

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

**Review report and condensed consolidated
interim financial information
for the nine month period ended
30 September 2023**

Damac Real Estate Development Limited, DIFC

**Review report and condensed consolidated interim financial information (Unaudited)
for the nine month period ended 30 September 2023**

Table of contents	<u>Pages</u>
Report on review of condensed consolidated interim financial information	1
Condensed consolidated interim statement of financial position	2
Condensed consolidated interim statement of profit or loss	3
Condensed consolidated interim statement of comprehensive income	4
Condensed consolidated interim statement of changes in equity	5
Condensed consolidated interim statement of cash flows	6 - 7
Notes to the condensed consolidated interim financial information	8 - 41

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 30 September 2023 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three month and nine month period then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine month period then ended and other explanatory information. 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.)



28 December 2023
Dubai
United Arab Emirates

**Condensed consolidated interim statement of financial position
as at 30 September 2023**

	Notes	30 September 2023 AED'000 (Unaudited)	30 September 2023 USD'000 Equivalent (Unaudited)	31 December 2022 AED'000 (Audited)	31 December 2022 USD'000 Equivalent (Audited)
ASSETS					
Cash and bank balances	6	14,979,109	4,075,948	8,170,066	2,223,147
Trade and other receivables	8	5,975,401	1,625,959	5,111,496	1,390,884
Development properties	9	9,540,226	2,595,980	7,535,172	2,050,387
Other financial assets	11	579,370	157,652	446,928	121,613
Right-of-use assets	12	52,125	14,184	54,174	14,741
Property and equipment	13	174,940	47,603	111,438	30,323
Investment properties	14	459,308	124,982	63,066	17,161
Due from related parties	21	55,824	15,190	76,590	20,841
Total assets		31,816,303	8,657,498	21,568,930	5,869,097
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	3,980,025	1,083,000	3,980,025	1,083,000
Statutory reserve		151,883	41,329	151,883	41,329
Retained earnings		7,272,686	1,978,963	5,209,588	1,417,576
Total equity		11,404,594	3,103,292	9,341,496	2,541,905
LIABILITIES					
Trade and other payables	17	4,532,750	1,233,401	3,288,041	894,704
Advance from customers	18	13,522,116	3,679,487	7,656,864	2,083,500
Bank borrowings	19	100,000	27,211	-	-
Sukuk certificates	20	2,187,043	595,114	1,217,538	331,303
Lease liabilities	12	69,800	18,993	64,991	17,685
Total liabilities		20,411,709	5,554,206	12,227,434	3,327,192
Total equity and liabilities		31,816,303	8,657,498	21,568,930	5,869,097

The interim financial information was signed on 28 December 2023 by:



Chairman



Director

Damac Real Estate Development Limited, DIFC

3

**Condensed consolidated interim statement of profit or loss (Unaudited)
for the nine month period ended 30 September 2023**

	Notes	Three month period ended 30 September				Nine month period ended 30 September			
		2023 AED'000 (Unaudited)	2023 USD'000 Equivalent (Unaudited)	2022 AED'000 (Unaudited)	2022 USD'000 Equivalent (Unaudited)	2023 AED'000 (Unaudited)	2023 USD'000 Equivalent (Unaudited)	2022 AED'000 (Unaudited)	2022 USD'000 Equivalent (Unaudited)
Revenue	22	1,447,093	393,767	612,950	166,789	3,977,841	1,082,406	2,218,494	603,672
Cost of sales		(513,660)	(139,771)	(436,326)	(118,728)	(1,774,342)	(482,814)	(1,452,104)	(395,130)
Gross profit		933,433	253,996	176,624	48,061	2,203,499	599,592	766,390	208,542
Other operating income – net	23	75,482	20,540	363,451	98,898	496,972	135,231	817,060	222,329
General, administrative and selling expenses	24	(413,835)	(112,609)	(415,311)	(113,010)	(1,346,260)	(366,330)	(1,257,895)	(342,284)
Amortisation of right-of-use assets	12	(683)	(185)	(683)	(186)	(2,049)	(557)	(2,402)	(654)
Depreciation on property & equipment and investment properties	13,14	(9,299)	(2,531)	(8,197)	(2,230)	(25,452)	(6,926)	(23,316)	(6,344)
Reversal for impairment on development properties – net	9	-	-	-	-	-	-	307,397	83,645
Loss allowance reversal on trade receivables	8	37,355	10,165	-	-	81,187	22,092	58,955	16,042
Loss on financial investments carried at FVTPL	7(b)	-	-	-	-	-	-	(130,405)	(35,484)
Other income – net	25	197,893	53,848	24,767	6,739	407,196	110,801	90,001	24,490
Finance income	26	160,673	43,721	32,171	8,754	370,219	100,740	43,587	11,860
Finance costs	27	(82,483)	(22,445)	(20,679)	(5,627)	(195,545)	(53,210)	(91,904)	(25,008)
Gain on net monetary position	30	-	-	-	-	-	-	91,030	24,770
Foreign exchange loss	30	-	-	-	-	-	-	(23,589)	(6,419)
Share of net loss of associates	10	-	-	-	-	-	-	(13,219)	(3,597)
Reversal / (provision) for value added tax		73,331	19,954	(16,453)	(4,477)	73,331	19,954	(16,453)	(4,477)
Profit before tax		971,867	264,454	135,690	36,922	2,063,098	561,387	615,237	167,411
Income tax expense – overseas		-	-	-	-	-	-	(2,292)	(624)
Profit for the period after tax		971,867	264,454	135,690	36,922	2,063,098	561,387	612,945	166,787
Attributable to:									
Owners of the Company		971,867	264,454	135,690	36,922	2,063,098	561,387	614,062	167,091
Non-controlling interests		-	-	-	-	-	-	(1,117)	(304)
		971,867	264,454	135,690	36,922	2,063,098	561,387	612,945	166,787
Earnings per share attributable to the owners of the Company:									
Basic and diluted (AED/USD)	33	0.8974	0.2442	0.1253	0.0341	1.9050	0.5184	0.5670	0.1543

