

The background of the cover is a photograph of a modern architectural complex. In the foreground, a large, calm body of water reflects the sky and the buildings. A multi-tiered fountain with several jets of water is active on the left side of the pond. In the middle ground, there are several modern buildings with glass facades. One building is particularly tall and white, while others are shorter and have blue-tinted glass. The sky is a clear, bright blue with a few wispy clouds.

Reports and Consolidated Financial Statements

For the year ended 31 December 2024

TECOM Group PJSC and its subsidiaries

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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BOARD OF DIRECTORS' REPORT

Dear Shareholders and Readers

The Board of Directors of TECOM Group PJSC (the "Company") has the pleasure in submitting their report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024.

Board of Directors

The Board of Directors comprised of:

Chairman	Mr. Malek Sultan Rashed Almalek
Vice Chairman	Mr. Ahmed Al Qassim
Members	Mr. Amit Kaushal
	Mr. Omar Karim
	Ms. Fatma Hussain
	Ms. Aisha Abdulla Miran
	Mr. Aref Abdulrahman Ahli

Principal activities

The principal activities of the Group are property leasing, development, facilities management and services.

Financial highlights

In 2024, TECOM Group delivered impressive financial results, achieving significant growth in both revenue and net profit compared to the previous year. This outstanding accomplishment was driven by a combination of strong portfolio performance, strategic investments in high-potential assets and a proactive approach to cost optimization.

The remarkable growth in financials was primarily driven by a robust 11% increase in revenue, which hit a record-breaking AED 2,402 million in 2024, compared to AED 2,173 million in the previous year. Overall, net profit for the year surged by 14%, reaching AED 1,228 million, up from AED 1,078 million in 2023. This exceptional performance reflects the company's successful execution of its growth strategy, including expanding market share and capitalizing on emerging opportunities.

In accordance with the Articles of Association of the Company and applicable UAE Federal Law, an apportionment of AED 24 million is made to statutory reserve from the profits of the subsidiaries of the Group.

On 5 February 2025, the Board of Directors has recommended cash dividend of AED 400 million (AED 0.08 per share), which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. The balance of the distributable profit after considering appropriation to statutory reserve and proposed dividend will be transferred to retained earnings.

As at 31 December 2024, total equity attributable to owners of the Company amount to AED 6,708 million (2023: AED 6,329 million), total liabilities of AED 9,583 million (2023: AED 8,485 million), Cash and bank AED 1,017 million (2023: AED 1,535 million) and total assets of AED 16,291 million (2023: AED 14,814 million). Investment properties of the Group were fair valued at AED 27,874 million (2023: AED 22,935 million).

Transactions with related parties

The audited consolidated financial statements disclose related party transactions and balances in note 10. All transactions are carried out in compliance with applicable laws and regulations.

Outlook 2025

As economic activity intensifies, demand for infrastructure, real estate, and commercial space is expected to rise, reflecting broader confidence in the UAE's long-term growth trajectory.

Looking into 2025 and beyond, sustained economic growth and favourable market conditions will likely continue driving demand across commercial offices and industrial real estate segments.

By expanding our development portfolio and enhancing existing assets, the Group is strategically positioned to meet the growing demand for premium spaces in key, well-connected locations. We are committed to delivering tailored solutions, fostering strong customer relationships, and adapting pricing to market dynamics. Our strategy prioritizes operational excellence and financial resilience to ensure sustainable growth, positioning the business for sustained profitability and long-term success.

Auditors

The consolidated financial statements for the year ended 31 December 2024 have been audited by Deloitte & Touche (M.E.).

For the Board of Directors

Malek Sultan Rashed Almalek
Chairman
Dubai, United Arab Emirates
5 February 2025

INDEPENDENT AUDITOR'S REPORT

The Shareholders
TECOM Group PJSC
Dubai
United Arab Emirates

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of TECOM Group PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Impairment assessment of investment properties	
Key audit matter	How the matter was addressed in our audit
The Group's investment properties portfolio is carried at AED 13,820 million in the consolidated balance sheet. Investment properties are carried at cost less accumulated depreciation and accumulated impairment, if any. The Group undertakes a review of indicators of impairment and, wherever indicators of impairment exist, an impairment assessment is performed by determining if the recoverable amount based on qualitative and quantitative factors, exceeds or is equal to its carrying amount.	We assessed the controls in the process over the determination of the valuation of investment property to determine if they had been appropriately designed and implemented. We assessed the valuer's competence, capabilities, independence and objectivity and read their terms of engagement with the Group to determine that the scope of their work was sufficient for audit purposes. We tested the data provided to the valuer by the Group, on a sample basis by agreeing the data to the Group's accounting records.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of TECOM Group PJSC (continued)

