

TECOM INVESTMENTS LLC AND ITS SUBSIDIARIES

**REVIEW REPORT AND CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022**

**CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022**

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REVIEW REPORT ON CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS

The Shareholders
TECOM Investments LLC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed interim carve-out balance sheet of TECOM Investments LLC (the "Company") and its subsidiaries (together, the "Group"), as at 31 March 2022 and the related statements of income, comprehensive income, changes in equity and cash flows for the three month periods ended 31 March 2022 and 2021. Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting policies described in note 2 of the interim financial information. 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 International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of 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.

Emphasis of matter- basis of preparation

We draw attention to notes 1 and 2 to the condensed interim carve-out financial statements, which describe the basis of accounting. The condensed interim carve-out financial statements have been prepared to assist the Group to comply with the financial reporting provisions relating to the listing of the Group's shares on the Dubai Financial Market. As a result, the condensed interim carve-out financial statements may not be suitable for another purpose.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim carve-out financial statements are not prepared, in all material respects, in accordance with the accounting policies described in note 2 of the condensed interim carve-out financial statements.

Deloitte & Touche (M.E.)

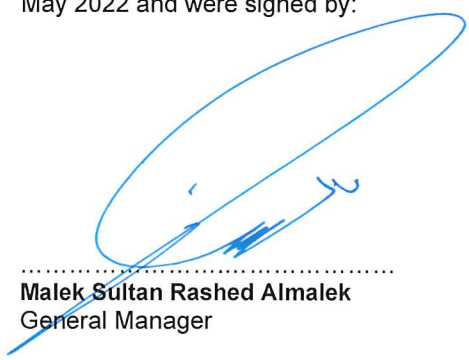


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20 May 2022
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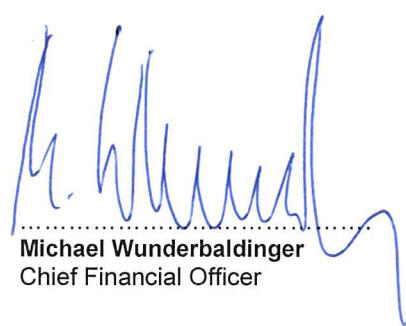
CONDENSED INTERIM CARVE-OUT BALANCE SHEET
AS AT 31 MARCH 2022

	Note	31 March 2022 (Reviewed) AED'000	31 December 2021 (Audited) AED'000
ASSETS			
Property and equipment	5	115,261	108,296
Investment property	6	11,931,021	13,368,160
Intangible assets		28,298	34,317
Derivative financial instruments	7	137,980	73,116
Trade and unbilled receivables	8	896,052	925,801
Other receivables	9	143,904	80,983
Due from related parties	10	380,870	527,054
Cash and bank balances	11	1,017,123	1,246,399
Total assets		14,650,509	16,364,126
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	12	500,000	300
Legal reserve	13	171,518	171,518
Hedge reserve		117,590	7,441
Retained earnings		5,474,861	5,434,003
Total equity		6,263,969	5,613,262
LIABILITIES			
Borrowings	14	4,031,380	3,965,120
Trade and other payables	15	3,137,684	3,101,937
Provision for other liabilities and charges	16	903,336	2,427,166
Employee end of service benefits	17	71,975	71,990
Due to related parties	10	197,829	1,095,031
Derivative financial instruments	7	44,336	89,620
Total liabilities		8,386,540	10,750,864
Total equity and liabilities		14,650,509	16,364,126

These condensed interim carve-out financial statements were approved by the General Manager on 20 May 2022 and were signed by:



Malek Sultan Rashed Almalek
General Manager



Michael Wunderbaldinger
Chief Financial Officer

The notes on pages 7 to 45 are an integral part of these condensed interim carve-out financial statements.

**CONDENSED INTERIM CARVE-OUT STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2022**

	Note	Three months ended 31 March	
		2022 AED'000 (Reviewed)	2021 AED'000 (Reviewed)
Revenue	19	485,111	428,904
Direct costs		(188,290)	(162,403)
Gross profit		296,821	266,501
Other operating income		11,705	13,766
		308,526	280,267
Expenses			
General and administrative		(54,255)	(71,277)
Marketing and selling		(6,843)	(6,518)
		(61,098)	(77,795)
Operating profit		247,428	202,472
Finance income		60,950	5,169
Finance costs		(118,116)	(63,344)
Finance costs - net		(57,166)	(58,175)
Profit for the period		190,262	144,297
Earnings per share attributable to the Owners of the Company			
Basic and diluted	20	0.003	481

**CONDENSED INTERIM CARVE-OUT STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2022**

	Note	Three months ended 31 March	
		2022	2021
		AED'000 (Reviewed)	AED'000 (Reviewed)
Profit for the period		190,262	144,297
<i>Other comprehensive income</i>			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Fair value gain on cash flow hedges	7	110,149	90,853
Other comprehensive income for the period		110,149	90,853
Total comprehensive income for the period		300,411	235,150

The notes on pages 7 to 45 are an integral part of these condensed interim carve-out financial statements.

**CONDENSED INTERIM CARVE-OUT STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2022**

	Note	Attributable to owners of the Company				Total equity AED'000
		Share capital AED'000	Legal reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	
At 1 January 2022 (Audited)		300	171,518	7,441	5,434,003	5,613,262
Comprehensive income:						
Profit for the period		-	-	-	190,262	190,262
Other comprehensive income:						
Fair value gain on cash flow hedges		-	-	110,149	-	110,149
Total comprehensive income for the period		-	-	110,149	190,262	300,411
Transactions with owners						
Dividends declared	18	-	-	-	(53,997)	(53,997)
Increase in share capital	12	499,700	-	-	(499,700)	-
Capital contribution	10	-	-	-	404,293	404,293
		499,700	-	-	(149,404)	350,296
At 31 March 2022 (Reviewed)		500,000	171,518	117,590	5,474,861	6,263,969
At 1 January 2021 (Audited)		300	171,518	(108,562)	6,105,043	6,168,299
Comprehensive income:						
Profit for the period		-	-	-	144,297	144,297
Other comprehensive income:						
Fair value gain on cash flow hedges		-	-	90,853	-	90,853
Total comprehensive income for the period		-	-	90,853	144,297	235,150
Transactions with owners						
Increase as a result of the carve-out	2.2	-	-	-	90,445	90,445
		-	-	-	90,445	90,445
At 31 March 2021 (Reviewed)		300	171,518	(17,709)	6,339,785	6,493,894