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

**Condensed consolidated interim statement of comprehensive income (Unaudited)
for the nine month period ended 30 September 2023**

Notes	Three month period ended 30 September				Nine month period ended 30 September			
	2023	2023	2022	2022	2023	2023	2022	2022
	AED'000 (Unaudited)	USD'000 Equivalent (Unaudited)	AED'000 (Unaudited)	USD'000 Equivalent (Unaudited)	AED'000 (Unaudited)	USD'000 Equivalent (Unaudited)	AED'000 (Unaudited)	USD'000 Equivalent (Unaudited)
Profit for the period	971,867	264,454	135,690	36,922	2,063,098	561,387	612,945	166,787
Other comprehensive loss:								
<u>Item that will not be reclassified subsequently to profit or loss:</u>								
Fair value loss on investment in equity instruments designed at fair value through other comprehensive income (FVTOCI)	7(a)	-	-	-	-	-	(281,743)	(76,665)
<u>Item that may be classified subsequently to profit or loss:</u>								
Foreign exchange differences on translation of financial information of foreign operations		-	-	-	-	-	(116,784)	(31,778)
Total other comprehensive loss for the period		-	-	-	-	-	(398,527)	(108,443)
Total comprehensive income for the period		971,867	264,454	135,690	2,063,098	561,387	214,418	58,344
Total comprehensive income/(loss) attributable to:								
Owners of the Company		971,867	264,454	135,690	2,063,098	561,387	239,644	65,208
Non-controlling interests		-	-	-	-	-	(25,226)	(6,864)
		971,867	264,454	135,690	2,063,098	561,387	214,418	58,344

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 nine month period ended 30 September 2023

	Attributable to the owners of the Company						Non-controlling interest AED'000	Total Equity AED'000
	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		
Balance at 1 January 2022 (Audited)	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 15)	-	-	-	-	-	-	411,487	411,487
Payment to non-controlling interests (note 15)	-	-	-	-	-	-	(33,543)	(33,543)
Profit / (loss) for the period	-	-	-	-	614,062	614,062	(1,117)	612,945
Other comprehensive loss for the period	-	-	(281,743)	(92,675)	-	(374,418)	(24,109)	(398,527)
Total comprehensive income / (loss) for the period	-	-	(281,743)	(92,675)	614,062	239,644	(25,226)	214,418
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 31)	-	-	-	-	-	-	(352,718)	(352,718)
Gain on disposal of subsidiaries - net (note 31)	-	-	-	372,706	34,410	407,116	-	407,116
Dividends (note 37)	-	-	-	-	(5,190,560)	(5,190,560)	-	(5,190,560)
Balance at 30 September 2022 (Unaudited)	3,980,025	151,883	-	-	4,411,411	8,543,319	-	8,543,319
Balance at 1 January 2023 (Audited)	3,980,025	151,883	-	-	5,209,588	9,341,496	-	9,341,496
Profit for the period	-	-	-	-	2,063,098	2,063,098	-	2,063,098
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,063,098	2,063,098	-	2,063,098
Balance at 30 September 2023 (Unaudited)	3,980,025	151,883	-	-	7,272,686	11,404,594	-	11,404,594