Key audit matters (continued)

Impairment assessment of investment properties	
Key audit matter	How the matter was addressed in our audit
Ascertaining the value of these properties is a significant judgement area and is underpinned by a number of assumptions. The determination of the recoverable amount of these investment properties is based on external valuations using the income approach and sales comparable approach for its assets. The Group's income approach requires valuers to make significant estimates and assumptions related to future occupancy levels, growth rates, rental rates, and discount rates. The sales comparable approach requires the valuers to examine and analyse market transaction/data and requires adjustments to be made for the data to account for individual characteristics. Further, the Group allocates common infrastructure costs (including cost to complete) on properties in the portfolio on a systematic basis. Accordingly, the allocation of estimated infrastructure cost and valuation of its underlying assets is a significant judgement area based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the cost base of investment properties and its recoverable amount could lead to a material misstatement in the consolidated financial statements. The Group engaged a valuer to assist them in determining the fair value of investment properties. We considered the impairment of investment properties as a key audit matter because of the quantitative materiality of the balance and the significant judgements applied and estimates made in determining the fair value. Refer to notes 4 (d), 4 (e) and 6 for more information regarding the impairment assessment of investment property.	We involved our internal real estate valuation specialist to review selected properties and assessed whether the valuation of the properties was performed in accordance with IFRS Accounting Standards. We assessed and challenged the underlying key assumptions used in the recoverable amount assessment and estimation of cost to complete infrastructure work. We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We reperformed the arithmetical accuracy of the determination of infrastructure cost allocations and recoverable amounts. We assessed the disclosures made relating to this matter to determine if they were in accordance with IFRS Accounting Standards.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report (including the Board of Directors' Report) but does not include the consolidated financial statements and our auditor's report thereon. We obtained the Board of Directors' Report, at the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of the auditors' report.

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

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

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

When we read the remaining information of the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of TECOM Group PJSC (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT to the Shareholders of TECOM Group PJSC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

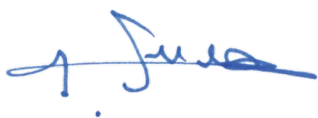
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2024:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- the Group has maintained proper books of account;
- the financial information included in the Board of Directors' Report is consistent with the books of account of the Group;
- the Group has not purchased or invested in any shares during the financial year ended 31 December 2024;
- note 10 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- note 26 to the consolidated financial statements discloses social contributions made during the year; and
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2024, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

Deloitte & Touche (M.E.)



Firas Anabtawi
Registration No. 5482
5 February 2025
Dubai
United Arab Emirates

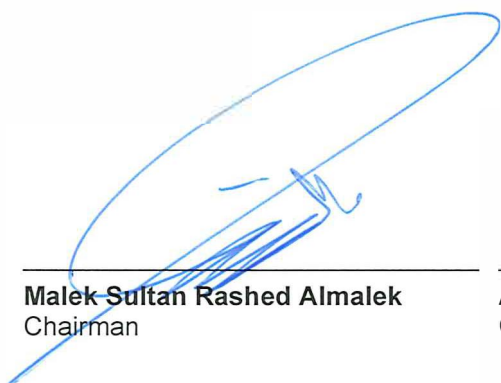
**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024**

	Notes	2024 AED'000	2023 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	90,893	93,459
Intangible assets		16,688	20,427
Investment property	6	13,819,597	11,864,542
Derivative financial instruments	7	165,440	221,995
Other receivables	8	11,347	14,215
Unbilled receivables	9	821,126	802,057
Deferred tax assets	28	4,922	-
		14,930,013	13,016,695
Current assets			
Other receivables	8	106,814	124,803
Trade and unbilled receivables	9	181,757	102,159
Due from related parties	10	54,990	35,425
Cash and bank balances	11	1,017,039	1,535,183
		1,360,600	1,797,570
Total assets		16,290,613	14,814,265

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024 (CONTINUED)

	Notes	2024 AED'000	2023 AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital	12	500,000	500,000
Statutory reserve	13	482,696	458,410
Hedge reserve		169,231	218,995
Retained earnings		5,555,767	5,151,602
Total equity		6,707,694	6,329,007
LIABILITIES			
Non-current liabilities			
Trade and other payables	14	2,728	3,304
Borrowings	15	5,213,253	4,351,767
Advances from customers	16	606,757	623,533
Project liabilities	17	786,913	829,445
Due to related parties	10	92,766	-
Derivative financial instruments	7	1,131	3,000
Employees' end-of-service benefits	18	46,733	43,912
Provision for other liabilities and charges	19	902,807	902,807
		7,653,088	6,757,768
Current liabilities			
Trade and other payables	14	330,330	348,523
Advances from customers	16	969,223	836,605
Current tax liabilities	28	38,222	-
Project liabilities	17	473,596	460,533
Due to related parties	10	90,604	60,244
Provisions for other liabilities and charges	19	27,856	21,585
		1,929,831	1,727,490
Total liabilities		9,582,919	8,485,258
Total equity and liabilities		16,290,613	14,814,265