**CONDENSED INTERIM CARVE-OUT STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2022**

		Three months ended 31 March	
	Note	2022 AED'000 (Reviewed)	2021 AED'000 (Reviewed)
Cash flows from operating activities			
Cash generated from operations	21	329,211	239,161
Payment of employees' end of service benefits and other liabilities and charges		-	(233)
Net cash generated from operating activities		329,211	238,928
Cash flows from investing activities			
Purchase of property and equipment	5	(9,275)	(309)
Payments for investment property, net of project and retention payables		(294,895)	(108,625)
Purchase of intangible assets		-	(4,244)
Movement in fixed deposits with maturities greater than three months		256,087	463,286
Interest received		1,537	5,169
Net cash (used in)/generated from investing activities		(46,546)	355,277
Cash flows from financing activities			
Net Proceeds from borrowings		77,116	117,293
Interest paid		(128,972)	(63,344)
Dividends paid		(53,997)	-
Capital contribution		-	90,445
Funds transferred to Parent Company		(150,000)	(600,000)
Net cash used in financing activities		(255,853)	(455,606)
Net increase in cash and cash equivalents		26,812	138,599
Cash and cash equivalents, beginning of the period	11	768,183	570,255
Cash and cash equivalents, end of the period		794,995	708,854

Significant non-cash transactions during the period include:

- During the period ended 31 March 2022, the Group capitalised AED 499,700,000 of retained earnings into share capital of the Company.
- During the period ended 31 March 2022, the Group recycled hedge reserve amounting of AED 59,413,000 through condensed interim carve-out statement of income.

NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

1. LEGAL STATUS AND ACTIVITIES

TECOM Investments LLC (the “Company” or “TECOM”) is a limited liability company incorporated in the Emirate of Dubai, United Arab Emirates (“UAE”) on 19 July 2005. The Company’s registered address is P.O. Box 73000, Dubai, United Arab Emirates.

The Company is a wholly-owned subsidiary of DHAM LLC (the “Parent Company”). Dubai Holding LLC is the ultimate parent company (“Ultimate Parent Company”). The Ultimate majority shareholder of the Company is His Highness Sheikh Mohammed Bin Rashid Al Maktoum (the “Ultimate Shareholder”). The Company and its subsidiaries are collectively referred to as the Group (the “Group”).

During the year ended 31 December 2021, the Ultimate Parent Company announced their intention to list certain percentage of their shares in the Company through an Initial Public Offering (“IPO”) and subsequently list the Company on the Dubai Financial Market (“DFM” or the “Exchange”). As part of the proposed IPO, the legal status of the Company will be converted from a Limited Liability Company (L.L.C.) to a Public Joint Stock Company (“PJSC”) and will be known as TECOM Group PJSC upon receipt of the appropriate approval from the Ministry of Economy.

Pursuant to the announcement, the Ultimate Parent Company approved a group reorganisation, whereby the Company transferred operations related to its property sales division and equity investments division (the “Divisions”) to entities under common control.

The transfer of Divisions was executed during April 2022 with an effective date of transferring beneficial and economic interest on 1 January 2022. As a result of the group reorganization, the operations remaining within TECOM from 1 January 2022 include property development, leasing, facilities management, property management services and visa and incorporation services (the “IPO Perimeter”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The condensed interim carve-out financial statements of the Group have been prepared in accordance with the requirements of International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”), except for the transfer of the operating activities of the Divisions as described in note 1 to the condensed interim carve-out financial statements from the comparative period ended 31 March 2021. This transfer should have been accounted for as a transfer on 1 January 2022 without changing the comparative information for 2021.

2.2 Basis of preparation

The comparatives for the three months period ended 31 March 2021, within the condensed interim carve-out financial statements of the Group have been prepared on a carve-out basis by excluding the operating activities of the Divisions and only reflecting the IPO Perimeter as described in Note 1. Any adjustments arising from the transfer out of Divisions within the statement of income and the balance sheet were reflected within equity of the carve-out financial statement. No such adjustment was required for the period ended 31 March 2022 as the transfer has been legally executed effective 1 January 2022.

The condensed interim carve-out financial statements may not be indicative of Group’s future performance and they do not necessarily reflect what its carve-out result of operations, financial position and cashflows would have been, had the Divisions actually been transferred in prior years.

The condensed interim carve-out financial statements are presented in United Arab Emirates (AED) which is the Company’s functional currency and the Group’s presentation currency. All amounts have been rounded to the nearest AED thousands (‘000s), unless stated otherwise.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Basis of preparation (continued)**

The condensed interim carve-out financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period and derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these condensed interim carve-out financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

The preparation of condensed interim carve-out financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed interim carve-out financial statements are disclosed in Note 4.

The principal accounting policies applied in the preparation of these condensed interim carve-out financial statements are set out below. These policies have been consistently applied to all the periods presented.

(a) New standards and interpretations effective for periods beginning on or after 1 January 2022

In the current period, the Group has applied a number of amendments to IFRS standards and interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in the condensed interim carve-out financial statements of the Group.

(b) New standards and interpretations issued but not yet effective nor early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the condensed interim consolidated financial statements of the Group and have not been early adopted by the Group. None of these are expected to have a significant effect on the condensed interim carve-out financial statements of the Group.

NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Principles of consolidation

(a) Subsidiaries

The Group consolidates investments in the following principal subsidiaries:

Name of the entity	Nature of business	Ownership %	
		2022	2021
Subsidiaries:			
TECOM Investments FZ LLC	Develop and lease properties	100	100
Dubai Industrial City LLC*	Develop and lease properties	100	100
Dubai Design District FZ LLC	Develop and lease properties	100	100
Tamdeen LLC*	Project management engineering and feasibility studies	100	100
	Lease of land and development of property within		
Dubai Design District Hospitality FZ LLC	Dubai and value added real estate services	100	100
AXS FZ LLC	Incorporation and visa related services	100	100
DMC Butterfly Building FZ LLC	Real estate services	100	100
Innovation Hub FZ-LLC	Real estate services	100	100
IN5 FZ LLC	Regional headquarters for real estate services	100	100
DIC 1 FZ LLC	Develop properties and real estate services	100	100
DIC 2 FZ LLC	Develop properties and real estate services	100	100
DKV 1 FZ LLC	Develop properties and real estate services	100	100
Innovation Hub Phase 1 FZ-LLC	Real Estate services	100	100
Master Project 1 FZ-LLC	Real Estate services	100	100

*The ownership percentage represents the beneficial ownership of the Group in these subsidiaries.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.3 Principles of consolidation (continued)****(a) Subsidiaries (continued)**

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the condensed interim carve-out statement of income.

