,000**	3,980,025	1,083,000
Statutory reserve		**151,883**	**41,329**	151,883	41,329
Retained earnings		**5,734,202**	**1,560,327**	5,209,588	1,417,576
Total equity		**9,866,110**	**2,684,656**	9,341,496	2,541,905
LIABILITIES					
Trade and other payables	14	**5,037,976**	**1,370,878**	3,288,041	894,704
Advance from customers	15	**9,859,906**	**2,682,968**	7,656,864	2,083,500
Sukuk certificates	17	**1,942,381**	**528,539**	1,217,538	331,303
Lease liabilities		**66,558**	**18,111**	64,991	17,685
Total liabilities		**16,906,821**	**4,600,496**	12,227,434	3,327,192
Total equity and liabilities		**26,772,931**	**7,285,152**	21,568,930	5,869,097

The interim financial information was signed on 26 June 2023 by:

Chairman **Director**

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of profit or loss (Unaudited)
for the three month period ended 31 March 2023

	Notes	**Three month period ended 31 March**			
		2023 AED'000	**2023 USD'000 Equivalent**	2022 AED'000	2022 USD'000 Equivalent
		(Unaudited)	***(Unaudited)***	*(Unaudited)*	*(Unaudited)*
Revenue	**19**	**1,222,446**	**332,638**	794,730	216,253
Cost of sales		**(612,040)**	**(166,542)**	(552,425)	(150,320)
Gross profit		**610,406**	**166,096**	242,305	65,933
Other operating income – net	**20**	**252,857**	**68,805**	305,795	83,210
General, administrative and selling expenses	**21**	**(455,692)**	**(123,997)**	(451,152)	(122,763)
Amortisation of right-of-use assets		**(683)**	**(186)**	(683)	(186)
Depreciation on property & equipment		**(5,237)**	**(1,425)**	(5,224)	(1,421)
Depreciation on investment properties		**(1,007)**	**(274)**	(2,058)	(560)
Loss allowance reversal on trade receivables	**8**	**38,240**	**10,405**	33,196	9,033
Loss on financial investments carried at FVTPL	**7(b)**	**-**	**-**	(91,296)	(24,842)
Other income – net	**22**	**44,376**	**12,075**	34,512	9,391
Finance income	**23**	**87,833**	**23,900**	4,158	1,131
Finance costs	**24**	**(46,479)**	**(12,647)**	(44,416)	(12,086)
Share of net loss of associates	**10**	**-**	**-**	(13,219)	(3,597)
Foreign exchange gain	**27**	**-**	**-**	5,734	1,560
Gain on net monetary position	**27**	**-**	**-**	26,622	7,244
Profit for the period		**524,614**	**142,752**	44,274	12,047
Attributable to:					
Owners of the company		**524,614**	**142,752**	46,573	12,673
Non-controlling interests		**-**	**-**	(2,299)	(626)
		524,614	**142,752**	44,274	12,047
Earnings per share attributable to the owners of the Company:					
Basic and diluted (AED/USD)	**30**	**0.4844**	**0.1318**	0.0430	0.0117

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of comprehensive income (Unaudited) for the three month period ended 31 March 2023

		Three month period ended 31 March			
	Notes	**2023 AED'000 *(Unaudited)***	**2023 USD'000 Equivalent *(Unaudited)***	2022 AED'000 *(Unaudited)*	2022 USD'000 Equivalent *(Unaudited)*
Profit for the period		**524,614**	**142,752**	44,274	12,047
Other comprehensive loss:					
Item that will not be reclassified subsequently to profit or loss:					
Fair value loss on investment in equity instruments designated at fair value through other comprehensive income (FVTOCI)	**7(a)**	**-**	**-**	(209,622)	(57,040)
Item that may be classified subsequently to profit or loss:					
Foreign exchange differences on translation of financial information of foreign operations		**-**	**-**	(8,148)	(2,217)
Other comprehensive loss for the period		**-**	**-**	(217,770)	(59,257)
Total comprehensive income / (loss) for the period		**524,614**	**142,752**	(173,496)	(47,210)
Total comprehensive income / (loss) attributable to:					
Owners of the Company		**524,614**	**142,752**	(171,286)	(46,609)
Non-controlling interests		**-**	**-**	(2,210)	(601)
		524,614	**142,752**	(173,496)	(47,210)