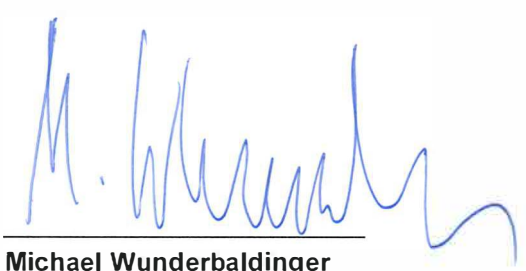
These consolidated financial statements were approved by the Board of Directors on 5 February 2025 and were signed on its behalf by:



Malek Sultan Rashed Almalek
Chairman



Abdulla Belhouli
Chief Executive Officer



Michael Wunderbaldinger
Chief Financial Officer

**CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 AED'000	2023 AED'000
Revenue	21	2,402,002	2,173,197
Direct costs	22	(849,540)	(760,382)
Gross profit		1,552,462	1,412,815
Other operating income	23	137,503	56,055
		1,689,965	1,468,870
Expenses			
General and administrative	24	(204,942)	(166,997)
Marketing and selling	26	(54,478)	(42,823)
Other operating		(6,193)	-
		(265,613)	(209,820)
Operating profit		1,424,352	1,259,050
Finance income		65,980	81,592
Finance costs		(223,659)	(262,367)
Finance costs - net	27	(157,679)	(180,775)
Profit before tax for the year		1,266,673	1,078,275
Income tax expense	28	(38,222)	-
Profit for the year		1,228,451	1,078,275
Earnings per share attributable to the Owners of the Company			
Basic and diluted (AED)	29	0.25	0.22

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 AED'000	2023 AED'000
Profit for the year		1,228,451	1,078,275
<i>Items that may be subsequently reclassified to profit or loss</i>			
Fair value loss on cash flow hedges, net of tax	7	(49,764)	(93,707)
Less: Cumulative gain arising on cash flow hedges reclassified to profit and loss	7	-	(23,945)
Other comprehensive loss for the year		(49,764)	(117,652)
Total comprehensive income for the year		1,178,687	960,623

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	Attributable to owners of the Company				Total equity AED'000
		Share capital AED'000	Statutory reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	
At 1 January 2023		500,000	436,321	336,647	4,695,416	5,968,384
Profit for the year		-	-	-	1,078,275	1,078,275
Other comprehensive loss for the year		-	-	(117,652)	-	(117,652)
Total comprehensive income for the year		-	-	(117,652)	1,078,275	960,623
Transactions with owners:						
Dividends declared	20	-	-	-	(600,000)	(600,000)
Transfer to statutory reserve	13	-	22,089	-	(22,089)	-
		-	22,089	-	(622,089)	(600,000)
At 31 December 2023		500,000	458,410	218,995	5,151,602	6,329,007
At 1 January 2024		500,000	458,410	218,995	5,151,602	6,329,007
Profit for the year		-	-	-	1,228,451	1,228,451
Other comprehensive loss for the year		-	-	(49,764)	-	(49,764)
Total comprehensive income for the year		-	-	(49,764)	1,228,451	1,178,687
Transactions with owners:						
Dividends declared	20	-	-	-	(800,000)	(800,000)
Transfer to statutory reserve	13	-	24,286	-	(24,286)	-
		-	24,286	-	(824,286)	(800,000)
At 31 December 2024		500,000	482,696	169,231	5,555,767	6,707,694

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Notes	2024 AED'000	2023 AED'000
Cash flows from operating activities			
Cash generated from operations	30	1,823,174	1,634,959
Payment of employees' end of service benefits	18	(1,280)	(4,174)
Net cash generated from operating activities		1,821,894	1,630,785
Cash flows from investing activities			
Purchase of property and equipment	5	(6,323)	(7,711)
Payments for investment property, net of advances to contractors, project liabilities and related provisions		(2,273,995)	(411,227)
Purchase of intangible assets		(7,215)	(13,977)
Due to a related party		-	(150,000)
Movement in fixed deposits with maturities greater than three months	11	486,623	58,547
Interest received		76,540	47,568
Net cash used in investing activities		(1,724,370)	(476,800)
Cash flows from financing activities			
Proceeds from borrowings		850,000	-
Issuance cost paid		-	(53,796)
Interest paid		(179,045)	(166,973)
Dividends paid	20	(800,000)	(600,000)
Restricted cash against borrowing facility		-	60,000
Net cash used in financing activities		(129,045)	(760,769)
Net (decrease)/increase in cash and cash equivalents		(31,521)	393,216
Cash and cash equivalents, beginning of the year	11	669,882	276,666
Cash and cash equivalents, end of the year	11	638,361	669,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 was 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 principal activities of the Group are property leasing, development, facilities management and services.