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

**Condensed consolidated interim statement of cash flows (Unaudited)
for the nine month period ended 30 September 2023**

	Nine month period ended 30 September			
	2023 AED'000	2023 USD'000 Equivalent	2022 AED'000	2022 USD'000 Equivalent
Cash flows from operating activities				
Profit for the period before tax	2,063,098	561,387	615,237	167,411
<i>Adjustments for:</i>				
Depreciation on property and equipment and investment properties (notes 13 and 14)	25,452	6,926	23,316	6,344
Amortisation on right-of-use assets (note 12)	2,049	557	2,402	654
Provision for employees' end-of-service indemnity (note 17)	18,446	5,019	13,625	3,707
Amortisation of issue costs on sukuk certificates (note 20)	5,910	1,608	2,387	650
Loss on write off of property and equipment (note 13)	497	135	-	-
Reversal for impairment on development properties (note 9)	-	-	(307,397)	(83,645)
Loss allowance reversal on trade receivables (note 8)	(81,187)	(22,092)	(58,955)	(16,042)
Gain on disposal of financial investment at FVTPL [note 7 (b)]	-	-	130,405	35,485
Finance costs (note 27)	195,545	53,210	91,904	25,008
Finance income (note 26)	(370,219)	(100,740)	(43,587)	(11,860)
Gain on net monetary position (note 30)	-	-	(91,030)	(24,770)
Share of net loss of associates (note 10)	-	-	13,219	3,597
Dividend income (note 25)	-	-	(23,765)	(6,467)
Loss on repurchase of sukuk certificates (note 25)	-	-	1,171	319
(Reversal)/provision for value added tax	(73,331)	(19,954)	16,453	4,477
Operating cash flows before changes in operating assets and liabilities	1,786,260	486,056	385,385	104,868
Increase in trade and other receivables	(704,140)	(191,602)	(510,770)	(138,985)
(Increase)/decrease in development properties	(954,230)	(259,654)	517,811	140,902
Decrease in trade and other payables	(331,195)	(90,122)	(93,748)	(25,511)
Increase in advances from customers	5,865,252	1,595,987	3,464,449	942,707
Decrease/(increase) in due from related parties	20,766	5,651	(368,682)	(100,322)
Employee end-of-service indemnity paid (note 17)	(7,731)	(2,104)	(6,269)	(1,706)
Income tax paid – overseas	-	-	(2,292)	(624)
Net cash generated from operating activities	5,674,982	1,544,212	3,385,884	921,329
Cash flows from investing activities				
Purchases of property and equipment (note 13)	(18,095)	(4,924)	(22,390)	(6,093)
Acquisition of financial investment at FVTOCI and FVTPL (note 7)	-	-	(254,584)	(69,275)
Acquisition of subsidiaries - net of cash acquired (note 15)	-	-	51,889	14,119
Disposal of subsidiaries - net off cash disposed of (note 31)	-	-	(556,118)	(151,325)
Purchase of investment properties	-	-	(117,371)	(31,938)
Proceeds from disposal of financial investment at FVTPL (note 7)	-	-	1,943,650	528,884
Increase in other financial assets	(132,442)	(36,037)	(82,240)	(22,378)
Increase in deposits with an original maturity of greater than three months	(427,826)	(116,415)	(319,675)	(86,986)
Dividend income received (note 25)	-	-	23,765	6,467
Interest received	364,972	99,312	41,215	11,215
Net cash (used in)/generated from investing activities	(213,391)	(58,064)	708,141	192,690

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

**Condensed consolidated interim statement of cash flows (Unaudited)
for the nine month period ended 30 September 2023**

	Nine month period ended 30 September			
	2023 AED'000	2023 USD'000 Equivalent	2022 AED'000	2022 USD'000 Equivalent
Cash flows from financing activities				
Proceeds from bank borrowings (note 19)	100,000	27,211	13,156	3,580
Proceeds from issuance of sukuk certificates – net (note 20)	2,181,885	593,710	-	-
Repayment of bank borrowings	-	-	(124,834)	(33,968)
Redemption and repurchase of sukuk certificates (note 20)	(1,218,290)	(331,508)	(1,325,017)	(360,549)
Non-controlling interests (note 15)	-	-	(33,543)	(9,127)
Payment of lease liabilities	-	-	(438)	(119)
Finance costs paid	(143,969)	(39,175)	(86,480)	(23,532)
Dividend paid (note 37)	-	-	(551,250)	(150,000)
Net cash generated from/(used in) financing activities	919,626	250,238	(2,108,406)	(573,715)
Net increase in cash and cash equivalents	6,381,217	1,736,386	1,985,619	540,304
Cash and cash equivalents at the beginning of the period	7,364,790	2,004,024	3,663,015	996,739
Cash and cash equivalents at the end of the period (note 6)	13,746,007	3,740,410	5,648,634	1,537,043
Non-cash transactions:				
Disposal of subsidiaries (note 31)	-	-	3,164,986	861,221
Disposal of assets (note 32)	-	-	1,084,932	295,220
Due from related parties (note 21)	-	-	368,682	100,322

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

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 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 nine month period ended 30 September 2023 and 30 September 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 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).