Business combinations involving entities under common control do not fall under the scope of IFRS 3 “Business Combinations”. Transfer of businesses under common control is accounted for under the uniting of interest method. Under the uniting of interest method there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created as the balances remain at book value.

Where settlement of any part of the net identifiable assets acquired is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which similar borrowings could be obtained from independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the condensed interim carve-out statement of income.

(b) Eliminations on consolidation

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the condensed interim carve-out statement of income, condensed interim carve-out statement of comprehensive income, condensed interim carve-out statement of changes in equity and condensed interim carve-out balance sheet.

(c) Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the condensed interim carve-out financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The condensed interim carve-out financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the condensed interim carve-out statement of income, except when deferred in other comprehensive income and accumulated in equity as qualifying cash flow hedges and qualifying net investment hedges.

Balances and transactions denominated in US dollars ("USD") have been translated into the presentation currency at a fixed rate as the exchange rate of AED to USD has been pegged since 1981.

Foreign exchange gains and losses that relate to borrowings are presented in the condensed interim carve-out statement of income within 'Finance income' or 'Finance costs'. All other foreign exchange gains and losses are presented in the condensed interim carve-out statement of income within 'Other operating expense'. Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

2.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance costs are charged to the condensed interim carve-out statement of income during the financial period in which they are incurred.

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

Type of assets	Years
Buildings	20 - 50
Building interior improvements, furniture and fixtures	3 - 10
Computer hardware	3 - 5
Motor vehicles	5
Other assets	3 - 5

NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'Other operating income/expense' in the condensed interim carve-out statement of income.

2.6 Investment property

Investment property comprises property held for capital appreciation, rental yields or both, and is carried at cost less accumulated depreciation and impairment losses, if any. Investment property also includes related infrastructure and property that is being constructed or developed for future use as investment property. In addition, land held for undetermined use is classified as investment property and is not depreciated. Investment property is stated at cost less accumulated depreciation and impairment. The Group engages professionally qualified external valuers at least once every three years to determine the fair values for disclosure purposes. The fair values for all other years are updated by management by using models and bases similar to the external valuers.

When the development of investment property commences, it is classified under capital work-in-progress until development is complete, at which time it is transferred to the respective category, and depreciated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Type of assets	Years
Buildings and infrastructure	20 - 50

Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period in which it is incurred.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale or becomes owner-occupied, the property is transferred to property held for development sale or property and equipment respectively.

When investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are taken into account in determining operating profit.

Capital work in progress are properties or assets in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the acquisition of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate investment property category and is accounted in accordance with the Group's policies.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.7 Intangible assets****(a) Computer software**

The Group's computer software comprises software acquired or software developed by the Group entities. Acquired computer software licenses are capitalised on the basis of the costs incurred to bring to use the specific software. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- i) it is technically feasible to complete the software product so that it will be available for use;
- ii) management intends to complete the software product and use or sell it;
- iii) there is an ability to use or sell the software product;
- iv) it can be demonstrated how the software product will generate probable future economic benefits;
- v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. These costs are amortised over their estimated useful lives of 3 - 5 years. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Intangible assets which are in the course of development, are carried at cost, less any recognised impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate investment property category and is accounted in accordance with the Group's policies.

(b) Licenses

Separately acquired software licenses are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

2.8 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its property and equipment, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.8 Impairment of non-financial assets (continued)**

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Groups CGUs to which the individual assets are allocated.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

2.9. Investments and other financial assets**2.9.1 Classification**

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt instruments only when its business model for managing those assets changes.

2.9.2 Recognition and derecognition

Purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.9.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in the condensed interim carve-out statement of income.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.9. Investments and other financial assets (continued)****2.9.3 Measurement (continued)****Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the condensed interim carve-out statement of income and presented in 'Other operating income/expense'.

Impairment losses are presented under 'General and administrative expenses' in the condensed interim carve-out statement of income.

Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income.

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the condensed interim carve-out statement of income.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the condensed interim carve-out statement of income and recognised in 'Other operating income/expenses'. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method. Exchange gains and losses are presented in 'Other operating income/expenses' and impairment expenses are presented under 'General and administrative expenses' in the condensed interim carve-out statement of income.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the condensed interim carve-out statement of income within 'Other operating income/expenses' in the period they arise.

Equity instruments

The Group subsequently measures all equity investments at fair value. The Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payment is established.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.9 Investments and other financial assets (continued)****2.9.3 Measurement (continued)****Equity instruments (continued)**

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other operating income/expenses' in the condensed interim carve-out statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at fair value through profit or loss (FVTPL). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

2.9.4 Impairment of financial assets

For trade and unbilled receivables and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtor's, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting day, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.9 Investments and other financial assets (continued)****2.9.4 Impairment of financial assets (continued)***(i) Significant increase in credit risk (continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- An actual or expected significant deterioration in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the same debtor.

An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

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

- When there is a breach of financial covenants by the debtor.
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.9.4 Impairment of financial assets (continued)***(iii) Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event (see (ii) above)
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for that financial asset because of financial difficulties

(iv) Write-off policy

The Group writes off a financial asset considering various factors which includes but not limited to the information indicating debtor's severe financial difficulty and no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16. For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used. The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the balance sheet.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.10 Financial liabilities and equity*****Classification as debt or equity***

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

Equity instruments

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

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

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other gains and losses' line item in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for- trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.11 Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the condensed interim carve-out balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.12 Trade receivables

Trade receivables are amounts due from customers for land and properties sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances in current accounts, call accounts and term deposits with original maturity of three months or less with no withdrawal restrictions and which are subject to an insignificant risk of changes in value and cash pledged against guarantees.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the condensed interim carve-out statement of income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the condensed interim carve-out statement of income.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed. Borrowings are classified as payable within 12 months unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.16 Provisions**

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense. Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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

Provision is made for the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date. The provision is calculated as the present value of the obligations in accordance with the 'projected unit cost' method as per IAS 19 'Employee Benefits' taking into consideration the UAE Labour Laws. Under this method an assessment is made of the employee's expected service life with the Group and the expected basic salary at the date of leaving the service.

(b) Pension and social security policy within the UAE

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the condensed interim carve-out statement of income, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. The Group has no further payment obligations once the contributions have been paid.

2.18 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. Derivatives are only used by the Group for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria under IFRS, they are classified as 'held for trading' for accounting purposes only.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.18 Derivative financial instruments and hedging activities (continued)**

The fair values of various derivative instruments used for hedging are disclosed in Note 7. Movements in the hedging reserve is disclosed in the condensed interim carve-out statement of changes equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability when expected to be settled within 12 months; otherwise, they are classified as non-current.

