



# TECOM GROUP PJSC AND ITS SUBSIDIARIES

REVIEW REPORT AND CONDENSED  
INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE NINE-MONTH  
PERIOD ENDED

30 SEPTEMBER 2022

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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## REVIEW REPORT ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**The Shareholders**  
**TECOM Group PJSC**  
**Dubai**  
**United Arab Emirates**

### Introduction

We have reviewed the accompanying condensed consolidated balance sheet of TECOM Group PJSC (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2022 and 2021, and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-month periods ended 30 September 2022 and 2021, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting policies described in note 2 to 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.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with the accounting policies described in note 2 to the interim financial information.

### Emphasis of matter - basis of accounting and restriction of use

We draw attention to note 2 to the interim financial information, which describes the basis of accounting. The interim financial information has been prepared to assist the Group to comply with certain financial reporting provisions relating to Public Joint Stock Companies in the United Arab Emirates. As a result, the interim financial information may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

### Deloitte & Touche (M.E.)



Musa Ramahi  
Registration No.: 872  
25 October 2022  
Dubai  
United Arab Emirates

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET  
AS AT 30 SEPTEMBER 2022**

		<b>30 September 2022 AED'000 (Reviewed)</b>	<b>31 December 2021 AED'000 (Audited)</b>
	<b>Notes</b>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	97,852	108,296
Intangible assets		25,068	34,317
Investment property	6	11,913,529	13,368,160
Derivative financial instruments	7	305,469	73,116
Trade and unbilled receivables	8	757,457	723,603
Other receivables	9	18,168	19,990
		<b>13,117,543</b>	<b>14,327,482</b>
<b>Current assets</b>			
Trade receivables	8	144,060	202,198
Other receivables	9	70,834	60,993
Due from related parties	10	86,763	527,054
Cash and bank balances	11	1,281,778	1,246,399
		<b>1,583,435</b>	<b>2,036,644</b>
<b>Total assets</b>		<b>14,700,978</b>	<b>16,364,126</b>



**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET  
AS AT 30 SEPTEMBER 2022 (CONTINUED)**

	Notes	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	12	500,000	300
Legal reserve	13	171,518	171,518
Hedge reserve		325,217	7,441
Retained earnings		5,073,661	5,434,003
<b>Total equity</b>		<b>6,070,396</b>	<b>5,613,262</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	14	4,338,448	3,663,105
Advances from customers	15	645,326	671,477
Other liabilities	16	851,769	920,101
Derivative financial instruments	7	4,197	89,620
Employees' end of service benefits		43,487	71,990
Provision for other liabilities and charges	17	881,124	2,404,953
		<b>6,764,351</b>	<b>7,821,246</b>
<b>Current liabilities</b>			
Borrowings	14	-	302,015
Trade and other payables	18	363,492	379,203
Advances from customers	15	782,918	687,217
Other liabilities	16	400,807	443,939
Due to related parties	10	296,801	1,095,031
Provisions for other liabilities and charges	17	22,213	22,213
		<b>1,866,231</b>	<b>2,929,618</b>
<b>Total liabilities</b>		<b>8,630,582</b>	<b>10,750,864</b>
<b>Total equity and liabilities</b>		<b>14,700,978</b>	<b>16,364,126</b>

These condensed interim consolidated financial statements were approved by the Board of Directors on 25 October 2022 and were signed on its behalf by:



**Malek Sultan Rashed Almalek**  
Chairman



**Abdulla Belhouli**  
Chief Executive Officer



**Michael Wunderbaldinger**  
Chief Financial Officer

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Notes	Nine-month period ended 30 September		Three-month period ended 30 September	
		2022 AED'000 (Reviewed)	2021 AED'000 (Reviewed)	2022 AED'000 (Reviewed)	2021 AED'000 (Reviewed)
Revenue	20	1,479,712	1,290,392	490,295	435,877
Direct costs		(548,640)	(550,015)	(192,288)	(203,121)
<b>Gross profit</b>		<b>931,072</b>	<b>740,377</b>	<b>298,007</b>	<b>232,756</b>
Other operating income		40,010	34,882	12,157	10,640
		<b>971,082</b>	<b>775,259</b>	<b>310,164</b>	<b>243,396</b>
<b>Expenses</b>					
General and administrative		(138,737)	(164,331)	(32,700)	(47,768)
Marketing and selling		(18,164)	(13,589)	(5,463)	(6,516)
		<b>(156,901)</b>	<b>(177,920)</b>	<b>(38,163)</b>	<b>(54,284)</b>
<b>Operating profit</b>		<b>814,181</b>	<b>597,339</b>	<b>272,001</b>	<b>189,112</b>
Finance income		67,910	10,065	4,180	2,217
Finance costs		(243,031)	(184,933)	(64,654)	(67,084)
<b>Finance costs - net</b>		<b>(175,121)</b>	<b>(174,868)</b>	<b>(60,474)</b>	<b>(64,867)</b>
<b>Profit for the period</b>		<b>639,060</b>	<b>422,471</b>	<b>211,527</b>	<b>124,245</b>
<b>Earnings per share attributable to the Owners of the Company</b>					
Basic and diluted (AED)	21	<b>0.19</b>	<b>1,408,237</b>	<b>0.04</b>	<b>414,150</b>