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 30 September 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 nine month period ended 30 September 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; replace the definition of a change in accounting estimates with a definition of accounting estimates.
- 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 related to Deferred Tax related to Assets and Liabilities arising from a Single Transaction, temporary exception in international tax reform - Pillar two model rules; 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:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 16 <i>Leases</i> – Sale and leaseback transactions	1 January 2024
Amendments to IAS 1 <i>Presentation of Financial Statements</i> – Classification of a liabilities as Current or Noncurrent	1 January 2024
Amendment to IAS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendment to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Effective date not yet decided

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.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)****3. Summary of significant accounting policies (continued)****3.2 Business combinations (continued)**

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.

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.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

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 88 (31 December 2022: 69) Companies (together the “Group”):

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
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%
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%

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

3. Summary of significant accounting policies (continued)

3.3 Details of subsidiaries consolidated (continued)

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
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%
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 Apartments 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%
Luluah Al Nujoom 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%
Alpha Star Holding VI Limited	U.A.E.	Trust arrangement	0%	100%

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

3. Summary of significant accounting policies (continued)

3.3 Details of subsidiaries consolidated (continued)

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
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%
Pinnacle Real Estate Developments L.L.C*	U.A.E.	Real estate development	100%	100%
One Quantum 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%

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

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

3. Summary of significant accounting policies (continued)

3.3 Details of subsidiaries consolidated (continued)

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

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
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 Islands	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%

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 is 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 loses 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.

During the period ended 30 September 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.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

3. Summary of significant accounting policies (continued)

3.4 Disposal of subsidiaries (continued)

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
Martis Investment Company	France	Investment company	100%	100%
ABT Landco Limited	Ireland	Cloud Service & Datacenters Providers	90%	90%
Edgnex Data Centre & Cloud Services	Morocco	Real estate development	100%	100%
MAEA Investment B.V.	Netherlands	Investment company	100%	100%
Edgnex Turkey Gayrimenkul Bilisim Teknolojileri Anonim Sirketi	Turkey	Real estate development	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 Development Management Company Aps	Denmark	Real estate development	70%	70%
Akoya Property Investment Company ApS	Denmark	Real estate development	90%	90%

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

3. Summary of significant accounting policies (continued)

3.4 Disposal of subsidiaries (continued)

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
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%
Seascope 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%
Darak 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%
Damac Hills Properties Development LLC	U.A.E.	Real estate development	100%	100%
Dalma Investment Limited	Canada	Real estate development	100%	100%
Pomona Propriedades (SU), Limitada	Angola	Real estate development	100%	100%
Grania Investment SA	Switzerland	Holding company	100%	100%
Kings Vally Investment LLC	U.A.E.	Investment company	99%	99%
MILON DEVELOPMENT COMPANY LIMITED	United Kingdom	Real estate development	100%	100%
Arjann Holdings Limited	BVI	Investment company	100%	100%
Damac Investment & Properties (Jordan) LLC	Jordan	Real estate development	100%	100%
Damac Tuscan Residence LLC	U.A.E.	Real estate development	100%	100%

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

3. Summary of significant accounting policies (continued)

3.4 Disposal of subsidiaries (continued)

<u>Name of the entities</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Legal interest</u>	<u>Economic interest</u>
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%

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.

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".

	<u>Three month period ended 30 September</u>		<u>Nine month period ended 30 September</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>AED'000</u>	<u>AED'000</u>	<u>AED'000</u>	<u>AED'000</u>
<u>Revenue</u>				
Domestic	1,447,093	612,950	3,977,841	2,138,103
International	-	-	-	80,391
	<u>1,447,093</u>	<u>612,950</u>	<u>3,977,841</u>	<u>2,218,494</u>

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

5. Segment analysis (continued)

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

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
<u>Development properties</u>		
Domestic	9,540,226	7,535,172
International	-	-
	9,540,226	7,535,172

6. Cash and bank balances

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Cash on hand	4,157	2,042
Cash held in escrow	12,361,922	6,090,751
Bank balances	469,123	182,491
Fixed deposits	2,143,907	1,894,782
Cash and bank balances	14,979,109	8,170,066
Fixed deposits with an original maturity of greater than three months	(1,233,102)	(805,276)
Cash and cash equivalents	13,746,007	7,364,790
Derecognised on disposal of subsidiaries (note 31)	-	556,118

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.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

6. Cash and bank balances (continued)

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 3.5% to 5.6% (31 December 2022: 0.6% to 5.2%) per annum.