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity (Unaudited)
for the three months period ended 31 March 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 Equity 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 subsidiary (note 12)	-	-	-	-	-	-	411,487	411,487
Payment to non-controlling interests	-	-	-	-	-	-	(33,543)	(33,543)
Profit for the period	-	-	-	-	46,573	46,573	(2,299)	44,274
Other comprehensive loss for the period	-	-	(209,622)	(8,237)	-	(217,859)	89	(217,770)
Total comprehensive loss for the period	-	-	(209,622)	(8,237)	46,573	(171,286)	(2,210)	(173,496)
Balance at 31 March 2022	**3,980,025**	**151,883**	**278,747**	**(288,268)**	**8,793,446**	**12,915,833**	**375,734**	**13,291,567**
Balance at 1 January 2023	3,980,025	151,883	-	-	5,209,588	9,341,496	-	9,341,496
Profit for the period	-	-	-	-	524,614	524,614	-	524,614
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	524,614	524,614	-	524,614
Balance at 31 March 2023	**3,980,025**	**151,883**	**-**	**-**	**5,734,202**	**9,866,110**	**-**	**9,866,110**

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (Unaudited) for the three month period ended 31 March 2023

	Three month period ended 31 March			
	2023 AED'000 *(Unaudited)*	**2023 USD'000 Equivalent** *(Unaudited)*	2022 AED'000 *(Unaudited)*	2022 USD'000 Equivalent *(Unaudited)*
Cash flows from operating activities				
Profit for the period	**524,614**	**142,752**	44,274	12,047
Adjustments for:				
Depreciation on property and equipment and investment properties	**6,244**	**1,699**	7,282	1,981
Amortisation on right-of-use assets	**683**	**186**	683	186
Provision for employees' end-of-service indemnity (note 14)	**5,210**	**1,418**	5,095	1,386
Amortisation of issue costs on sukuk certificates (note 17)	**1,553**	**423**	1,259	343
Reversal of loss allowance on trade receivables (note 8)	**(38,240)**	**(10,405)**	(33,196)	(9,033)
Finance costs (note 24)	**46,479**	**12,647**	44,416	12,086
Finance income (note 23)	**(87,833)**	**(23,900)**	(4,158)	(1,131)
Dividend income (note 22)	**-**	**-**	(14,194)	(3,862)
Gain on net monetary position (note 27)	**-**	**-**	(26,622)	(7,244)
Share of net loss of associates (note 10)	**-**	**-**	13,219	3,597
Loss on fair value of financial investments at FVTPL [note 7 (b)]	**-**	**-**	136,503	37,144
Loss on repurchase of sukuk certificates (note 22)	**-**	**-**	1,171	319
Operating cash flows before changes in operating assets and liabilities	**458,710**	**124,820**	175,732	47,818
Increase in trade and other receivables	**(260,124)**	**(70,783)**	(11,364)	(3,092)
(Increase)/decrease in development properties	**(238,354)**	**(64,859)**	43,231	11,764
Increase in trade and other payables	**67,157**	**18,274**	191,325	52,061
Increase in advances from customers	**2,203,042**	**599,467**	834,959	227,200
Employee end-of-service indemnity paid (note 14)	**(2,807)**	**(764)**	(1,750)	(476)
Increase in due from related parties	**(11,436)**	**(3,112)**	-	-
Currency translation adjustments / hyperinflation	**-**	**-**	8,148	2,217
Net cash generated from operating activities	**2,216,188**	**603,043**	1,240,281	337,492
Cash flows from investing activities				
Purchases of property and equipment	**(3,534)**	**(962)**	(4,106)	(1,117)
Decrease in financial investments- net	**-**	**-**	425,554	115,797
Decrease / (increase) in other financial assets	**12,100**	**3,293**	(64,072)	(17,435)
Increase in investment properties	**-**	**-**	(8,171)	(2,223)
Acquisition of subsidiaries - net of cash acquired (note 12)	**-**	**-**	51,889	14,120
Dividend income received (note 22)	**-**	**-**	14,194	3,862
Increase in deposits with an original maturity of greater than three months	**(492,705)**	**(134,069)**	(85,148)	(23,170)
Interest received	**99,081**	**26,961**	4,253	1,157
Net cash (used in) / generated from investing activities	**(385,058)**	**(104,777)**	334,393	90,991