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Nine-month period ended 30 September		Three-month period ended 30 September	
	2022 AED'000 (Reviewed)	2021 AED'000 (Reviewed)	2022 AED'000 (Reviewed)	2021 AED'000 (Reviewed)
<b>Profit for the period</b>	<b>639,060</b>	<b>422,471</b>	<b>211,527</b>	<b>124,245</b>
<i>Items that may be subsequently reclassified to profit or loss</i>				
Fair value gain on cash flow hedges	317,776	80,755	140,912	36,475
<b>Other comprehensive income for the period</b>	<b>317,776</b>	<b>80,755</b>	<b>140,912</b>	<b>36,475</b>
<b>Total comprehensive income for the period</b>	<b>956,836</b>	<b>503,226</b>	<b>352,439</b>	<b>160,720</b>

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Notes	Attributable to owners of the parent company				Total equity AED'000
		Share capital AED'000	Legal reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	
<b>At 1 January 2021 (audited)</b>		<b>300</b>	<b>171,518</b>	<b>(108,562)</b>	<b>6,105,043</b>	<b>6,168,299</b>
Profit for the period		-	-	-	422,471	422,471
Other comprehensive income for the period		-	-	80,755	-	80,755
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>80,755</b>	<b>422,471</b>	<b>503,226</b>
<b>Transactions with owners:</b>						
Increase as a result of carve out		-	-	-	160,306	160,306
		-	-	-	<b>160,306</b>	<b>160,306</b>
<b>At 30 September 2021 (reviewed)</b>		<b>300</b>	<b>171,518</b>	<b>(27,807)</b>	<b>6,687,820</b>	<b>6,831,831</b>
<b>At 1 January 2022 (audited)</b>		<b>300</b>	<b>171,518</b>	<b>7,441</b>	<b>5,434,003</b>	<b>5,613,262</b>
Profit for the period		-	-	-	639,060	639,060
Other comprehensive income for the period		-	-	317,776	-	317,776
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>317,776</b>	<b>639,060</b>	<b>956,836</b>
<b>Transactions with owners:</b>						
Increase in share capital	12	499,700	-	-	(499,700)	-
Capital contribution	10(d)	-	-	-	404,293	404,293
Dividends declared	19	-	-	-	(903,995)	(903,995)
		<b>499,700</b>	<b>-</b>	<b>-</b>	<b>(999,402)</b>	<b>(499,702)</b>
<b>At 30 September 2022 (reviewed)</b>		<b>500,000</b>	<b>171,518</b>	<b>325,217</b>	<b>5,073,661</b>	<b>6,070,396</b>



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Notes	Nine-month period ended 30 September	
		2022 AED'000 (Reviewed)	2021 AED'000 (Reviewed)
<b>Cash flows from operating activities</b>			
Cash generated from operations	22	1,209,319	698,625
Payment of employees' end of service benefits		(3,398)	(3,861)
<b>Net cash generated from operating activities</b>		<b>1,205,921</b>	<b>694,764</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	5	(2,762)	(4,386)
Payments for investment property, net of project and retention payables		(535,957)	(604,533)
Purchase of intangible assets		(3,710)	(9,506)
Movement in fixed deposits with maturities greater than three months	11	(187,490)	1,292,707
Interest received		7,822	9,317
<b>Net cash (used in)/generated from investing activities</b>		<b>(722,097)</b>	<b>683,599</b>
<b>Cash flows from financing activities</b>			
Net proceeds from borrowings		371,351	125,515
Repayment of borrowings		(64,215)	(27,825)
Interest paid		(152,484)	(165,611)
Dividends paid		(850,000)	(1,000,000)
Restricted cash against borrowing facility	11	(60,000)	-
Exit from cash flow hedges		59,413	-
<b>Net cash used in financing activities</b>		<b>(695,935)</b>	<b>(1,067,921)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(212,111)</b>	<b>310,442</b>
Cash and cash equivalents, beginning of the period	11	768,183	570,255
<b>Cash and cash equivalents, end of the period</b>	<b>11</b>	<b>556,072</b>	<b>880,697</b>