The Group uses interest rate swaps for hedging, which are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. The Group's credit risk represents the potential cost to replace the interest rate swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market.

(a) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the condensed interim carve-out statement of income within 'Finance income/costs'.

Amounts accumulated in equity are recycled in the condensed interim carve-out statement of income in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the condensed interim carve-out statement of income within 'Finance costs'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory or fixed assets), the gains and losses previously recorded in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in direct costs.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss and deferred costs of hedging existing in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset (such as inventory) and is recognised when the forecast transaction is ultimately recognised in the condensed interim carve-out statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the condensed interim carve-out statement of income within 'Finance income/costs'.

(b) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any these derivative instruments are recognised immediately in the condensed interim carve-out statement of income within 'Finance income/costs'.

Derivatives are only used by the Group for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria under IFRS, they are classified as 'held for trading' for accounting purposes only. The fair values of various derivative instruments used for hedging are disclosed in Note 8.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.19 Revenue recognition**

The Group recognises revenue from contracts with customer based on five step model as outlined under IFRS 15:

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

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

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

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied. When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance - unbilled receivables. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability – advances from customers.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the condensed interim carve-out financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably.

(a) Service charges

For investment properties held primarily to earn operating lease income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. Certain lease agreements include certain services offered to tenants (i.e., customers) including common area services (such as security, cleaning, maintenance, utilities) as well as other support services (e.g., customer service and management) The consideration charged to tenants for these services includes fees charged based on a percentage of the operating lease income and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.19 Revenue recognition (continued)****(a) Service charges (continued)**

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The contracts of the Group specifically highlight stand-alone price for the services. In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

Income arising from cost recharged to tenants is recognised in the period in which the cost can be contractually recovered. The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

(b) Service income

Services revenue relates outsourcing services provided to a government authority in relation to incorporation, government and other related services. The revenue is recognised over time when the services are rendered.

2.20 Leases**(a) The Group as a Lessee**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for the Group for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, where the contract is not separable into lease and non-lease component then the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.20 Leases (continued)****(a) The Group as a Lessee (continued)**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). For calculation of IBR, the Group has taken appropriate benchmarks after adjusting for Group's specific risk, term risk and underlying asset risk.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.20 Leases (continued)****(b) The Group as a Lessor**

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

Operating lease income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all the risks and rewards incidental to ownership of an investment property. In addition, the Group subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Group's subleases are classified as operating leases.

Operating lease income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature, except for contingent operating lease income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when the right to receive them arises.

Amounts from leases under finance lease are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Finance leases

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Lease payments are payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the fixed payments, less any lease incentives; variable lease payments; the exercise price for a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.21 Dividend distribution**

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

2.22 Segment reporting

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as the Group's Chief Executive Officer that makes strategic decisions.

2.23 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.24 Interest income

Interest income is recognised in the condensed interim carve-out statement of income on a time proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivable is recognised using the original effective interest rate.

2.25 Dividend income

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

3. FINANCIAL RISK MANAGEMENT**3.1 Financial risk factors**

The Group's operations and borrowings expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements.

3.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. Management reviews cash flows at regular intervals.

NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2022:

	Level 2 AED'000
Assets	
Derivative designated as cash flow hedges	137,980
Liabilities	
Derivative designated as cash flow hedges	44,336
Derivates held for trading	-

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2021:

	Level 2 AED'000
Assets	
Derivative designated as cash flow hedges	73,116
Liabilities	
Derivative designated as cash flow hedges	65,676
Derivatives held for trading	23,944

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key sources of estimation uncertainty

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

(a) Impact of COVID-19

In January 2020, the World Health Organization ("WHO") announced a global health emergency due to the outbreak of coronavirus ("COVID-19"). Based on the rapid increase in exposure and infections across the world, WHO, in March 2020, classified the COVID-19 outbreak as a pandemic. The pandemic nature of this disease has necessitated global travel restrictions and lockdowns in most countries of the world including the UAE, causing global disruption to business and economic activities

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)****Key sources of estimation uncertainty (continued)****(a) Impact of COVID-19 (continued)**

The Group is closely monitoring the situation to manage the impact on its operations and financial performance. The Group has considered the impact of the COVID-19 pandemic in the calculation of the recoverable amount of the non-financial assets and the estimated credit losses of the financial assets.

The unprecedented nature of the pandemic, the high degree of uncertainty related to its evolution, duration and impact on the economy in general and the Group's business in particular, requires that the Group continue to monitor the situation and keep adjusting its critical judgements and estimates, as necessary.

Income from leasing

As part of the Group's commitment to extend support to its tenants during the COVID-19 pandemic, the Group has offered voluntary arrangements of rent reliefs and incentives to its tenants, which are accounted for in accordance with the requirements of *IFRS 16: Leases*.

In addition, the pandemic has increased the uncertainty over collectability of the receivables. The Group considers that it is more appropriate to only recognise revenue and the corresponding receivables to the extent that the lease income is considered to be collectible. This approach reflects the uncertainty related to collectability of lease payments and addresses the concern of recognising income when collectability is uncertain.

There was no significant impact on the condensed interim carve-out financial statements as a result of COVID-19 measures taken by the Group.

(b) Calculation of loss allowance

The Group assesses the impairment of its financial assets based on the expected credit loss ("ECL") model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The ECL model was reassessed for the impact of COVID-19 mainly the operational disruption faced by the tenants, volatility in potential economic conditions, incidence of defaults etc. which may likely lead to increase in the ECL allowance for trade receivables in line with the requirements of IFRS 9 Financial Instruments. This is mainly due to increase in the counterparty risk (risk of default) of tenants and customers. The Group will continue to monitor the situation and its impact on the ECL and make the necessary adjustments as and when required.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)****Key sources of estimation uncertainty (continued)****(c) Provision for infrastructure costs**

The Group recognizes provisions for infrastructure based on assessments by third party specialists. This requires the use of significant estimates and judgements to determine the quantum of infrastructure required, the costs and time related to the construction, and the expected share of costs that may be recharged to the master developer. Infrastructure developed or under development by third parties or government authorities will be recharged to the master developer and subsequently to the Group based on its share of such costs. The significant components of infrastructure include construction of roadworks and power stations to service the master planned communities.

The provision for infrastructure costs are based on management's best estimate of the future costs of construction of the related infrastructure facilities and the total costs to be actually incurred will be determined based on inputs from the relevant authorities and cost structures prevalent at each such future date. Hence, the Group's actual cost of infrastructure may be materially different to the current estimates as advised by third party specialists.