As at 30 September 2023, fixed deposits and bank balances of AED 1,266 million (31 December 2022: AED 522 million) are held by banks under lien against credit facilities issued to the Group.

As at 30 September 2023, cash and cash equivalents amounting to AED 1,100 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

	30 September 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	<u>-</u>	<u>-</u>

- i. During the period ended 30 September 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 30 September 2023, the Group recognised a fair value loss amounting to AED Nil (31 December 2022 and 30 September 2022: AED 282 million).

b) Financial investments at FVTPL

	30 September 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 32)	-	(504,955)
Closing balance	<u>-</u>	<u>-</u>

- i. During the period ended 30 September 2023, the Group recognised a loss of AED Nil (31 December 2022: AED 130 million and 30 September 2022: AED 130 million) in the condensed consolidated interim statement of profit or loss upon disposal of equity investments.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

8. Trade and other receivables

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Unbilled receivables (i)	1,430,879	1,866,307
Trade receivables (ii)	734,471	774,355
Provision for impairment on trade receivables (iii)	(49,847)	(131,034)
	<u>2,115,503</u>	<u>2,509,628</u>
Advances and deposits	775,317	660,379
Other receivables, prepayments and other assets (iv)	3,084,581	1,941,489
	<u>5,975,401</u>	<u>5,111,496</u>
Derecognised on disposal of subsidiaries	-	829,289

- (i) Unbilled receivables are contract assets which relate 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.

Movement in unbilled receivables is as follows:

	30 September 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	674,562	1,192,410
Transfer to trade receivables	(1,109,990)	(2,095,950)
Derecognised on disposal of subsidiaries (note 31)	-	(177,572)
Balance at the end of the period / year	<u>1,430,879</u>	<u>1,866,307</u>

- (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:

	30 September 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	81,187	67,329
Derecognised on disposal of subsidiaries (note 31)	-	44,100
Balance at the end of the period / year	<u>(49,847)</u>	<u>(131,034)</u>

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

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

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:

	30 September 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	4,235,237	1,516,152
Recognised as part of business combination (note 15)	-	2,183,487
Transfer to property and equipment (note 13)	(63,458)	-
Transfer (to) / from investment properties – net (note 14)	(404,140)	115,585
Transfer to cost of sales	(1,762,585)	(1,873,545)
Reversal of impairment – net	-	694,208
Disposed off to a related party (note 32)	-	(470,777)
Foreign currency translation differences	-	(145,507)
Derecognised on disposal of subsidiaries (note 31)	-	(3,069,664)
Balance at the end of the period / year	9,540,226	7,535,172

During the period ended 30 September 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. Present value of deferred payments amounting to AED 1,518 million, payable over the period of maximum 4 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 31).

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 30 September 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 realisable 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 (year ended 31 December 2022: AED 694 million and nine month period ended 30 September 2022: AED 307 million mainly on projects launched during the prior year due to improved market conditions).

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

9. Development properties (continued)

Impairment assessment of development properties

For impairment reversal recognised till the 31 December 2022, the Group 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 balance is split into the categories as follows:

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Land held for future development	998,074	221,950
Properties under development	7,790,247	6,006,486
Completed properties	751,905	1,306,736
	<u>9,540,226</u>	<u>7,535,172</u>

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 31). During the period ended 30 September 2023, the Group recorded a share of net loss of associates amounting to AED Nil (30 September 2022: AED 13 million).

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

11. Other financial assets

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Escrow retention accounts	554,734	421,476
Margin deposits	22,231	23,119
Other	2,405	2,333
	<u>579,370</u>	<u>446,928</u>
Derecognised on disposal of subsidiaries (note 31)	<u>-</u>	<u>34,908</u>

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 30 September 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 45 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.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

12. Right-of-use assets and lease liabilities

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

	Total AED'000
Cost:	
At 1 January 2022 (Audited)	125,278
Recognised as part of business combination (note 15)	77,379
Derecognised on disposal of subsidiaries (note 31)	(77,379)
At 31 December 2022 (Audited) and at 30 September 2023 (Unaudited)	125,278
Accumulated amortisation:	
At 1 January 2022 (Audited)	68,379
Charge for the year	3,077
Recognised as part of business combination (note 15)	9,372
Derecognised on disposal of subsidiaries (note 31)	(9,724)
At 31 December 2022 (Audited)	71,104
Charge for the period	2,049
At 30 September 2023 (Unaudited)	73,153
Carrying value:	
At 30 September 2023 (Unaudited)	52,125
At 31 December 2022 (Audited)	54,174