Significant non-cash transactions during the period include:

- During the nine-month period ended 30 September 2022, the Group capitalised AED 499,700,000 of retained earnings into share capital of the Company (Note 12).
- Settlement of dividend of AED 53,995,000 (2021: AED NIL) against the receivable balance from the Parent Company (Note 10).
- Capital contribution of AED 404,293,000 adjusted against payable balance to the related parties [Note 10(d)].

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

### 1. LEGAL STATUS AND ACTIVITIES

TECOM Group PJSC (the "Company") is a public joint stock with trade license number 577858 issued by the Department of Economy and Tourism in Dubai.

The Company was initially established as a limited liability company on 14 February 2006. The legal status of the Company has been converted to a public joint stock company on 30 June 2022 by virtue of Company's shareholders resolution.

On 5 July 2022, the Company listed its 12.5% ordinary shares on the Dubai Financial Market ("DFM" or the "Exchange") through an Initial Public Offering ("IPO").

The Company is domiciled in the United Arab Emirates (UAE) and its registered head office address is P.O. Box 66000, Umm Suqeim, Dubai, United Arab Emirates.

The parent company is DHAM LLC (the "Parent Company") and the ultimate parent company is Dubai Holding LLC (the "Ultimate Parent Company"). The Company and its subsidiaries are collectively referred to as the Group (the "Group").

Prior to the IPO, the Ultimate Parent Company approved a group reorganisation, whereby the Company transferred its operations related to its property sales division and equity investments division (the "Divisions") to entities under common control of the Ultimate Parent Company. The transfer of the 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 reorganisation, the operations remaining within the Group from 1 January 2022 include property development, leasing, facilities management, property management services and government relations services (the "IPO Perimeter").

The Group consolidates investments in the following principal subsidiaries:

Name of the entity	Nature of business	Ownership %	
		2022	2021
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
Dubai Design District Hospitality FZ LLC	Develop and lease properties and 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.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 (continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

The condensed interim consolidated 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 consolidated financial statements from the comparative period ended 30 September 2021. This transfer should have been accounted for as a transfer on 1 January 2022 without changing the comparative information for 2021.

No income of a seasonal nature was recorded in the condensed interim consolidated financial statements for the nine-month period ended 30 September 2022. In addition, the results for the nine-month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

#### 2.2 Basis of preparation

The comparatives for the nine-month period ended 30 September 2021, within the condensed interim consolidated 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 condensed interim consolidated statement of income and the condensed interim consolidated balance sheet were reflected within equity of the condensed interim consolidated financial statements. No such adjustment was required for the nine-month period ended 30 September 2022 as the transfer has been legally executed effective 1 January 2022.

The condensed interim consolidated 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.

The condensed interim consolidated 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. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of condensed interim consolidated 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 consolidated financial statements are disclosed in Note 4.

These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's carve-out financial statements for the years ended 31 December 2021, 2020, and 2019.

#### 2.3 Application of new and revised International Financial Reporting Standards ("IFRS")

##### (a) New and revised IFRS applied with no material effect on the condensed interim consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 (continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

##### (a) New and revised IFRS applied with no material effect on the condensed interim consolidated financial statements (continued)

- Amendments to IAS 16 *Property, plant and equipment* relating to proceeds before intended use
- Amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* relating to onerous contracts.
- Amendments to IFRS 3 *Business Combinations* relating to reference to conceptual framework
- Annual improvements to IFRS standards 2018 - 2020

##### (b) New and revised IFRSs in issue but not yet effective

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 8 <i>Accounting policies, Changes in accounting estimates and errors</i>	1 January 2023
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to classification of Liabilities as Current or Non-Current	1 January 2023
Amendment to IFRS 17 <i>Insurance contracts</i>	1 January 2023
Amendment to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> relating to treatment of sale or contribution of assets from investors	Effective deferred indefinitely.

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

#### 2.4 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.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 (continued)

### 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 Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating to fixed rates.

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.