Change in accounting estimate

The Group's periodical assessment of the infrastructure cost estimates in the current period using third party specialists has resulted in a reduction in the carrying value of investment property and provision for infrastructure cost as of 1 January 2022 by AED 1,262,622,000.

Revisions to key assumptions and inputs have contributed to the change in estimates. The expected timing of incurring the infrastructure cost is one such key variable which has been revised. In this regard, management estimates the cost to be incurred over a period of up to 15 years in a phased manner. For roadworks related infrastructure estimates, key variables used are information from traffic impact studies performed by third party specialists. For power stations related infrastructure estimates, the key variables used are the historical costs of constructing similar infrastructure assets and the stage of development of the master planned communities to which the infrastructure costs relate.

(d) Useful lives of property and equipment and intangible assets

Management reviews the residual values and estimated useful lives of property and equipment and intangible assets at the end of each annual reporting period in accordance with IAS 16 and IAS 38. Management determined that current period expectations do not differ from previous estimates based on its review.

(e) Valuation of investment properties

The fair value of investment properties is determined by independent registered valuer or the internal valuation performed by the Group's finance department.

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

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

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

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

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)****Key sources of estimation uncertainty (continued)**

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

(f) Impairment of non-financial assets

Asset recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the higher of, the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate ("value in use"), and the assets' fair value less costs to sell.

No impairment charge has been recognised against property and equipment and investment property. The impairment charge has been determined as the difference between the carrying amount of the assets (before impairment charge) and their recoverable amount. The recoverable amount has been determined on the basis of "value in use".

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in condensed interim carve-out financial statements.

(a) Identification of a cash generating unit

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group determines the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs (the asset's cash-generating unit). Where a reasonable and consistent basis of allocation can be identified, corporate assets (infrastructure costs) are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), the Group considers various factors including how management monitors the Group's operations or how management makes decisions about continuing or disposing of the Group's assets and operations.

Certain assets developed to enhance the ecosystem of master planned communities do not generate cash inflows that are largely independent and generate incidental revenue only. Because these assets do not generate largely independent cash inflows, the recoverable amount of these assets cannot be determined. As a consequence, if there is an indication that these assets may be impaired, recoverable amount is determined for the cash-generating unit or group of cash-generating units to which these assets belong, and is compared with the carrying amount of this cash-generating unit or group of cash-generating units.

(b) Seasonality of operations

No income of a seasonal nature was recorded in the condensed interim carve-out financial information for the three-month period ended 31 March 2022. However, the Group's financial results for any period are not necessarily indicative of results to be expected for the full year.

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)**

5. PROPERTY AND EQUIPMENT

	Buildings AED'000	Building interior improvements, furniture and fixtures AED'000	Computer hardware AED'000	Motor vehicles AED'000	Other assets AED'000	Capital work in progress AED'000	Total AED'000
2022							
Cost							
At 1 January 2022	135,056	127,705	44,625	1,379	10,824	5,926	325,515
Additions	-	659	374	-	-	8,242	9,275
At 31 March 2022	135,056	128,364	44,999	1,379	10,824	14,168	334,790
Accumulated depreciation and impairment							
At 1 January 2022	46,631	119,764	41,834	469	8,521	-	217,219
Depreciation charge for the period	675	1,192	432	1	10	-	2,310
At 31 March 2022	47,306	120,956	42,266	470	8,531	-	219,529
Net book amount							
At 31 March 2022	87,750	7,408	2,733	909	2,293	14,168	115,261
2021							
Cost							
At 1 January 2021	135,056	126,083	43,319	1,379	10,824	-	316,661
Additions	-	1,622	1,306	-	-	5,926	8,854
At 31 December 2021	135,056	127,705	44,625	1,379	10,824	5,926	325,515
Accumulated depreciation and impairment							
At 1 January 2021	43,726	114,302	39,763	462	8,297	-	206,550
Depreciation charge for the year	2,905	5,462	2,071	7	224	-	10,669
At 31 December 2021	46,631	119,764	41,834	469	8,521	-	217,219
Net book amount							
At 31 December 2021	88,425	7,941	2,791	910	2,303	5,926	108,296

The depreciation charge for the period is recognised under general and administrative expenses amounting to AED 2,310,000 (2021: AED 2,953,000).

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)**

6. INVESTMENT PROPERTY

2022	Note	Land AED'000	Buildings AED'000	Infrastructure AED'000	Capital work- in progress AED'000	Total AED'000
Cost						
At 1 January 2022		3,941,421	9,635,273	4,686,963	4,365,430	22,629,087
Additions		-	187,861	598	100,591	289,050
Cost adjustments*		-	-	-	(1,262,622)	(1,262,622)
Transfers to related parties		(253,953)	-	(1,918,085)	1,008,506	(1,163,532)
Transfers		-	424,970	(7,053)	(417,917)	-
At 31 March 2022		3,687,468	10,248,104	2,762,423	3,793,988	20,491,983
Accumulated depreciation and impairment						
At 1 January 2022		1,946,344	4,006,241	1,321,753	1,986,588	9,260,926
Depreciation charge for the period		-	72,563	21,170	-	93,733
Transfers to related parties		-	-	(332,837)	(460,860)	(793,697)
At 31 March 2022		1,946,344	4,078,804	1,010,086	1,525,728	8,560,962
Net book amount						
At 31 March 2022		1,741,124	6,169,300	1,752,337	2,268,260	11,931,021

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)**

6. INVESTMENT PROPERTY (CONTINUED)

2021	Note	Land AED'000	Buildings AED'000	Infrastructure AED'000	Capital work- in progress AED'000	Total AED'000
Cost						
At 1 January 2021		3,940,983	9,380,275	4,422,476	4,353,727	22,097,461
Government grants returned		(2,356)	-	-	(12,822)	(15,178)
Additions		-	58,233	-	482,051	540,284
Transfers from related parties		2,794	-	3,726	-	6,520
Transfers		-	196,765	260,761	(457,526)	-
At 31 December 2021		3,941,421	9,635,273	4,686,963	4,365,430	22,629,087
Accumulated depreciation and impairment						
At 1 January 2021		1,946,344	3,698,624	1,236,298	2,027,974	8,909,240
Depreciation charge for the year		-	266,232	85,455	-	351,687
Transfers		-	41,386	-	(41,386)	-
At 31 December 2021		1,946,344	4,006,242	1,321,753	1,986,588	9,260,927
Net book amount						
At 31 December 2021		1,995,077	5,629,031	3,365,210	2,378,842	13,368,160

*Effective from 1 January 2022, the Group has revised its estimated provision for infrastructure cost. The change in estimate decreased the carrying value of investment property by AED 1,262,622,000.