The parent company is DHAM LLC (the "Parent Company"), which is a fully owned subsidiary of Dubai Holding Commercial Operations Group LLC (the "Intermediate Parent Company"), The Intermediate Parent Company is a fully owned subsidiary of Dubai Holding LLC (the "Ultimate Parent Company"). The "Ultimate Shareholder" of the Company was His Highness Sheikh Mohammed Bin Rashid Al Maktoum till 8 January 2023. On 8 January 2023, the Ultimate Shareholder and Ruler of Dubai issued Law No. 1 of 2023, transferring his direct ownership in the Ultimate Parent Company to the Government of Dubai. The Company and its subsidiaries are collectively referred to as the Group (the "Group"). The Group consolidates investments in the following principal subsidiaries:

Name of the entity	Nature of business	Ownership %	
		2024	2023
TECOM Investmesnts 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
Dquarters FZ LLC	Regional headquarters for real estate services	100	100

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

The Group only operates in the UAE and has no subsidiaries in foreign jurisdictions.

The Group has not purchased or invested in any shares during the financial year ended 31 December 2024.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION****2.1 Statement of compliance**

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and applicable requirements of the law of the UAE.

2.2 Basis of preparation

The 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 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 consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying IFRS Accounting Standards. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Certain comparative amounts have been reclassified to conform to the presentation used in these consolidated financial statements.

2.3 Application of new and revised IFRS Accounting Standards**(a) New and revised IFRS Accounting Standards applied with no material effect on the consolidated financial statements**

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

- Amendments to IFRS 16 *Leases* relating to Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Non-current Liabilities with Covenants
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* relating to Supplier Finance Arrangements

Other than the above, there are no other significant IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.3 Application of new and revised IFRS Accounting Standards (continued)

(b) New and revised IFRS Accounting Standards in issue but not yet effective

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

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> relating to Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures regarding the classification and measurement of financial instruments</i>	1 January 2026
IFRS 18 <i>Presentation and Disclosures in Financial Statements</i>	1 January 2027
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of Group in the period of initial application.

2.4 Principles of consolidation

(a) 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.

Acquisition-related costs are expensed as incurred.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.4 Principles of consolidation (continued)****(a) Subsidiaries (continued)**

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 consolidated 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. The results and cash flows of the entities/businesses under common control are consolidated prospectively from the date of transfer without restatement of the consolidated income statement and the consolidated balance sheet comparatives.

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 the consolidated statement of income.

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 consolidated 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.

(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 the consolidated statement of income. 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 consolidated statement of income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.5 Foreign currency translation****(a) Functional and presentation currency**

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in United Arab Emirates 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated 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 consolidated statement of income within 'Finance income/costs'. All other foreign exchange gains and losses are presented in the consolidated statement of income within 'Other operating income'. 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 the consolidated statement of income, 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 the consolidated statement of income 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.

2.6 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 consolidated profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. 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 consolidated 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

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 2.10).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'Other operating income' in the consolidated statement of income.

2.8 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. 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.8 Investment property (continued)**

When investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are recognized in the consolidated statement of income.

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.

2.9 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.

Computer software are carried at cost less accumulated amortisation and impairment losses, if any.

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 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 losses, if any. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate intangible asset 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, if any.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.9 Intangible assets (continued)****(c) Masterplans**

The costs of developing the Group's masterplans are capitalised and are subject to amortisation. These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is included in the consolidated statement of income within 'Other operating income'. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units").

2.10 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.

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 Group's 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 in the consolidated statement of income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of income to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.11 Investments and other financial assets****2.11.1 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 the consolidated statement of income 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.

2.11.2 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 the consolidated statement of income.

2.11.3 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 consolidated statement of income.

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 consolidated statement of income and presented in 'Other operating income'.

Impairment losses are presented under 'General and administrative expenses' in the consolidated statement of income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.11 Investments and other financial assets (continued)****2.11.3 Measurement (continued)****Debt instruments (continued)***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 consolidated 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 consolidated statement of income and recognised in 'Other operating income'. 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' and impairment losses are presented under 'General and administrative expenses' in the consolidated 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 consolidated statement of income within 'Other operating income' in the year 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 the consolidated statement of income under other operating income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other operating income' in the consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Investments and other financial assets (continued)

2.11.4 Impairment of financial assets

IFRS 9 requires the Group to record an allowance for expected credit losses (ECLs) for all trade and unbilled receivables, contract assets, 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.