#### 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 30 September 2022:

	Level 2 AED'000 (Reviewed)
<b>Assets</b>	
Derivatives designated as cash flow hedges	305,469
<b>Liabilities</b>	
Derivatives designated as cash flow hedges	4,197

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

	Level 2 AED'000 (Audited)
<b>Assets</b>	
Derivatives designated as cash flow hedges	73,116
<b>Liabilities</b>	
Derivatives designated as cash flow hedges	89,620

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 (continued)****4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these condensed interim consolidated financial statements, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's carve-out financial statements for the years ended 31 December 2021, 2020, and 2019, except for as disclosed below:

**(a) Provision for infrastructure costs**

The Group recognises 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.

Provisions are measured at the present value of the expected cash outflows required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the obligation.

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 present value of cost to be incurred over a period of up to 15 years in a phased manner and would be non-interest bearing. 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.



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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
<b>2022</b>							
<b>Cost</b>							
<b>At 1 January 2022 (audited)</b>	<b>135,056</b>	<b>127,705</b>	<b>44,625</b>	<b>1,379</b>	<b>10,824</b>	<b>5,926</b>	<b>325,515</b>
Additions	-	1,883	879	-	-	-	2,762
Transfers to investment property (Note 6)	-	(74)	-	-	-	(5,776)	(5,850)
Transfers within other captions of property and equipment	-	150	-	-	-	(150)	-
<b>At 30 September 2022 (reviewed)</b>	<b>135,056</b>	<b>129,664</b>	<b>45,504</b>	<b>1,379</b>	<b>10,824</b>	<b>-</b>	<b>322,427</b>
<b>Accumulated depreciation and impairment</b>							
<b>At 1 January 2022 (audited)</b>	<b>46,631</b>	<b>119,764</b>	<b>41,834</b>	<b>469</b>	<b>8,521</b>	<b>-</b>	<b>217,219</b>
Depreciation charge for the period	2,025	3,925	1,387	2	17	-	7,356
<b>At 30 September 2022 (reviewed)</b>	<b>48,656</b>	<b>123,689</b>	<b>43,221</b>	<b>471</b>	<b>8,538</b>	<b>-</b>	<b>224,575</b>
<b>Net book value at 30 September 2022 (reviewed)</b>	<b>86,400</b>	<b>5,975</b>	<b>2,283</b>	<b>908</b>	<b>2,286</b>	<b>-</b>	<b>97,852</b>
<b>2021</b>							
<b>Cost</b>							
<b>At 1 January 2021 (audited)</b>	<b>135,056</b>	<b>126,083</b>	<b>43,319</b>	<b>1,379</b>	<b>10,824</b>	<b>-</b>	<b>316,661</b>
Additions	-	1,622	1,306	-	-	5,926	8,854
<b>At 31 December 2021 (audited)</b>	<b>135,056</b>	<b>127,705</b>	<b>44,625</b>	<b>1,379</b>	<b>10,824</b>	<b>5,926</b>	<b>325,515</b>
<b>Accumulated depreciation and impairment</b>							
<b>At 1 January 2021 (audited)</b>	<b>43,726</b>	<b>114,302</b>	<b>39,763</b>	<b>462</b>	<b>8,297</b>	<b>-</b>	<b>206,550</b>
Depreciation charge for the year	2,905	5,462	2,071	7	224	-	10,669
<b>At 31 December 2021 (audited)</b>	<b>46,631</b>	<b>119,764</b>	<b>41,834</b>	<b>469</b>	<b>8,521</b>	<b>-</b>	<b>217,219</b>
<b>Net book value at 31 December 2021 (audited)</b>	<b>88,425</b>	<b>7,941</b>	<b>2,791</b>	<b>910</b>	<b>2,303</b>	<b>5,926</b>	<b>108,296</b>

The depreciation charge for the period is recognised under general and administrative expenses amounting to AED 7,356,000 (for the period ended 30 September 2021: AED 8,118,000).