Amount of lease liabilities outstanding as at period / year end:

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Opening balance	64,991	65,117
Recognised as part of business combination (note 15)	-	93,858
Interest expense for the period / year (note 27)	4,809	6,401
Lease payment during the period / year	-	(6,622)
Derecognised on disposal of subsidiaries (note 31)	-	(93,763)
Closing balance	69,800	64,991

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

13. 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 15)	-	1,480	6,803	-	132,982	141,265
Derecognised on disposal of subsidiaries (note 31)	(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 (Audited)	160,470	60,790	115,693	10,217	-	347,170
Additions	-	663	13,878	3,554	-	18,095
Transfer from development properties (note 9)	63,458	-	-	-	-	63,458
Write off	-	(3)	(4)	(515)	-	(522)
At 30 September 2023 (Unaudited)	223,928	61,450	129,567	13,256	-	428,201
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 15)	-	1,480	6,766	-	-	8,246
Derecognised on disposal of subsidiaries (note 31)	(1,160)	(12,966)	(13,074)	-	-	(27,200)
Write off and disposals	(9,207)	(8,778)	(7,971)	-	-	(25,956)
At 31 December 2022 (Audited)	91,764	45,791	91,480	6,697	-	235,732
Charge for the period	7,159	2,388	7,063	944	-	17,554
Write off	-	(3)	(4)	(18)	-	(25)
At 30 September 2023 (Unaudited)	98,923	48,176	98,539	7,623	-	253,261
Carrying value						
At 30 September 2023 (Unaudited)	125,005	13,274	31,028	5,633	-	174,940
At 31 December 2022 (Audited)	68,706	14,999	24,213	3,520	-	111,438

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

14. 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 period/year is as follows:

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Cost:		
Balance at the beginning of the period / year	78,064	203,114
Additions	-	132,972
Transfer from / (to) development properties - net (note 9)	400,820	(148,822)
Disposed off to a related party (note 32)	-	(109,200)
	478,884	78,064
Accumulated depreciation:		
Balance at the beginning of the period / year	(14,998)	(38,592)
Charge for the period / year	(7,898)	(9,643)
Transfer to development properties (note 9)	3,320	33,237
	(19,576)	(14,998)
Net carrying amount	459,308	63,066

During the period, the Group has reclassified certain properties units amounting to AED 401 million net, from development properties based on change in use of these units. These units were reclassified to investment properties at their carrying value and the management believes that the carrying amount of the units transferred approximates their fair value on the date of transfer.

Depreciation is recognized in the condensed consolidated interim statement of profit or loss amounting to AED 8 million (30 September 2022: AED 10 million) and revenue recognized in condensed consolidated interim statement of profit or loss includes AED 38 million (30 September 2022: AED 31 million) rental income from investment properties.

15. 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.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

15. Non-controlling interests (continued)

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

	16 March 2022 <u>AED'000</u>
Purchase consideration:	
Consideration paid	290,325
Fair value of previously held equity interest	871,773
Attributable to non-controlling interests	411,487
	<u>1,573,585</u>
	16 March 2022 <u>AED'000</u>
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)
	<u>1,573,585</u>
Total identifiable assets acquired and liabilities assumed	<u>1,573,585</u>
	16 March 2022 <u>AED'000</u>
a) Net cash outflow/(inflow) arising on acquisition:	
Cash consideration	290,325
Less: cash and cash equivalent balances acquired	(342,214)
Net cash inflow arising on acquisition	<u>(51,889)</u>

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 31) and corresponding non-controlling interests was derecognised.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

15. Non-controlling interests (continued)

- b) Below is the summarised financial information in respect of each of the Group's subsidiaries that had material non-controlling. The summarised financial information below represents 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 income attributable to owners of the Company	(48,635)
Other comprehensive income attributable to the non-controlling interests	(24,109)
Other comprehensive income 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 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.

16. Share capital

	30 September 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 nine month period ended 30 September 2023 (continued)**

17. Trade and other payables

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Trade payables	1,123,868	1,281,944
Accruals	820,853	1,031,558
Deferred consideration payable for land (i) (note 28)	1,591,889	-
Retentions payable (ii)	700,641	745,043
Other payables	226,313	171,025
Provision for employees' end-of-service indemnity (iii)	69,186	58,471
	<u>4,532,750</u>	<u>3,288,041</u>
Derecognised on disposal of subsidiaries	<u>-</u>	<u>222,799</u>

- (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 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:

	30 September 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	18,446	20,075
Payments during the period / year	(7,731)	(8,321)
Balance at the end of the period / year	<u>69,186</u>	<u>58,471</u>

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

18. 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:

	30 September 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	10,264,441	8,831,950
Recognised as part of business combination (note 15)	-	389,639
Revenue recognised during the period / year	(3,902,217)	(2,915,810)
Other operating income recognised during the period / year (note 23)	(496,972)	(1,253,807)
Foreign currency translation differences	-	(26,139)
Derecognised on disposal of subsidiaries (note 31)	-	(742,282)
Balance at the end of the period / year	<u><u>13,522,116</u></u>	<u><u>7,656,864</u></u>

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

19. Bank borrowings

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Bank facilities (a)	<u><u>100,000</u></u>	<u><u>-</u></u>

- a) During the period ended 30 September 2023, the Group has arranged for a secured bank term loan facility amounting to AED 100 million (31 December 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 commencing on 12 months from drawdown date, second installment on 18 months from the drawdown date and last installment on 24 months from drawdown date.
- b) Group had arranged for a bank overdraft facility amounting to AED 23 million (31 December 2022: AED 522 million). This facility remained unutilised as at the reporting date.
- c) As at 30 September 2023, the Group had arranged for bank facilities amounting to AED 3,291 million (31 December 2022: AED 2,225 million) in the form of letters of credit and guarantees out of which AED 880 million (31 December 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 1,243 million (31 December 2022: AED 304 million). During the period ended 31 December 2022, the non-funded facilities were also secured by mortgages over certain properties owned by the Group with a market value of AED 362 million.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

19. Bank borrowings (continued)

e) Repayment profile of the Group's bank borrowings at the reporting date is as follows:

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Payable within 12 months	25,000	-
Payable after 12 months	75,000	-
	<u>100,000</u>	<u>-</u>

20. Sukuk certificates

	30 September 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	2,203,500	-
Redemption and repurchase of sukuk certificates during the period / year	(1,218,290)	(1,320,143)
Balance at the end of the period / year	2,203,500	1,218,290
Unamortised issue costs	(16,457)	(752)
Carrying amount of sukuk certificates	<u>2,187,043</u>	<u>1,217,538</u>

Movement in unamortised issue costs is as follows:

	30 September 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	21,615	-
Amortised during the period / year	(5,910)	(2,951)
Balance at the end of the period / year	<u>16,457</u>	<u>752</u>

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

20. Sukuk certificates (continued)

- On 27 April 2023, the Group issued US\$ 400 million (AED 1,470 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.

The Certificate-holders will be paid returns at the rate of 7.75% per annum.

- 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. 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 7.50% per annum.

- 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 period ended 30 September 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.
- 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). 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 period ended 30 September 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.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

20. Sukuk certificates (continued)

The repayment profile of sukuk certificates is as follows:

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Amount due for settlement within 12 months	-	1,218,290
Amount due for settlement after 12 months	2,203,500	-
	2,203,500	1,218,290

21. 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 30 September		Nine month period ended 30 September	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
<u>Entities under the control of the Ultimate Shareholder:</u>				
Disposal of subsidiaries (note 31)	-	3,164,986	-	3,164,986
Disposal of assets (note 32)	-	1,084,932	-	1,084,932
Financial Investments (i)	-	317,535	-	317,535
Investment in Damac International Limited (ii) (note 10)	-	-	-	290,325
Payments on behalf of related parties	-	51,147	-	51,147
Payment to non-controlling interests (iii) (note 15)	-	-	-	33,543
Support services and royalty fees (iv) (note 25)	13,234	1,209	33,636	3,627
Royalty fee (v)	-	-	52,740	-

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

During the period, the Group had acquired financial investments on behalf of a related party.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

21. Related party transactions (continued)

(ii) 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.

(iii) 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.

(iv) Support services and royalty fees

During the period, the Group billed amount of AED 34 million (30 September 2022: AED 3.6 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 (30 September 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 30 September		Nine month period ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Salaries and other short-term employee benefits	8,900	934	52,556	3,206
Other long-term benefits	118	39	360	132
	9,018	973	52,916	3,338

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

Due from related parties

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
	AED'000	AED'000
Due from Ultimate Shareholder	7,285	7,285
Due from entities under common control	48,539	69,305
	55,824	76,590

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

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

22. Revenue

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Over time	868,134	138,707	3,140,511	1,636,828
Point in time	578,959	474,243	837,330	581,666
	1,447,093	612,950	3,977,841	2,218,494

23. Other operating income – net

	Three month period ended 30 September		Nine month period ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Income from cancellation of units – net (note 18)	75,482	363,451	496,972	817,060