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.

(i) 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.

(ii) 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

(iii) 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 the consolidated statement of income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.11 Investments and other financial assets (continued)****2.11.4 Impairment of financial assets (continued)***(iv) Measurement and recognition of expected credit losses*

The measurement of ECLs 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 ECL 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 ECLs is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

The Group recognises an impairment gain or loss in the consolidated statement of income 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 consolidated balance sheet.

2.12 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 the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.12 Financial liabilities and equity (continued)*****Financial liabilities***

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

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 the consolidated statement of income.

2.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the 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 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.

2.14 Trade receivables

Trade receivables are amounts due from customers for properties leased or services performed in the ordinary course of business. Trade receivables are recognised initially in line with IFRS 15 and 16 and subsequently measured at amortised cost using the effective interest method, less loss allowance.

2.15 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.16 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 classified as current liabilities if payment is due within one year or less from the balance sheet date (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Contract advances include instalments received from customers for lease and services. These are subsequently released to the consolidated statement of income once the revenue recognition criteria are met (Note 2.21).

2.17 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 consolidated 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 consolidated 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.

2.18 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.19 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.

(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 consolidated 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.

2.20 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 Accounting Standards, 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 3.3. Movements in the hedging reserve is disclosed in the consolidated statement of changes in 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.20 Derivative financial instruments and hedging activities (continued)

(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 consolidated statement of income within 'Finance income/costs'.

Amounts accumulated in equity are recycled in the consolidated 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 consolidated statement of income within 'Finance income/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 consolidated 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 consolidated 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 of these derivative instruments are recognised immediately in the consolidated statement of income within 'Finance income/costs'.

2.21 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.21 Revenue recognition (continued)

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 consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably.

(a) Service charges

For investment property 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Leases

(a) The Group as 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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.22 Leases (continued)****(a) The Group as a Lessee (continued)**

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 the consolidated statement of income 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.

(b) The Group as a Lessor

The Group enters into lease arrangements as a lessor with respect to its investment property. 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 the consolidated statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the underlying asset and 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 the consolidated statement of income when the right to receive them arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Leases (continued)

(c) The Group as a Lessor (continued)

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.

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.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholder.

2.24 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.

2.25 Interest income

Interest income is recognised in the consolidated 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.

2.26 Dividend income

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.27 Income tax**

The income tax expense or credit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxable entity and tax authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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.

(a) Market risk***i) Foreign exchange risk***

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of the particular Group entity. The Group has no significant exposure to foreign exchange risk as majority of its transactions are in the respective functional currencies of the Group companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

ii) Cash flow and interest rate risk

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities. Borrowings at variable rates expose the Group to cash flow interest rate risk.

Based on the various scenarios, 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. In the case of long-term borrowings from banks and financial institutions, the Group generally borrows funds at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At 31 December 2024, if interest rates on interest bearing financial assets had been 100 basis points (2023: 100 basis points) higher/lower with all other variables held constant, post-tax profit for the year would have been AED 5,787,000 (2023: AED 9,653,000) higher/lower, mainly as a result of higher/lower interest income. In addition, at 31 December 2024 had the Group not entered in any interest rate swap agreements, if interest rates on borrowings had been 100 basis points (2023: 100 basis points) higher/lower with all other variables held constant, post-tax profit for the year would have been AED 52,133,000 (2023: AED 43,518,000) lower/higher, mainly as a result of higher/lower interest expense.

(b) Credit risk

The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables, lease receivables, derivatives, due from related parties, unbilled receivables and cash and bank balances.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. When such an event happens, it is considered as a default event. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established policies under which each new customer is analysed for creditworthiness before Group's standard payment and service delivery terms and conditions are offered.

The credit review can include customer reputation, customer segmentation, business plans, bank references and external credit worthiness databases when available. Derivative financial instruments and bank deposits are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

The credit quality of cash and bank balances at the balance sheet date can be assessed by reference to external credit ratings as illustrated in the table below:

	2024 AED'000	2023 AED'000
A1	232,183	374,749
A2	226,151	329,610
A3	214,404	358,033
Aa3	20	6
Ba1	-	100,017
Baa1	243,687	372,070
Baa3	100,000	-
	1,016,445	1,534,485

The rest of the consolidated balance sheet item, 'cash and bank balances' is cash on hand. The Group's exposure to credit risk arising from trade and unbilled receivables is disclosed in Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