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (Unaudited)
for the three month period ended 31 March 2023

	Three month period ended 31 March			
	2023 **AED'000** ***(Unaudited)***	**2023** **USD'000** **Equivalent** ***(Unaudited)***	2022 AED'000 *(Unaudited)*	2022 USD'000 Equivalent *(Unaudited)*
Cash flows from financing activities				
Borrowings draw down	**-**	**-**	11,011	2,996
Proceeds from issuance of sukuk certificates – net (note 17)	**723,290**	**196,814**	-	-
Repayment of bank borrowings	**-**	**-**	(124,834)	(33,968)
Repurchase of sukuk certificates	**-**	**-**	(73,218)	(19,923)
Finance costs paid	**(2,170)**	**(591)**	(5,877)	(1,599)
Payment to non-controlling interest (note 12)	**-**	**-**	(33,543)	(9,127)
Net cash generated from / (used in) financing activities	**721,120**	**196,223**	(226,461)	(61,621)
Net increase in cash and cash equivalents	**2,552,250**	**694,489**	1,348,213	366,862
Cash and cash equivalents at the beginning of the period	**7,364,790**	**2,004,025**	3,663,015	996,739
Cash and cash equivalents at the end of the period (note 6)	**9,917,040**	**2,698,514**	5,011,228	1,363,601

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023

1. General information

Damac Real Estate Development Limited, DIFC 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 P.S.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 3.3 for the list of subsidiaries.

2. Basis of preparation and statement of compliance

2.1 Basis of preparation

The condensed consolidated interim financial information 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.

The condensed consolidated interim statement of profit or loss and other comprehensive income for the three month period ended 31 March 2023 and 31 March 2022 is not significantly affected by seasonality of the results.

The condensed consolidated interim financial information of the Group are presented in thousands of United Arab Emirates Dirhams (AED'000) which is the Group's functional and reporting currency. Amounts are rounded to the nearest thousand, unless otherwise stated. The individual financial information 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).

2.2 Statement of compliance

The condensed consolidated interim financial information are prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standard 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.

The condensed consolidated interim financial information of the Group do not include all the information and disclosures required in the full consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. In addition, results for the period from 1 January 2023 to 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

3. Summary of significant accounting policies

The principal accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those used in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

3.1 Application of new and revised International Financial Reporting Standards ("IFRSs")

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

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

- Amendments to IAS 8 Accounting policies, Changes in accounting estimates and errors;
- Amendments to IAS 1 Presentation of Financial Statements relating to classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies;
- Amendments to IAS 12 Income Taxes relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and
- Amendments to IFRS 17 Insurance contracts.

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

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

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IFRS 16 Leases – Sale and leaseback transactions	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements – Classification of a liability	1 January 2024
Amendment to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated interim financial information for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.

3.2 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.

3. Summary of significant accounting policies (continued)

3.2 Business combinations (continued)

• Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

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

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

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

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

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

3. Summary of significant accounting policies (continued)

3.3 Details of subsidiaries consolidated

The Company consolidated 100% of the operations, assets and liabilities of the subsidiaries listed below which in total are 82 (31 December 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%

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

3.3 Details of subsidiaries consolidated

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
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	49%	100%
Ocean Pearl Real Estate Comp LLC	U.A.E.	Real estate development	100%	100%
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%
Damac Private Real Estate Management L.L.C	U.A.E.	Investment company	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%
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%