The capital work-in-progress includes buildings under construction, land and infrastructure under construction for investment properties.

The depreciation charge for the period is recognised under the 'direct costs' line item.

During the period, borrowing costs amounting to AED NIL (31 March 2021: AED NIL) have been capitalised in capital work-in-progress.

As at 31 March 2022, the fair value of estimates of the Group's investment property is AED 19,409,654,000 (2021: AED19,132,000,000)

NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)

6. INVESTMENT PROPERTY (CONTINUED)

The following amounts have been recognised in the condensed interim carve-out statement of income in respect of investment property:

	31 March 2022 AED'000	31 March 2021 AED'000
Operating lease income (Note 19)	435,040	391,802
Direct costs (including depreciation) arising from investment property that generated operating lease income	159,066	143,958

7. DERIVATIVE FINANCIAL INSTRUMENTS

	Notional amount AED '000	Asset AED '000	Liabilities AED '000
2022			
Derivatives			
Interest rate swap contracts	-	-	-
Designated as cash flow hedges			
Interest rate swap contracts	6,242,957	137,980	44,336
Total	6,242,957	137,980	44,336
2021			
Derivatives			
Interest rate swap contracts	545,000	-	23,944
Designated as cash flow hedges			
Interest rate swap contracts	5,793,837	73,116	65,676
Total	6,338,837	73,116	89,620

As described in Note 2.18, the Group uses derivatives only for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria under IFRS, they are classified as 'held for trading' for accounting purposes as required by IFRS. In particular, the Group uses interest rate swaps to minimise the effect of interest rate fluctuations on its borrowings. The contracts entered into by the Group are principally denominated in USD and AED. The fair value of these contracts are recorded in the condensed interim carve-out balance sheet and is determined by reference to valuations by reputable external financial institutions.

Interest rate swaps are commitments to exchange one set of cash flows for another. The swaps result in an economic exchange of interest rates, no exchange of principal takes place. These swap transactions entitle the Group to receive or pay amounts derived from interest rate differentials between an agreed fixed interest rate and the applicable floating rate prevailing at the beginning of each interest period.

At 31 March 2022, the fixed interest rates vary from 1.47% to 4.32% per annum (2021: 0.57% to 4.32% per annum). The main floating rates are linked to London Interbank Offered Rate ("LIBOR") and Emirates Interbank Offered Rate ("EIBOR").

NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)

7. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Changes in the fair market values of interest rate swaps that are considered effective and designated as cash flow hedges are recognised in the hedge reserve in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss. There was no ineffectiveness to be recorded from the cash flow hedges. The change in fair values of interest rate swaps designated as cash flow hedges for the period ended 31 March 2022 amounted to a gain of AED 110,149,000 (31 March 2021: profit AED 90,853,000).

During the period, certain derivatives designated as hedging instruments were settled, and therefore hedge accounting is discontinued prospectively on these items. The amount of AED 59,413,000, had been accumulated in the hedge reserve has been recycled through condensed interim profit or loss.

Changes in the fair market values of other interest rate swaps which have not been designated and do not qualify as cash flow hedges are recorded in the condensed interim carve-out statement of income. During the current period, the fair value loss on derivatives recognised in 'Finance income/costs' amounts to AED NIL (31 March 2021: AED 4,887,000).

8. TRADE AND UNBILLED RECEIVABLES

	31 March 2022 AED'000	31 December 2021 AED'000
Trade receivables	317,442	355,551
Less: loss allowance	(170,826)	(153,353)
	146,616	202,198
Less: receivable after 12 months	-	-
Receivable within 12 months	146,616	202,198
Unbilled receivables – operating leases	1,020,874	985,408
Less: loss allowance	(271,438)	(261,805)
	749,436	723,603
Less: receivable after 12 months	(749,436)	(723,603)
Receivable within 12 months	-	-
Trade and unbilled receivables		
Receivable within 12 months	146,616	202,198
Receivable after 12 months	749,436	723,603
	896,052	925,801

The fair values of trade and unbilled receivables approximate their carrying amounts.

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 31 March 2022 and 2021.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

The provision against not past due receivables reflect loss allowance against specific customers considered having a higher probability of default.

NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)

8. TRADE AND UNBILLED RECEIVABLES (CONTINUED)

The movement in the Group's loss allowance on trade receivables is as follows:

	31 March 2022 AED'000	31 December 2021 AED'000
At 1 January	153,353	145,427
Loss allowance	922	7,926
Transfer	16,551	-
	170,826	153,353

The creation and release of the loss allowance on receivables have been included in the condensed interim carve-out statement of income under general and administrative expenses. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The majority of the Group's trade and unbilled receivables are denominated in AED.

The movement in the Group's loss allowance on unbilled receivables is as follows:

	31 March 2022 AED'000	31 December 2021 AED'000
At 1 January	261,805	227,283
Loss allowance	9,633	54,873
Receivables written off	-	(20,351)
	271,438	261,805

9. OTHER RECEIVABLES

	31 March 2022 AED'000	31 December 2021 AED'000
Advances to contractors	37,665	28,180
Prepayments	14,877	13,206
Other receivables	67,591	15,486
Finance lease receivables	23,771	24,111
	143,904	80,983

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties comprise shareholders, ultimate parent company, parent company, associates and key management personnel and businesses which are controlled directly, by the shareholders or key management personnel.

(a) Due from related parties comprises:

	31 March 2022 AED'000	31 December 2021 AED'000
Other subsidiaries of Parent Company	127,990	108,080
Parent Company	-	254,086
Intermediate Parent Company	150,000	78,192
Other related parties	102,880	86,696
	380,870	527,054

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)**

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(a) Due from related parties comprises (continued)

The due from related parties as of 31 March 2022 and 31 December 2021 is receivable within 12 months in the condensed interim carve-out balance sheet. The receivables are unsecured in nature and bear no interest. The maximum exposure to credit risk at the reporting date is the fair value of each of the amount receivable from related parties. The intermediate parent company is Dubai Holding Commercial Operations Group.

During the period a dividend of AED NIL (31 March 2021: AED 400,000,000) has been adjusted against the balance receivable from the parent company (Note 18).

The fair values of due from related parties approximate their carrying amounts and are fully performing at 31 March 2022 and 31 December 2021.

Due from and due to related party balances are offset and the net amount is reported in the condensed interim carve-out balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the due from and due to balances simultaneously.

(b) Due to related parties

	31 March 2022 AED'000	31 December 2021 AED'000
Ultimate Parent Company	147,751	146,757
Other subsidiaries of Parent Company	-	948,239
Other related parties	50,078	35
	197,829	1,095,031

The payables to related parties arise mainly from purchase transactions and are non-interest bearing.