With respect to the credit risk arising from other financial assets of the Group, which comprise due from related parties, other receivables and deposits and financial assets at fair value through other comprehensive income, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these assets.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and 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.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant:

	Notes	Less than 3 months AED'000	Between 3 months and 1 year AED'000	Between 1 and 5 years AED'000	More than 5 years AED'000
31 December 2024					
Borrowings		58,778	155,814	5,737,883	-
Trade payables and other liabilities		-	1,062,792	425,235	719,062
Derivative financial instruments	7	-	-	1,131	-
Due to related parties	10	90,604	-	101,873	-
		149,382	1,218,606	6,266,122	719,062
31 December 2023					
Borrowings		38,867	121,970	4,963,400	-
Trade payables and other liabilities		-	1,037,643	420,152	821,785
Derivative financial instruments	7	-	-	3,000	-
Due to related parties	10	60,244	-	-	-
		99,111	1,159,613	5,386,552	821,785

Trade payables and other liabilities exclude operating lease advances and contract advances.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of gross debt (borrowings of the Group disclosed in Note 15) and total equity of the Group.

The Group has a target to keep its gearing ratio below 65%, which is determined as a proportion of gross debt to total capital (equity plus gross debt).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (continued)

The gearing ratios at 31 December 2024 and 2023 were as follows:

	Notes	2024 AED'000	2023 AED'000
Total borrowings	15	5,213,253	4,351,767
Total equity		6,707,694	6,329,007
Total capital		11,920,947	10,680,774
Debt to total capital/ gearing ratio		43.73%	40.74%

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 fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is based on valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, these instruments are included in level 2. All derivative financial instruments held by the Group have been categorised as level 2 as shown below, where the fair valuation of such instruments has been determined based on discounting future cash flows using observable discount factors. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. There is no change in the valuation technique in comparison to prior years.

If one or more of the significant inputs is not based on observable market data, these instruments are included in level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2024 and 2023:

	Level 2 AED'000
2024	
Assets	
Derivatives designated as cash flow hedges	165,440
Liabilities	
Derivatives designated as cash flow hedges	1,131
	Level 2 AED'000
2023	
Assets	
Derivatives designated as cash flow hedges	221,995
Liabilities	
Derivatives designated as cash flow hedges	3,000

There were no transfers between the levels for recurring fair value measured during the year.

The carrying value of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Other receivables and payables approximate their fair values.

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) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (continued)

(a) Provision for infrastructure costs (continued)

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.

(b) Calculation of loss allowance

The Group assesses the impairment of its financial assets based on the ECL model. Under the ECL model, the Group accounts for ECLs and changes in those ECLs 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. There has been no change in the estimation techniques or significant assumptions in assessing the ECL during the current year.

(c) Useful lives of investment property

Management reviews the residual values and estimated useful lives of investment property at the end of each annual reporting period in accordance with IAS 40. Management determined that current year expectations do not differ from previous estimates based on its review.

(d) Valuation of investment property

The fair value of investment property is determined by an 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 property. 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Key sources of estimation uncertainty (continued)

(d) Valuation of investment property (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.

(e) 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 recoverable amount, which is 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, investment property and intangible assets.

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 the consolidated 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) Income taxes

The Group's current tax provision of AED 38,222,000 (2023: AED Nil) relates to management's assessment of tax liabilities on open positions, based on current interpretations of CT Law and applicable guidance.

TECOM GROUP PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

5. PROPERTY AND EQUIPMENT

	Notes	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
2024								
Cost								
At 1 January 2024		137,840	128,315	46,181	1,364	19,077	154	332,931
Additions		-	4,425	534	-	1,364	-	6,323
Transfers from/(to) investment property	6	-	395	-	-	-	(154)	241
Disposals		-	-	(20)	-	-	-	(20)
Reclassifications		(2,783)	2,783	-	-	-	-	-
Write-off		-	-	-	-	(1,167)	-	(1,167)
At 31 December 2024		135,057	135,918	46,695	1,364	19,274	-	338,308
Accumulated depreciation								
At 1 January 2024		55,611	123,195	44,775	986	14,905	-	239,472
Depreciation charge		3,496	2,056	865	378	2,153	-	8,948
Transfers from investment property	6	-	182	-	-	-	-	182
Disposals		-	-	(20)	-	-	-	(20)
Write-off		-	-	-	-	(1,167)	-	(1,167)
At 31 December 2024		59,107	125,433	45,620	1,364	15,891	-	247,415
Net book value at 31 December 2024		75,950	10,485	1,075	-	3,383	-	90,893