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

3.3 Details of subsidiaries consolidated (continued)

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
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 LLC	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%
LETA Investment B.V.	Netherlands	Investment company	100%	100%
Oceanside Development Company Limited	United Kingdom	Real estate development	100%	100%
Damac C S L Investment LLC	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 LLC	U.A.E.	Real estate development	100%	100%
Luluah Al Nujoom Real Estate LLC	U.A.E.	Real estate development	100%	100%
Glory Sky Investments LLC	U.A.E.	Investment company	100%	100%
Malibu Restaurant L.L.C	U.A.E.	Restaurant/Coffee shop	100%	100%
Alpha Star Holding VI Limited	U.A.E.	Trust arrangement	0%	100%
Edgnex Data Centre & Cloud Services L.L.C*	U.A.E.	Cloud Service & Datacentres Providers	100%	100%
Alera Real Estate L.L.C*	U.A.E.	Real Estate Buying & Selling Brokerage	100%	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%

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

3.3 Details of subsidiaries consolidated (continued)

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
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%

* These are newly incorporated entities that became part of the Group during the period.

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 Company’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 condensed consolidated interim financial information 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.

3.4 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 condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

3. Summary of significant accounting policies (continued)

3.4 Disposal of subsidiaries (continued)

During the year ended 31 December 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 28.

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%
Primus International GmbH	Germany	Real estate development	100%	100%
Akoya Property Investment Company ApS	Denmark	Real estate development	90%	90%

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

3. Significant accounting policies (continued)

3.4 Disposal of subsidiaries (continued)

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
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	U.A.E.	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%
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%

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

3. Significant accounting policies (continued)

3.4 Disposal of subsidiaries (continued)

Name of the entities	Country of incorporation	Principal activities	Legal interest	Economic interest
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 LLC	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%

3.5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2022.

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

In the application of the Group's accounting policies, 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 critical judgements and estimates used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

5. 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 UAE "Domestic" and operations in other jurisdictions "International".

	Three month period ended 31 March	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Revenue		
Domestic	**1,222,446**	766,102
International	**-**	28,628
	1,222,446	794,730

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

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Development properties		
Domestic	**9,381,833**	7,535,172
International	**-**	-
	9,381,833	7,535,172

6. Cash and bank balances

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Cash on hand	**25,580**	2,042
Cash held in escrow	**7,503,409**	6,090,751
Bank balances	**916,085**	182,491
Fixed deposits	**2,769,947**	1,894,782
Cash and bank balances	**11,215,021**	8,170,066
Fixed deposits with an original maturity of greater than three months	**(1,297,981)**	(805,276)
Cash and cash equivalents	**9,917,040**	7,364,790
Derecognised on disposal of subsidiaries (note 28)	**-**	556,118

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

6. Cash and bank balances (continued)

Cash held in escrow represents cash received from customers which is held with banks authorised by the Real Estate Regularity 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 maturity period of less than and more than three months from the date of placement. As at reporting date, the fixed deposits earned interest at rates ranging from 1.9% to 5.4% (31 December 2022: 0.6% to 5.2%) per annum.

As at 31 March 2023, fixed deposits and bank balances of AED 1,372 million (31 December 2022: AED 522 million) are held by banks under lien against credit facilities issued to the Group.

As at 31 March 2023, cash and cash equivalents amounting to AED 799 million (31 December 2022: AED 729 million) is held with Islamic banks and the remaining balance is held with conventional banks.

7. Financial investments

a) Financial investments at FVTOCI

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Opening balance	**-**	1,147,408
Additions (i)	**-**	55,343
Disposals	**-**	(921,008)
Change in fair value (ii)	**-**	(281,743)
Closing balance	**-**	-

i. During the period ended 31 March 2023, the Group acquired quoted equity instrument designated at FVTOCI amounting to AED Nil (31 December 2022: AED 55 million).

ii. During the period ended 31 March 2023, the Group recognised a fair value loss amounting to AED Nil (31 December 2022: AED 282 million) and (31 March 2022: AED 210 million).

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

7. Financial investments (continued)

b) Financial investments at FVTPL

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) 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 29)	-	(504,955)
Closing balance	-	-

i. During the period ended 31 March 2023, the Group recognised a loss of AED Nil (31 December 2022: AED 130 million and 31 March 2022: gain of AED 46 million) in the condensed consolidated interim statement of profit or loss upon disposal of equity investments. Further, the Group fair valued equity investments based on published market prices and recognised a loss of AED Nil (31 March 2022: AED 137 million) in the condensed consolidated interim statement of profit or loss.