(c) Related party transactions

Break up of other significant transactions with related parties in the normal course of the business is as follows:

	31 March 2022 AED'000	31 March 2021 AED'000
Transactions between related parties:		
Transfer of investment property to Parent Company	369,835	13,802
Transfer of trade receivable from customers (net of provisions)	20,481	-
Settlement of balances as a result of reorganisation	404,293	-
Dividends declared to Parent Company	53,997	-
	848,606	13,802
Services provided to related parties included in revenue:		
Operating lease income from fellow subsidiaries and others	3,986	7,595
Services income from the Parent Company and fellow subsidiaries	-	2,255
	3,986	9,850

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)**

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(c) Related party transactions (continued)

	31 March 2022 AED'000	31 March 2021 AED'000
<i>Services provided by related parties included in expenses:</i>		
<i>Direct costs - operation and maintenance costs</i>		
- Entities under common control	25,183	23,542
- Parent company	-	2,171
- Other related parties	6,438	8,800
<i>General and administrative expenses - cost recharged</i>		
- Other related parties	-	-
- Ultimate Parent Company	8,606	7,599
	40,227	42,112

The Group has incurred cost related to shared services and has been recharged to its related parties.

(d) Capital contribution

Capital contribution during the period ended 31 March 2022 amounting to AED 404,293,000 represents dividends declared from entities outside the IPO perimeter and are adjusted against balance payable to the related parties.

11. CASH AND BANK BALANCES

	31 March 2022 AED'000	31 December 2021 AED'000
Cash on hand	1,000	871
Cash at banks		
- Current account	793,995	686,829
- Fixed deposits	222,128	558,699
	1,017,123	1,246,399

Cash and cash equivalents include the following for the purposes of the condensed interim carve-out statement of cashflows:

	31 March 2022 AED'000	31 December 2021 AED'000
Cash and bank balances	1,017,123	1,246,399
Fixed deposits with maturities greater than 3 months	(222,128)	(478,216)
	794,995	768,183

Bank accounts are held with locally incorporated banks and branches of international banks. Fixed deposits carry interest in the range of 0.85% to 1.25% (2021: 0.30% to 1.25%) per annum.

NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)

12. SHARE CAPITAL

On 31 March 2022, the total authorised and issued share capital of the Company was increased to 5,000,000,000 shares (2021: 300 shares) of AED 0.1 (2021: AED 1,000) each. All shares were fully paid-up. This increase was made by capitalising retained earnings of the Company amounting to AED 499,700,000 (2021: NIL).

13. LEGAL RESERVE

In accordance with the Articles of Association, 10% of the profit for the year in each UAE limited liability registered company is transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid up share capital of the respective companies. Transfers to the legal reserve have accordingly been made by the individual entities within the Group. Consequently, the cumulative balance of legal reserve exceeds 50% of the paid up share capital of the Company.

14. BORROWINGS

	31 March 2022 AED'000	31 December 2021 AED'000
Bank borrowings	4,100,000	4,022,884
Unamortised issue costs	(68,620)	(57,764)
Carrying amount	4,031,380	3,965,120
Payable within 12 months	-	(302,015)
Payable after 12 months	4,031,380	3,663,105

On 6 February 2014, the Group entered into a loan facility amounting to AED 140,000,000. The purpose of the loan was project finance.

On 31 January 2019, the Group entered into a conventional and Ijara facility with a syndicate of banks for AED 606,000,000 loan facility. The purpose of the loan was to finance four projects of the Group. The loan will cover around 75% of the total construction cost in line with the agreement.

On 27 February 2019, the Group entered into a conventional and Ijara facility with a syndicate of banks for AED 7,000,000,000 loan facility. The purpose of the loan was to repay existing facilities and for general corporate purposes of the Group.

On 30 March 2022, the Group refinanced and consolidated its existing bank facilities through a new facility aggregating to AED 7,600,000,000 with multiple tranches from consortium of banks, in exchange of settlement of existing obligation, referred above. On account of the settlement, the Group has derecognised the existing liability which has resulted in the release of unamortised issue costs of AED 57,764,000 in finance cost. The unamortised issue costs incurred on the new facility, amounting to AED 68,620,000 are amortised over the term of the new facility.

The purpose of the new loan facility is to repay existing facilities and for general corporate purposes of the Group. The new facility is repayable over two instalments in 2026 and 2027.

As at 31 March 2022, the Group has undrawn floating rate borrowing amounting to AED 3,500,000,000 from the above facility (31 December 2021: AED 3,500,000,000 from the above facilities).

NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)

14. BORROWINGS (CONTINUED)

The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments as at 31 March 2022 and 31 December 2021.

Below are major financial covenants as required by the terms of the facility:

- i) Leverage for each period not to exceed certain ratios as specified in the facility agreement.
- ii) Debt Service Cover Ratio not to be less than 1.20:1.
- iii) Minimum Net Worth in respect of any relevant period not to be less than AED 3,673,000,000 (or its equivalent in any other currency).
- iv) Maintenance of minimum balance in the bank account of the Group held for the purposes of the facility.

The Group has complied with all covenants in line with the borrowing facility agreements at each reporting period. The Group has not had any defaults of principal, interest or redemption amounts during the periods on its borrowed funds. Interest rates on the above bank borrowings ranged from 2.81% to 4.00% (31 December 2021: 2.27% to 3.39%) per annum.

Total borrowings of AED 4,100,000,000 (2021: AED 3,965,120,000) are subject to re-pricing within three months of the condensed interim carve-out balance sheet date.

15. TRADE AND OTHER PAYABLES

	31 March 2022 AED'000	31 December 2021 AED'000
Operating lease advances	1,136,692	1,118,389
Project payables	1,038,326	1,032,088
Contract advances	41,400	40,823
Retention payables	137,894	149,977
Accrued expenses	412,997	409,284
Refundable deposits	203,915	199,482
Trade payables	118,160	112,848
Other payables	48,300	39,046
	3,137,684	3,101,937
Less: payable after 12 months	(1,594,428)	(1,591,578)
Payable within 12 months	1,543,256	1,510,359

16. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	31 March 2022 AED'000	31 March 2021 AED'000
Provision for infrastructure cost [Note 4 (c)]	881,124	2,404,953
Provision for terminations and legal claims	22,212	22,213
	903,336	2,427,166

NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)

17. EMPLOYEE END OF SERVICE BENEFITS

The Group is in the process of transferring some of the employees (and the related provision for EOSB) related to transfer of Divisions which is expected to be completed before listing. Hence, the employees related provisions disclosed in these carve-out condensed interim financial statements would subsequently decrease to reflect the transfer of employees.