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**6. INVESTMENT PROPERTY**

	Notes	Land AED'000	Buildings AED'000	Infrastructure AED'000	Capital work- in progress AED'000	Total AED'000
<b>2022</b>						
<b>Cost</b>						
<b>At 1 January 2022 (audited)</b>		<b>3,941,421</b>	<b>9,635,273</b>	<b>4,686,962</b>	<b>4,365,431</b>	<b>22,629,087</b>
Additions		-	246,327	1,084	177,082	424,493
Transfers to related parties	10	(253,953)	-	(1,923,437)	1,008,506	(1,168,884)
Transfers from property and equipment	5	-	74	-	5,776	5,850
Transfers within other captions of investment property		-	426,082	102,149	(528,231)	-
Cost adjustments*		-	-	-	(1,262,622)	(1,262,622)
<b>At 30 September 2022 (reviewed)</b>		<b>3,687,468</b>	<b>10,307,756</b>	<b>2,866,758</b>	<b>3,765,942</b>	<b>20,627,924</b>
<b>Accumulated depreciation and impairment</b>						
<b>At 1 January 2022 (audited)</b>		<b>1,946,344</b>	<b>4,006,242</b>	<b>1,321,753</b>	<b>1,986,588</b>	<b>9,260,927</b>
Depreciation charge for the period		-	216,064	36,453	-	252,517
Transfers to related parties	10	-	-	(338,189)	(460,860)	(799,049)
<b>At 30 September 2022 (reviewed)</b>		<b>1,946,344</b>	<b>4,222,306</b>	<b>1,020,017</b>	<b>1,525,728</b>	<b>8,714,395</b>
<b>Net book value at 30 September 2022 (reviewed)</b>		<b>1,741,124</b>	<b>6,085,450</b>	<b>1,846,741</b>	<b>2,240,214</b>	<b>11,913,529</b>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**6. INVESTMENT PROPERTY (CONTINUED)**

	Notes	Land AED'000	Buildings AED'000	Infrastructure AED'000	Capital work- in progress AED'000	Total AED'000
<b>2021</b>						
<b>Cost</b>						
<b>At 1 January 2021 (audited)</b>		<b>3,940,983</b>	<b>9,380,275</b>	<b>4,422,476</b>	<b>4,353,727</b>	<b>22,097,461</b>
Government grants returned		(2,356)	-	-	(12,822)	(15,178)
Additions		-	58,233	-	482,052	540,285
Transfers from related parties		2,794	-	3,725	-	6,519
Transfers		-	196,765	260,761	(457,526)	-
<b>At 31 December 2021 (audited)</b>		<b>3,941,421</b>	<b>9,635,273</b>	<b>4,686,962</b>	<b>4,365,431</b>	<b>22,629,087</b>
<b>Accumulated depreciation and impairment</b>						
<b>At 1 January 2021 (audited)</b>		<b>1,946,344</b>	<b>3,698,624</b>	<b>1,236,298</b>	<b>2,027,974</b>	<b>8,909,240</b>
Depreciation charge for the year		-	266,232	85,455	-	351,687
Transfers		-	41,386	-	(41,386)	-
<b>At 31 December 2021 (audited)</b>		<b>1,946,344</b>	<b>4,006,242</b>	<b>1,321,753</b>	<b>1,986,588</b>	<b>9,260,927</b>
<b>Net book value at 31 December 2021 (audited)</b>		<b>1,995,077</b>	<b>5,629,031</b>	<b>3,365,209</b>	<b>2,378,843</b>	<b>13,368,160</b>

\*Effective from 1 January 2022, the Group has revised its estimated provision for infrastructure cost measured at the present value of the expected cash outflows [Note 4(a)]. 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 direct costs amounting to AED 252,517,000 (for the period ended 30 September 2021: AED 263,275,000).

As at 30 September 2022, the estimated fair value of the Group's investment property is AED 19,409,654,000 (2021: AED19,132,000,000)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**6. INVESTMENT PROPERTY (CONTINUED)**

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

	<b>Nine-month period ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>AED'000</b>	<b>AED'000</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Operating lease income (Note 20)	1,312,125	1,164,642
Direct costs (including depreciation) arising from investment property that generated operating lease income	471,179	476,520

**7. DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>Notional amount AED'000</b>	<b>Asset AED'000</b>	<b>Liabilities AED'000</b>
<b>At 30 September 2022 (Reviewed)</b>			
<b>Designated as cash flow hedges</b>			
Interest rate swap contracts	6,181,892	305,469	4,197
<b>Total</b>	<b>6,181,892</b>	<b>305,469</b>	<b>4,197</b>
<b>At 31 December 2021 (Audited)</b>			
<b>Derivatives</b>			
Interest rate swap contracts	545,000	-	23,944
<b>Designated as cash flow hedges</b>			
Interest rate swap contracts	5,793,837	73,116	65,676
<b>Total</b>	<b>6,338,837</b>	<b>73,116</b>	<b>89,620</b>

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 AED. The fair values of these contracts are recorded in the condensed interim consolidated 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 30 September 2022, the fixed interest rates vary from 1.51% to 4.37% per annum (2021: 0.57% to 4.32% per annum). The floating rates are linked to Emirates Interbank Offered Rate ("EIBOR").