8. Trade and other receivables

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Unbilled receivables *(i)*	**1,794,830**	1,866,307
Trade receivables *(ii)*	**753,723**	774,355
Provision for impairment on trade receivables *(iii)*	**(92,794)**	(131,034)
	2,455,759	2,509,628
Advances and deposits	**590,096**	660,379
Other receivables, prepayments and other assets *(iv)*	**2,352,757**	1,941,489
	5,398,612	5,111,496
Derecognised on disposal of subsidiaries (note 28)	**-**	829,289

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

8. Trade and other receivables (continued)

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Balance at the beginning of the period / year	**1,866,307**	2,947,419
Increase due to project progress	**428,527**	1,192,410
Transfer to trade receivables	**(500,004)**	(2,095,950)
Derecognised on disposal of subsidiaries (note 28)	**-**	(177,572)
Balance at the end of the period / year	**1,794,830**	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 loss allowance on trade receivables is as follows:

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Balance at the beginning of the period / year	**(131,034)**	(242,463)
Reversal for loss allowance during the period / year	**38,240**	67,329
Derecognised on disposal of subsidiaries (note 28)	**-**	44,100
Balance at the end of the period / year	**(92,794)**	(131,034)

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

9. Development properties

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

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Balance at the beginning of the period / year	**7,535,172**	8,585,233
Additions	**2,380,973**	1,516,152
Recognised as part of business combination (note 12)	**-**	2,183,487
Transfer (to) / from investment properties – net	**(29,699)**	115,585
Transfer to cost of sales	**(504,613)**	(1,873,545)
Reversal of impairment – net	**-**	694,208
Disposed off to a related party (note 29)	**-**	(470,777)
Foreign currency translation differences	**-**	(145,507)
Derecognised on disposal of subsidiaries (note 28)	**-**	(3,069,664)
Balance at the end of the period / year	**9,381,833**	7,535,172

9. Development properties (continued)

During the period ended 31 March 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 amounting to AED 1,552 million. Present value of deferred payments, payable over the period of maximum 3 years, have 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 28).

During 2021, the 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 (31 December 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

Management have reviewed the prior year valuations for development properties and believe that there is no material variance in the recoverable value as at 31 March 2023 of its land held for future development, properties under development and completed properties by assessing the net realisable value of each project. The key judgment 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 Nil (31 December 2022: AED 694 million) mainly on projects launched during the prior year due to improved market conditions.

For impairment reversal recognised, 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.

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 are split into the categories as follows:

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Land held for future development	**1,274,512**	221,950
Properties under development	**6,858,493**	6,006,486
Completed properties	**1,248,828**	1,306,736
	9,381,833	7,535,172

No borrowing costs have been capitalised to development properties.

10. Investment in associates

During the prior year ended 31 December 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 obtained control over DIL. The fair value of identified net assets of DIL as at the date of acquisition 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.

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 is 76% and accordingly, the Group had obtained control over NESH. Accordingly, the investment in associates was reclassified as investment in subsidiary and in prior year 2022, disposed off to a related party under a common control transaction (note 28). During the period ended 31 March 2023, the Group recorded a share of net loss of associates amounting to AED Nil (31 March 2022: AED 13 million).

11. Other financial assets

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Escrow retention accounts	**412,479**	421,476
Margin deposits	**19,493**	23,119
Other	**2,856**	2,333
	434,828	446,928
Derecognised on disposal of subsidiaries (note 28)	**-**	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 March 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 reporting date, an amount of AED 36 million out of the total escrow retention accounts (31 December 2022: AED 100 million) is held with Islamic banks and the remaining balance is held with conventional banks.

12. Non-controlling interests

During the prior year ended 31 December 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 identified net assets of DIL as at the date of acquisition was 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.

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:

	31 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)**

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

12. Non-controlling interests (continued)

During the prior year ended 31 December 2022, as part of Group reorganisation, DIL was disposed off under common control transaction effective from 1 July 2022 (note 28) 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. The summarised financial information below represents amounts before intragroup eliminations.