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

24. General, administrative and selling expenses

	Three month period ended 30 September		Nine month period ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Staff costs	215,635	143,623	573,780	434,402
Selling and marketing expenses	112,463	163,321	438,064	467,233
Repairs and maintenance	28,876	39,140	101,322	152,235
Legal and professional	20,175	18,559	73,905	58,367
Travel and communication	17,333	12,191	48,800	28,947
Bank charges	10,816	6,338	35,597	24,906
Rent and license fees	3,017	10,181	18,120	26,201
Social contributions	-	95	4,009	11,575
Insurance	662	3,536	2,771	9,649
Other	4,858	18,327	49,892	44,380
	413,835	415,311	1,346,260	1,257,895

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

25. Other income – net

	Three month period ended 30 September		Nine month period ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Property management fees	12,970	11,318	38,215	32,694
Support services and royalty fees (note 21)	13,234	1,209	33,636	3,627
Dividend income	-	-	-	23,765
Loss on repurchase of sukuk certificates	-	-	-	(1,171)
Other*	171,689	12,240	335,345	31,086
	197,893	24,767	407,196	90,001

* During the period ended 30 September 2023, the Group won an arbitrational award against a contractor and pursuant to arbitrational award, provision amounting to AED 201 million have been reversed.

26. Finance income

	Three month period ended 30 September		Nine month period ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Islamic banks and financial institutions	8,288	1,541	20,222	4,813
Conventional banks and financial institutions	152,385	30,630	349,997	38,774
	160,673	32,171	370,219	43,587

27. Finance costs

	Three month period ended 30 September		Nine month period ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Islamic banks and financial institutions	44,977	18,996	114,511	83,616
Conventional banks and financial institutions	1,678	-	2,759	3,465
Interest on lease liabilities (note 12)	1,639	1,683	4,809	4,823
Unwinding of deferred consideration (i)	34,189	-	73,466	-
	82,483	20,679	195,545	91,904

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

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

28. Contingent liabilities

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Bank guarantees	2,410,946	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 30 September 2023. Out of the total issued bank guarantees of AED 2,411 million as at 30 September 2023, bank guarantees worth of AED 850 million (31 December 2022: AED Nil) has been issued against deferred consideration payable for land plots purchased (note 17).

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 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.

29. Commitments

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

	30 September 2023 (Unaudited) AED'000	31 December 2022 (Audited) AED'000
Contracted for	5,128,376	3,539,995

30. 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 30 September 2022 and consolidated financial statements for the prior year ended 31 December 2022.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)****30. Hyperinflation (continued)**

During the period year ended 31 December 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 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 30 September 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 and closed at 30 June 2022 on 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 30 September 2022, the resulting gain on net monetary position for Damac Properties Lebanon SAL amounted to AED 91 million. Further, during the prior period ended 30 September 2022, the Group recognised a foreign exchange loss of AED 24 million in the condensed consolidated interim statement of profit or loss due to movement in foreign currency exchange rate.

31. Disposal of subsidiaries

During the prior period ended 30 September 2022, the Group sold its interest in 59 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 34 million which was recognised directly in equity. The assets and liabilities of the disposed off subsidiaries at the date of disposal were as follows:

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)**

31. Disposal of subsidiaries (continued)

	(Unaudited) AED'000
Cash and bank balances (note 6)	556,118
Trade and other receivables	962,761
Development properties (note 9)	3,069,664
Other financial assets (note 11)	34,908
Right-of-use assets (note 12)	67,655
Property and equipment (note 13)	147,679
Lease liabilities (note 12)	(93,763)
Non-controlling interests	(352,718)
Trade and other payables	(222,790)
Advances from customers (note 18)	(742,282)
Bank borrowings	(669,362)
Net assets disposed of	2,757,870
Foreign currency translation reserve	372,706
	3,130,576
 Total consideration	 3,164,986
 Gain on disposal of subsidiaries to Ultimate Shareholder	 34,410
 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.

32. Disposal of assets pursuant to group reorganisation

During the prior year ended 31 December 2022, pursuant to the Group reorganization, 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 (note 14)	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 nine month period ended 30 September 2023 (continued)**

33. Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit 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 30 September		Nine month period ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company for the period (AED'000)	971,867	135,690	2,063,098	614,062
Weighted average number of ordinary shares ('000)	1,083,000	1,083,000	1,083,000	1,083,000
Earnings per ordinary share – Basic and diluted (AED)	0.8974	0.1253	1.9050	0.5670

34. 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 Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated interim financial information approximate their fair values.

35. 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.

**Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2023 (continued)****35. Corporate Income Tax (continued)**

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

The Group will continue to monitor the publication of subsequent decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes at subsequent reporting dates.

36. Events after the reporting period

On 12 October 2023, the Group issued US\$ 300 million (AED 1,103 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.

37. 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.

38. Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information for the nine month period ended 30 September 2023 was approved by the Board of Directors and authorised for issue on 28 December 2023.