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 nine-month period ended 30 September 2022 amounted to a gain of AED 317,776,000 (nine-month period ended 30 September 2021: AED 80,755,000).

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**7. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

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 consolidated statement of income.

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 consolidated statement of income. During the current period, the fair value loss on derivatives recognised in 'Finance income/costs' amounts to AED NIL (period ended 30 September 2021: AED 14,345,000).

**8. TRADE AND UNBILLED RECEIVABLES**

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Trade receivables	249,221	355,551
Less: loss allowance	(105,161)	(153,353)
	<b>144,060</b>	<b>202,198</b>
Less: non-current	-	-
<b>Current</b>	<b>144,060</b>	<b>202,198</b>
Unbilled receivables - operating leases	884,914	985,408
Less: loss allowance	(127,457)	(261,805)
	<b>757,457</b>	<b>723,603</b>
Less: non-current	(757,457)	(723,603)
<b>Current</b>	<b>-</b>	<b>-</b>
<b>Trade and unbilled receivables</b>		
Current	144,060	202,198
Non-current	757,458	723,603
	<b>901,518</b>	<b>925,801</b>

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

Unbilled receivables arise on revenue recognition based on straight lining which is mainly driven by rent free periods and rent escalation as per the contracts.

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 30 September 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 reflects loss allowance against specific customers considered having a higher probability of default. The creation and release of the loss allowance on receivables have been included in the condensed interim consolidated 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.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**9. OTHER RECEIVABLES**

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Advances to contractors	35,653	28,180
Finance lease receivables	22,289	24,111
Prepayments	17,846	13,206
Other receivables	13,214	15,486
	<b>89,002</b>	<b>80,983</b>
Less: non-current	(18,168)	(19,990)
<b>Current</b>	<b>70,834</b>	<b>60,993</b>

**10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

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

**(a) Due from related parties**

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Intermediate Parent Company	-	78,192
Parent Company	-	254,086
Other subsidiaries of the Parent Company	49,570	108,080
Other related parties	37,193	86,696
	<b>86,763</b>	<b>527,054</b>

The due from related parties as of 30 September 2022 and 31 December 2021 is classified as current in the condensed interim consolidated 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 53,995,000 (2021: AED NIL) has been adjusted against the balance receivable from the Parent Company (Note 19).

The fair values of due from related parties approximate their carrying amounts and are fully performing at 30 September 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 consolidated 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.



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**
**(b) Due to related parties**

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Ultimate Parent Company	5,879	146,757
Parent Company	135,995	-
Other subsidiaries of the Parent Company	131,617	948,239
Other related parties	23,310	35
	<b>296,801</b>	<b>1,095,031</b>

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:

	Nine-month period ended 30 September	
	2022 AED'000 (Reviewed)	2021 AED'000 (Reviewed)
<b>Transactions between related parties:</b>		
Dividends declared to Parent Company	903,995	-
Settlement of balances as a result of reorganisation	404,293	-
Transfer of investment property to Parent Company	369,835	148
Transfer of end of service benefits	37,881	-
Transfer of trade receivable from customers (net of provisions)	30,940	-
	<b>1,746,944</b>	<b>148</b>
<b>Services provided to related parties included in revenue:</b>		
Operating lease income from fellow subsidiaries and others	18,738	30,728
Services income from the Parent Company and fellow subsidiaries	2,538	5,371
	<b>21,276</b>	<b>36,099</b>
<b>Services provided by related parties included in expenses:</b>		
<i>Direct costs - operation and maintenance costs</i>		
- Entities under common control	73,233	70,668
- Ultimate Parent Company	4,650	6,513
- Other related parties	37,292	36,849
<i>General and administrative expenses - cost recharged</i>		
- Ultimate Parent Company	13,615	20,955
- Parent Company	11,686	-
	<b>140,476</b>	<b>134,985</b>

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**
**(d) Capital contribution**

Capital contribution during the period ended 30 September 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**

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Cash on hand	1,201	871
Cash at banks		
- Current account	414,871	686,829
- Fixed deposits	865,706	558,699
	<b>1,281,778</b>	<b>1,246,399</b>

Cash and cash equivalents include the following for the purposes of the condensed interim consolidated statement of cashflows:

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Cash and bank balances	1,281,778	1,246,399
Fixed deposits with maturities greater than 3 months	(665,706)	(478,216)
Restricted cash against a bank facility	(60,000)	-
	<b>556,072</b>	<b>768,183</b>

Bank accounts are held with locally incorporated banks and branches of international banks. Fixed deposits carry interest in the range of 0.85% to 4% (2021: 0.30% to 1.25%) per annum.