	31 March 2022 AED'000
Revenue	**-**
Expenses	**(7,919)**
Loss for the period	**(7,919)**
Loss attributable to owners of the Company	**(5,620)**
Loss attributable to the non-controlling interests	**(2,299)**
Other comprehensive income attributable to owners of the Company	**273**
Other comprehensive income attributable to the non-controlling interests	**89**
Other comprehensive income for the period	**362**
Total comprehensive loss attributable to owners of the Company	**(5,347)**
Total comprehensive loss attributable to the non-controlling interests	**(2,210)**
Total comprehensive loss for the period	**(7,557)**
Payment to non-controlling interests	**33,543**

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

13. Share capital

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) 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 condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

14. Trade and other payables

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Trade payables	**1,362,611**	1,281,944
Accruals	**1,035,054**	1,031,558
Deferred consideration payable for land *(i)* (note 25)	**1,654,003**	-
Retentions payable *(ii)*	**771,557**	745,043
Other payables	**153,877**	171,025
Provision for employees' end-of-service indemnity *(iii)*	**60,874**	58,471
	5,037,976	3,288,041
Derecognised on disposal of subsidiaries (note 28)	**-**	222,799

(i) Present value of deferred payments, payable over the period of maximum 3 years, have been discounted at the incremental borrowing rate of the Group.

(ii) Retentions 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.

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

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Balance at the beginning of the period / year	**58,471**	46,717
Charge for the period / year	**5,210**	20,075
Payments during the period / year	**(2,807)**	(8,321)
Balance at the end of the period / year	**60,874**	58,471

15. 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 period/year is as follows:

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Balance at the beginning of the period / year	**7,656,864**	3,373,313
Amounts collected/advance billing during the period / year	**3,650,571**	8,831,950
Recognised as part of business combination (note 12)	**-**	389,639
Revenue recognised during the period / year	**(1,194,672)**	(2,915,810)
Other operating income recognised during the period / year (note 20)	**(252,857)**	(1,253,807)
Foreign currency translation differences	**-**	(26,139)
Derecognised on disposal of subsidiaries (note 28)	**-**	(742,282)
Balance at the end of the period / year	**9,859,906**	7,656,864

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

16. Bank borrowings

As at the reporting date, there are no outstanding bank borrowings (31 December 2022: AED Nil). Additional information related to bank borrowings has been provided below:

a) During the period ended 31 March 2023, the Group has arranged for a bank term loan facility amounting to AED 100 million (31 December 2022: AED Nil). This facility remained unutilsed as at the reporting date.

b) Group had arranged for a bank overdraft facility amounting to AED 23 million (31 December 2022: AED 522 million). This facility remained unutilsed as at the reporting date.

c) As at 31 March 2023, the Group had arranged for bank facilities amounting to AED 3,187 million (31 December 2022: AED 2,225 million) in the form of letters of credit and guarantees out of which AED 789 million (31 December 2022: AED 881 million) remained unutilised as at the reporting date.

d) The non-funded facilities are mainly secured by mortgages over certain properties owned by the Group with a market value of AED Nil (31 December 2022: AED 362 million), corporate guarantees of the Company, pledges over bank accounts and deposits aggregating to AED 1,349 million (31 December 2022: AED 304 million).

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

17. Sukuk certificates

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Balance at the beginning of the period / year	**1,218,290**	2,538,433
Issuance of sukuk certificates during the period/year	**734,500**	-
Redemption and repurchase of sukuk certificates during the period/year	**-**	(1,320,143)
Balance at the end of the period / year	**1,952,790**	1,218,290
Unamortised issue costs	**(10,409)**	(752)
Carrying amount of sukuk certificates	**1,942,381**	1,217,538

Movement in unamortised issue costs is as follows:

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Balance at the beginning of the period / year	**752**	3,703
Addition during the period / year	**11,210**	-
Amortised during the period / year	**(1,553)**	(2,951)
Balance at the end of the period / year	**10,409**	752

- On 7 February 2023, the Group issued US$ 200 million (AED 735 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. Under the sukuk documents, Alpha Star VI entered into, among other contracts, a sale and purchase agreement with each of Front Line Investment Management LLC and Damac Crescent Properties LLC both 100% subsidiaries of DRED, as well as an ijara agreement (leasing), an ijara service agency agreement, a sale and substitution undertaking, and a purchase undertaking with Front Line Investment Management LLC. Alpha Star VI also entered into a Murabaha agreement with DRED. 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 7.50% per annum.