TECOM GROUP PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

5. PROPERTY AND EQUIPMENT (CONTINUED)

	Notes	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
2023								
Cost								
At 1 January 2023		137,840	124,873	45,415	1,364	14,137	390	324,019
Additions		-	1,778	839	-	4,940	154	7,711
Transfers from/(to) investment property	6	-	1,664	-	-	-	(390)	1,274
Transfers to related parties		-	-	(18)	-	-	-	(18)
Disposals		-	-	(55)	-	-	-	(55)
At 31 December 2023		137,840	128,315	46,181	1,364	19,077	154	332,931
Accumulated depreciation								
At 1 January 2023		52,115	118,611	43,997	456	11,845	-	227,024
Depreciation charge		3,496	2,920	838	530	3,060	-	10,844
Transfers from investment property	6	-	1,664	-	-	-	-	1,664
Transfers to related parties		-	-	(5)	-	-	-	(5)
Disposals		-	-	(55)	-	-	-	(55)
At 31 December 2023		55,611	123,195	44,775	986	14,905	-	239,472
Net book value at 31 December 2023		82,229	5,120	1,406	378	4,172	154	93,459

The depreciation charge for the year is recognised under general and administrative expenses amounting to AED 8,948,000 (2023: AED 10,844,000).

TECOM GROUP PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. INVESTMENT PROPERTY

	Notes	Land AED'000	Buildings and improvements AED'000	Infrastructure AED'000	Capital work- in-progress AED'000	Total AED'000
2024						
Cost						
At 1 January 2024		3,687,468	10,521,991	3,244,663	3,599,897	21,054,019
Additions		414,162	1,353,806	-	619,901	2,387,869
Transfers to related parties	10	-	-	-	(23,335)	(23,335)
Transfers (to)/from property and equipment	5	-	(395)	-	154	(241)
Transfers within other captions of investment property		-	60,188	54,718	(114,906)	-
At 31 December 2024		4,101,630	11,935,590	3,299,381	4,081,711	23,418,312
Accumulated depreciation and impairment						
At 1 January 2024		1,946,344	4,614,437	1,102,968	1,525,728	9,189,477
Depreciation charge	22	-	357,229	52,191	-	409,420
Transfers to property and equipment	5	-	(182)	-	-	(182)
At 31 December 2024		1,946,344	4,971,484	1,155,159	1,525,728	9,598,715
Net book value at 31 December 2024		2,155,286	6,964,106	2,144,222	2,555,983	13,819,597

TECOM GROUP PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. INVESTMENT PROPERTY (CONTINUED)

	Notes	Land AED'000	Buildings and improvements AED'000	Infrastructure AED'000	Capital work- in-progress AED'000	Total AED'000
2023						
Cost						
At 1 January 2023		3,687,468	10,355,799	3,244,663	3,405,743	20,693,673
Additions		-	-	-	382,041	382,041
Transfers to related parties	10	-	-	-	(20,421)	(20,421)
Transfers (to)/from property and equipment	5	-	(1,664)	-	390	(1,274)
Transfers within other captions of investment property		-	167,856	-	(167,856)	-
At 31 December 2023		3,687,468	10,521,991	3,244,663	3,599,897	21,054,019
Accumulated depreciation and impairment						
At 1 January 2023		1,946,344	4,303,841	1,043,833	1,525,728	8,819,746
Depreciation charge	22	-	312,260	59,135	-	371,395
Transfers to property and equipment	5	-	(1,664)	-	-	(1,664)
At 31 December 2023		1,946,344	4,614,437	1,102,968	1,525,728	9,189,477
Net book value at 31 December 2023		1,741,124	5,907,554	2,141,695	2,074,169	11,864,542

During the year, the Group acquired investment property from fellow subsidiaries for a total consideration of AED 958,231,000, recorded in accordance with the Group's accounting policy (Note 10).

The Group repossessed certain capital work-in-progress upon court settlements, which were recorded at fair value in accordance with the Group's accounting policy. This transaction resulted in a gain of AED 65,670,000, which is included in other operating income [Note 23(a)].

The capital work-in-progress encompasses buildings, land, and infrastructure currently under construction, intended for future use as investment properties.

The depreciation charge for the year is recognised under direct costs, amounting to AED 409,420,000 (AED 371,395,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

6. INVESTMENT PROPERTY (CONTINUED)

As at 31 December 2024 and 2023, no investment property have been pledged as security against loan facilities obtained by the Group (Note 15).

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

	Notes	2024 AED'000	2023 AED'000
Operating lease income	21	2,106,784	1,933,534
Direct costs (including depreciation) arising from investment property that generated operating lease income		757,263	668,423

Valuation techniques underlying management's estimation of fair value

The 'Income capitalisation and residual price methods' have been applied for the fair valuation of income generating properties.

The sales comparison and income capitalisation methods have been applied for the valuation of land held by the Group.