Restricted cash against a bank facility is held in a current account.

**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.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**14. BORROWINGS**

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Bank borrowings	4,400,000	4,022,884
Unamortised transaction costs	(61,552)	(57,764)
<b>Carrying amount</b>	<b>4,338,448</b>	<b>3,965,120</b>
Less: non-current	(4,338,448)	(3,663,105)
<b>Current</b>	<b>-</b>	<b>302,015</b>

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 69,798,000 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 30 September 2022, the Group has undrawn floating rate borrowing amounting to AED 3,200,000,000 from the above facility (31 December 2021: AED 3,500,000,000).

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 30 September 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 2.74% to 5.09% (31 December 2021: 2.27% to 3.39%) per annum.

Total borrowings of AED 4,400,000,000 (2021: AED 3,965,120,000) are subject to re-pricing within three months of the condensed interim consolidated balance sheet date.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**15. ADVANCES FROM CUSTOMERS**

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Operating lease advances	1,108,291	1,118,389
Contract advances	103,303	40,823
Refundable deposits	216,650	199,482
	<b>1,428,244</b>	<b>1,358,694</b>
Less: non-current	(645,326)	(671,477)
<b>Current</b>	<b>782,918</b>	<b>687,217</b>

Operating lease advances and contract advances represents amounts collected from customers in advance which are subsequently released to the condensed interim consolidated statement of income once the revenue recognition criteria are met.

**16. OTHER LIABILITIES**

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Project payables	1,141,302	1,214,064
Retentions payable	111,274	149,976
	<b>1,252,576</b>	<b>1,364,040</b>
Less: non-current	(851,769)	(920,101)
<b>Current</b>	<b>400,807</b>	<b>443,939</b>

Project payables includes amount contracted with a government authority to pay its share of costs of roadworks serving the Group's developments with present value of AED 954,492,000 (2021: AED 1,009,832,000). These costs are paid based on agreed annual fixed installments and are measured at the present value of the expected cash outflows required to settle the obligation.

**17. PROVISIONS FOR OTHER LIABILITIES AND CHARGES**

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Provision for infrastructure cost [Note 4 (a)]	881,124	2,404,953
Provision for terminations and legal claims	22,213	22,213
	<b>903,337</b>	<b>2,427,166</b>
Less: non-current	(881,124)	(2,404,953)
<b>Current</b>	<b>22,213</b>	<b>22,213</b>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**18. TRADE AND OTHER PAYABLES**

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Accrued expenses	214,872	227,308
Trade payables	104,494	112,848
Other payables	44,126	39,047
	<b>363,492</b>	<b>379,203</b>

**19. DIVIDENDS**

A dividend for the period ended 30 September 2022 of AED 903,995,000 (31 December 2021: AED 1,400,000,000) was approved by the shareholders of the Company. The dividend per share amounted to AED 3,013,323 (2021: AED 4,709,407).

On 14th October 2022, the Board of Directors have recommended an interim dividend payment of AED 200,000,000 (AED 0.04 per share), subject to shareholder approval at proposed Annual General Meeting to be held on 14 November 2022.

**20. REVENUE**

	Nine-month period ended 30 September		Three-month period ended 30 September	
	2022 AED'000 (Reviewed)	2021 AED'000 (Reviewed)	2022 AED'000 (Reviewed)	2021 AED'000 (Reviewed)
Operating lease income (Note 6)	1,312,125	1,164,642	439,064	391,509
Service income	167,587	125,750	51,231	44,368
	<b>1,479,712</b>	<b>1,290,392</b>	<b>490,295</b>	<b>435,877</b>

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 30 September 2022 amounted to AED 28,338,000 (2021: AED 36,813,000). The Group expects to recognise revenue from these unsatisfied performance obligations over a period of 2 years.