- 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 are listed on the Irish Stock Exchange and NASDAQ Dubai. The Certificate holders are paid returns at the rate of 6.625% per annum (also refer note 32).During the period ended 31 March 2023, the Group repurchased sukuk certificates with a face value of US$ Nil [AED Nil] (31 December 2022: US$ 16 million [AED 58 million]) at a premium.

17. Sukuk certificates (continued)

- 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. During the prior year ended 31 December 2022, the Group had fully settled the Sukuk certificates amounting to US$ 341 million (AED 1,252 million). The Certificate holders were paid returns at the rate of 6.25% per annum. During the period ended 31 March 2023, the Group repurchased sukuk certificates with a face value of US$ Nil [AED Nil] (31 December 2022: US$ 4 million [AED 14 million]) at a premium.

The repayment profile of sukuk certificates is as follows:

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Amount due for settlement within 12 months	**1,218,290**	1,218,290
Amount due for settlement after 12 months	**734,500**	-
	1,952,790	1,218,290

18. 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:

	Three month period ended 31 March	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Entities under the control of the Ultimate Shareholder:		
Investment in Damac International Limited *(i)* (note 10)	**-**	290,325
Payment to non-controlling interests *(ii) (note 12)*	**-**	33,543
Support services and royalty fees *(iii) (note 22)*	**11,436**	1,209
Royalty fee (iv)	**52,740**	-

(i) Acquisition of additional stake in DIL:

During the prior year ended 31 December 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.

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

18. Related party transactions (continued)

(ii) Payment to non-controlling interests

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

(iii) Support services and royalty fees

During the period, the Group billed amount of AED 11 million (31 March 2022: AED 1.2 million) towards support services and royalty fees rendered to related entities under the control of the Ultimate Shareholder.

(iv) Royalty fees

During the period, the Group paid AED 53 million (31 March 2022: AED Nil) towards royalty and design consultancy fees to related entities under the control of the Ultimate Shareholder.

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*.

	Three month period ended 31 March	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Salaries and other short-term benefits	**33,727**	981
Other long-term benefits	**121**	49
	33,848	1,030

At the reporting date, related parties' balances were as follows:

Due from related parties

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Due from Ultimate Shareholder	**7,285**	7,285
Due from entities under common control	**80,741**	69,305
	88,026	76,590

Due from related parties comprises balance due from Ultimate Shareholder and entities under common control.

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

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

19. Revenue

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

	Three month period ended 31 March	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Over time	**1,089,551**	769,912
Point in time	**132,895**	24,818
	1,222,446	794,730

20. Other operating income – net

	Three month period ended 31 March	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Income from cancellation of units - net (note 15)	**252,857**	305,795

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

21. General, administrative and selling expenses

	Three month period ended 31 March	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Staff costs	**166,349**	147,485
Selling and marketing expenses	**158,351**	157,418
Repairs and maintenance	**39,143**	69,439
Legal and professional	**29,417**	27,669
Bank charges	**13,217**	8,552
Travel and communication	**13,215**	7,328
Rent and license fees	**9,116**	5,864
Insurance	**1,896**	2,552
Social contributions	**-**	125
Other	**24,988**	24,720
	455,692	451,152

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

22. Other income - net

	Three month period ended 31 March	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Property management fees	**12,924**	10,842
Support services and royalty fees (note 18)	**11,436**	1,209
Loss on repurchase of sukuk certificates	**-**	(1,171)
Dividend income	**-**	14,194
Other	**20,016**	9,438
	44,376	34,512

23. Finance income

	Three month period ended 31 March	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Islamic banks and financial institutions	**6,553**	1,492
Conventional banks and financial institutions	**81,280**	2,666
	87,833	4,158

24. Finance costs

	Three month period ended 31 March	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Islamic banks and financial institutions	**28,875**	40,205
Conventional banks and financial institutions	**41**	2,641
Interest on lease liabilities	**1,565**	1,570
Unwinding of deferred consideration *(i)*	**15,998**	-
	46,479	44,416

(i) Interest expense on deferred consideration, payable over the period of maximum 3 years, has been calculated at the incremental borrowing rate of the Group.