18. DIVIDENDS

A dividend for the period ended 31 March 2022 of AED 53,997,000 (31 December 2021: AED 1,400,000,000) was approved by the shareholders of the Company. The dividend per share amounted to AED NIL (2021: AED 4,709,407). The dividend payable for 2021 was adjusted against the balance receivable the parent company (Note 10).

19. REVENUE

	31 March 2022 AED'000	31 March 2021 AED'000
Operating lease income (Note 6)	435,040	391,802
Service income	50,071	37,102
	485,111	428,904

The payments for service income are received in advance and have no significant financing component.

The aggregate amount of sale price allocated to performance obligations that are unsatisfied/partially satisfied as at 31 March 2021 amounted to AED 41,400,273 (2021: AED 36,813,000). The Group expects to recognise revenue from these unsatisfied performance obligations over a period of 2 years.

20. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical. The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	31 March 2022	31 March 2021
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company) rounded to the nearest AED thousands	190,262	144,297
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	55,555,852	300
Basic and diluted earnings per share attributable to Owners of the Company rounded to the nearest AED thousands	0.003	481

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)**

21. CASH GENERATED FROM OPERATIONS

	Period ended 31 March	
	2022 AED'000	2021 AED'000
Profit for the period before income tax	190,262	144,297
Adjustments for:		
Depreciation on property and equipment (Note 5)	2,310	2,953
Depreciation on investment property (Note 6)	93,733	85,080
Amortisation of intangibles	5,964	2,831
Loss allowance on trade and other receivables (Note 8)	27,106	29,404
Release of government grants	-	1,068
Provision for other liabilities and charges	-	1,665
Fair value gain on derivative	-	(4,887)
Finance cost	107,260	63,344
Amortisation of issue cost	10,856	-
Finance income	(60,950)	(5,169)
Changes in working capital		
Trade and other receivables before provision and write offs	(867)	(89,232)
Due from related parties	296,241	(40,993)
Trade and other payables excluding project payables	41,592	43,096
Due to related parties	(384,296)	5,704
Cash generated from operations	329,211	239,161

22. COMMITMENTS

(a) Capital commitments

	31 March 2022 AED'000	31 December 2021 AED'000
Property and equipment	3,943	2,319
Intangible assets	8,336	8,416
Investment properties	266,249	291,037

(b) Operating lease arrangements - the Group as lessor

Operating non-cancellable leases relate to the investment property owned by the Group with lease terms of between 1 to 5 years for building leases and between 20 to 50 years for land leases.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	31 March 2022 AED'000	31 December 2021 AED'000
Later than 5 years	12,852,176	11,877,427
Later than 1 year and not later than 5 years	2,762,319	2,596,967
Not later than 1 year	906,753	816,312
	16,521,248	15,290,706

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)****22. COMMITMENTS (CONTINUED)****(c) Letter of credit**

Letters of credit of AED 28,680,000 (2021: AED 41,265,000) issued for construction of certain infrastructure costs.

23. SEGMENT REPORTING

Information regarding the Group's reportable segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's Chief Executive Officer, as the chief operating decision maker, in order to allocate resources to the segment and to assess its performance. Information reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segments only. No information that includes the segments' assets and liabilities are reported to the Group's Chief Executive Officer.

The Group is organised into four reportable segment: (i) commercial leasing, (ii) industrial leasing, (iii) land leasing and (iv) services and others. The following describes the types of properties, products or services that fall within each of our financial segments:

- Commercial leasing consists of built to lease and built to suit properties. Built to lease properties are our commercial properties which are typically developed for multiple tenants and are leased out to customers, and include office, retail space and business centres (built to lease). Built to suit properties typically represent our commercial properties where we were able to identify customers in advance of developing the property in order to build a single-tenant customised property that meet a customer's specifications, which are then leased out to them upon completion or similar properties (built to suit). Within our commercial leasing segment, our properties are classified as Commercial Business District ("CBD") or non-CBD properties.
- Industrial leasing consists of warehouses and staff accommodation (housing for businesses to use to accommodate their workers).
- Land leasing consists of land leases. Our land leases represent land available within our business districts that already has or is expected to develop the necessary infrastructure (such as connecting roads, water, electricity and sewage) that allows us to lease the land. We have intentionally retained such land in order to be able to lease it to customers to suit their specific needs, such as manufacturing, commercial, retail, residential or academic purposes.
- Services consist of fees from the services that we provide, including those generated from our AXS platform, venue management services, property management and leasing agreements and our in5 platform.
- Other segments include businesses that individually do not meet the criteria of a reportable segment. This segment include operations and support functions.

The Group operates primarily in United Arab Emirates and accordingly no further geographical analysis of revenue and profit are given. Segment revenue reported represents revenue generated from customers and there were no intersegment sales.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment results represents the profit earned by each segment before interest, depreciation and amortisation. This is the measure reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance

**NOTES TO THE CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022 (continued)**

23. SEGMENT REPORTING (CONTINUED)

Information regarding these segments are as follows:

	Commercial leasing AED'000	Land leasing AED'000	Industrial leasing AED'000	Services and others AED'000	Total AED'000
31 March 2022					
Revenue	252,734	112,175	63,036	57,166	485,111
Direct cost	(68,730)	-	(10,832)	(14,995)	(94,557)
Other operating income	8,867	231	75	2,532	11,705
Other expenses	(17,989)	(19,032)	(13,436)	(2,367)	(52,824)
Segment results before interest and depreciation and amortisation	174,882	93,374	38,843	42,336	349,435
Depreciation and amortisation	(81,324)	-	(19,662)	(1,021)	(102,007)
Unallocated net finance cost	-	-	-	-	(57,166)
Profit for the period	93,558	93,374	19,181	41,315	190,262
31 March 2021					
Revenue	222,728	108,312	55,102	42,762	428,904
Direct cost	(58,664)	-	(8,779)	(9,880)	(77,323)
Other operating income	13,384	303	59	20	13,766
Other expenses	(40,698)	(17,826)	(6,371)	(7,116)	(72,011)
Segment results before interest and depreciation and amortisation	136,750	90,789	40,011	25,786	293,336
Depreciation and amortisation	(68,003)	-	(21,181)	(1,680)	(90,864)
Unallocated net finance cost	-	-	-	-	(58,175)
Profit for the year	68,747	90,789	18,830	24,106	144,297

Management primarily relies on net finance cost, not the gross finance income and finance cost in managing all segments and does not allocate to segments. Therefore, unallocated net finance cost is disclosed.

No single customer contributed 10 percent or more to the Group's revenue.