**21. 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.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**21. EARNINGS PER SHARE (CONTINUED)**

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:

	Nine-month period ended 30 September		Three-month period ended 30 September	
	2022 (Reviewed)	2021 (Reviewed)	2022 (Reviewed)	2021 (Reviewed)
<b>Earnings</b>				
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'000	639,060	422,471	211,527	124,245
Weighted average number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	3,369,963,468	300	5,000,000,000	300
<b>Basic and diluted earnings per share attributable to Owners of the Company rounded to the nearest Dirham (AED)</b>	<b>0.19</b>	<b>1,408,237</b>	<b>0.04</b>	<b>414,150</b>

**22. CASH GENERATED FROM OPERATIONS**

	Nine-month period ended 30 September	
	2022 AED'000 (Reviewed)	2021 AED'000 (Reviewed)
Profit for the period before income tax	639,060	422,471
<b>Adjustments for:</b>		
Depreciation and amortisation	272,833	280,535
Loss allowance on trade and unbilled receivables	3,706	51,590
Provisions for other liabilities and charges	12,408	4,908
Finance income	(67,910)	(10,065)
Finance cost	243,031	184,933
	<b>1,103,128</b>	<b>934,372</b>
Increase in non-current trade and other receivables	(43,924)	(67,026)
Decrease in non-current trade and other payables	(50,505)	(66,696)
<b>Changes in working capital:</b>		
Trade and other receivables, before provision and write offs	26,218	(65,250)
Trade and other payables excluding project payables	80,356	293,192
Due from related parties	487,983	41,220
Due to related parties	(393,937)	(371,187)
<b>Cash generated from operations</b>	<b>1,209,319</b>	<b>698,625</b>



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**23. COMMITMENTS**
**(a) Capital commitments**

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Property and equipment	3,445	2,319
Intangible assets	6,781	8,416
Investment properties	278,207	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 are as follows:

	30 September 2022 AED'000 (Reviewed)	31 December 2021 AED'000 (Audited)
Later than 5 years	11,813,141	11,877,427
Later than 1 year and not later than 5 years	2,895,224	2,596,967
Not later than 1 year	851,794	816,312
	<b>15,560,159</b>	<b>15,290,706</b>

**(c) Letter of credit**

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022 (continued)

### 24. 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 segments: (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. These segments 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. 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 CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**24. 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
<b>30 September 2022 (Reviewed)</b>					
Revenue	777,834	330,605	203,686	167,587	1,479,712
Direct cost	(184,575)	-	(34,025)	(40,399)	(258,999)
Other operating income	16,862	-	568	22,580	40,010
Other expenses	(81,860)	(29,166)	(37,239)	(25,444)	(173,709)
<b>Segment results before interest and depreciation and amortisation</b>	<b>528,261</b>	<b>301,439</b>	<b>132,990</b>	<b>124,324</b>	<b>1,087,014</b>
Depreciation and amortisation	(229,046)	-	(39,832)	(3,955)	(272,833)
Unallocated net finance cost	-	-	-	-	(175,121)
<b>Profit for the period</b>	<b>299,215</b>	<b>301,439</b>	<b>93,158</b>	<b>120,369</b>	<b>639,060</b>
<b>30 September 2021 (Reviewed)</b>					
Revenue	667,586	319,005	178,051	125,750	1,290,392
Direct cost	(221,577)	108	(36,099)	(28,268)	(285,836)
Other operating income	7,768	4,638	1,577	20,899	34,882
Other expenses	(40,596)	(57,911)	(20,512)	(42,545)	(161,564)
<b>Segment results before interest and depreciation and amortisation</b>	<b>413,181</b>	<b>265,840</b>	<b>123,017</b>	<b>75,836</b>	<b>877,874</b>
Depreciation and amortisation	(227,083)	-	(48,784)	(4,668)	(280,535)
Unallocated net finance cost	-	-	-	-	(174,868)
<b>Profit for the period</b>	<b>186,098</b>	<b>265,840</b>	<b>74,233</b>	<b>71,168</b>	<b>422,471</b>

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% or more to the Group's revenue.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022** (continued)

**25. COMPARATIVE RECLASSIFICATIONS**

During the period, management of the Group has represented current and non-current classifications of assets and liabilities and disaggregated certain comparative figures on its condensed interim consolidated balance sheet to conform to the presentation adopted in the current period, as such presentation of information is more relevant to the users.

The following table presents the comparative figures of the disaggregated line items of the condensed interim consolidated balance sheet that have been represented to conform to current period's presentation in accordance with the requirements of IAS 1 "Presentation of Financial Statements" and are not material and have no impact on the previously reported profit, equity or cashflows of the Group:

	Notes	Previously presented AED'000	Reclassifications AED'000	As represented AED'000
<b>31 December 2021 (Audited)</b>				
<b><i>Current and non-current liabilities</i></b>				
Trade and other payables	18	3,101,937	(2,722,734)	379,203
Advances from customers	15	-	1,358,694	1,358,694
Other liabilities	16	-	1,364,040	1,364,040
		<b>3,101,937</b>	<b>-</b>	<b>3,101,937</b>