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

25. Contingent liabilities

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Bank guarantees	**2,397,505**	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 March 2023. Out of the total issued bank guarantees of AED 2,398 million as at 31 March 2023, bank guarantees worth of AED 1,012 million (31 December 2022: AED Nil) has been issued against deferred consideration payable for land plots purchased (note 14).

There were certain claims submitted by the contractors in lieu of various construction projects in the ordinary course of business. Based on a review of the opinion provided by the internal legal team, the management has assessed that no material unprovided liabilities will arise as at reporting date. 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.

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

26. Commitments

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

	31 March 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Contracted for	**3,693,409**	3,539,995

Operating lease commitments – Group as a lessor

The Group has entered into leases on its investment property portfolio whose contracted periods do not exceed one year.

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

27. 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 condensed consolidated interim financial information for the prior period ended 31 March 2022 and consolidated financial statements for the prior year ended 31 December 2022.

During the period year ended 31 December 2022, as part of Group reorganization, 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 condensed consolidated interim total assets as at 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 year ended 31 December 2022, 2021, 2020 and for the period ended 31 March 2022. In line with IAS 29, the financial results of Damac Properties Lebanon SAL have 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, have 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 is made from the date of initial recognition in the statements of financial position and considering that the financial statements are prepared under the historical cost criterion. The consumer price index at the beginning of the prior reporting period 1 January 2022 was 921.40, 31 March 2022 at 1,019.81 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. During the prior period ended 31 March 2022, the resulting gain on net monetary position for Damac Properties Lebanon SAL amounted to AED 27 million. Further, during the prior period ended 31 March 2022, the Group recognised a foreign exchange gain of AED 6 million in the condensed consolidated interim statement of profit or loss due to movement in foreign currency exchange rate.

28. Disposal of subsidiaries

During the prior year ended 31 December 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:

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

28. Disposal of subsidiaries (continued)

	31 December 2022 (Audited) AED'000
Cash and bank balances (note 6)	556,118
Trade and other receivables (note 8)	962,761
Development properties (note 9)	3,069,664
Other financial assets (note 11)	34,908
Right-of-use assets	67,655
Property and equipment	147,679
Lease liabilities	(93,763)
Non-controlling interests	(352,718)
Trade and other payables (note 14)	(222,799)
Advances from customers (note 15)	(742,282)
Bank borrowings (note 16)	(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.

29. Disposal of assets pursuant to group reorganisation

During the prior year ended 31 December 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:

	31 December 2022 (Audited) AED'000
Financial investments [note 7 (b)]	504,955
Investment properties	109,200
Development properties (note 9)	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.

Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2023 (continued)

30. Earnings per share

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

	Three month period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to the owners of the Company for the period (AED'000)	**524,614**	46,573
Weighted average number of ordinary shares ('000)	**1,083,000**	1,083,000
Earnings per ordinary share – Basic and diluted (AED)	**0.4844**	0.0430

31. Corporate Income Tax

On 9 December 2022, UAE Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023. 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.

According to CT Law, UAE businesses will be subject to a 9% CT rate on taxable income exceeding a certain threshold, as prescribed by way of a Cabinet Decision.

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

32. Events after the reporting period

1) On 27 April 2023, the Group issued US$ 400 million (AED 1,470 million) unsecured Sukuk Trust Certificates ("Certificates") maturing on 27 April 2026. The Certificate-holders will be paid returns at the rate of 7.75% per annum.

2) 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) which were initially issued on 18 April 2018. (also refer note 17).

33. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information for the three month period ended 31 March 2023 was approved by the Board of Directors and authorised for issue on 26 June 2023.