'Income capitalisation method' is a growth implicit valuation technique. The term (current/passing) income is based on the gross income generated from the contracted lease agreement(s) in place (including any anticipated changes at future rent reviews) and the reversionary income stream is based on the estimated market rent of the property at the valuation date. The hypothetical purchaser's operating costs associated with ownership of the property (including current and future anticipated void periods) are deducted to arrive at the term and reversionary net operating income streams ("NOI"). The NOI streams are then capitalised over the term of the lease agreement(s) in place or in perpetuity respectively using a market related yield. The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy using income capitalisation method are stabilised average monthly market rent and capitalisation rate.

'Sales comparison method' involves determination of the value of the investment property with reference to comparable market transactions for properties in close proximity. These values are adjusted for differences in key attributes such as size, gross floor area and location. The valuation method adopted for these properties fall under level 3. The significant unobservable input used in the fair value measurement categorised within level 3 of the fair value hierarchy using sales comparison method is sales rate per Gross Floor Area ("GFA").

'Residual price method' involves determination of the estimated selling price of a project development on the respective plots of land; reduced by the estimated construction and other costs to completion that would be incurred by a market participant and an estimated profit margin that a market participant would require to hold and develop the plots to completion. The significant inputs into this valuation approach are the estimated selling prices, costs to complete and developers' margins. The significant inputs into this valuation approach are the estimated selling prices, costs to complete and developers' margins. The valuation method adopted for these land plots fall under level 3.

There were no changes to the valuation techniques during the years presented.

For all investment properties, their current use approximately equates to the highest and best use.

As at 31 December 2024, the estimated fair value of the Group's investment property is AED 27,874,364,000 (2023: AED 22,934,827,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

7. DERIVATIVE FINANCIAL INSTRUMENTS

	Notional amount AED'000	Assets AED'000	Liabilities AED'000
At 31 December 2024			
Designated as cash flow hedges			
Interest rate swap contracts	3,531,268	165,440	1,131
At 31 December 2023			
Designated as cash flow hedges			
Interest rate swap contracts	3,990,747	221,995	3,000

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 Accounting Standards, they are classified as 'held for trading' for accounting purposes as required by IFRS Accounting Standards. 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 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 31 December 2024, the fixed interest rates vary from 1.52% to 4.37% per annum (2023: 1.52% to 4.37% 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 the consolidated statement of income when the associated hedged transaction affects the consolidated statement of income. 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 year ended 31 December 2024 amounted to a loss of AED 54,686,000 (2023: loss of AED 93,707,000). The related tax on the fair value loss on cash flow hedge for the year is AED 4,922,000 (2023: AED Nil), which has been set off against the fair value loss disclosed in the other comprehensive income.

In 2023, certain derivatives designated as hedging instruments were settled, and therefore hedge accounting is discontinued prospectively on these items. The amount of AED 23,945,000 that had been accumulated in the hedge reserve has been recycled through the consolidated statement of income.

As at 31 December 2024, derivative financial instruments include interest rate swaps entered into with a related party financial institution, with a fair value of AED 64,689,000 (2023: AED 85,308,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

8. OTHER RECEIVABLES

	2024 AED'000	2023 AED'000
Advances to contractors and suppliers	53,035	71,778
Finance lease receivables	15,468	18,336
Prepayments	36,711	19,902
Other receivables	12,947	29,002
	118,161	139,018
Less: non-current	(11,347)	(14,215)
Current	106,814	124,803

Finance lease receivables relate to property leases with a lease term of up to 50 years. The lease term generally provides an option to lessees to buy the properties after initial period (usually 10 years). The leases carry interest rate linked to EIBOR. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

A summary of the gross repayment schedule for the finance lease receivable is presented below:

	2024 AED'000	2023 AED'000
Within one year	4,121	4,121
After one year but not more than five years	11,541	14,475
	15,662	18,596
Unearned future finance income on finance leases	(194)	(260)
Net investment in finance leases	15,468	18,336

The fair value of long-term finance receivables has been estimated by discounting the gross value of finance lease receivables using a borrowing rate of 6% (2023: 6%).

9. TRADE AND UNBILLED RECEIVABLES

	2024 AED'000	2023 AED'000
Trade receivables	172,516	193,814
Less: loss allowance	(77,939)	(91,655)
	94,577	102,159
Less: non-current	-	-
Current	94,577	102,159
Unbilled receivables - operating leases	963,331	958,987
Less: loss allowance	(55,025)	(156,930)
	908,306	802,057
Less: non-current	(821,126)	(802,057)
Current	87,180	-
Trade and unbilled receivables		
Current	181,757	102,159
Non-current	821,126	802,057
	1,002,883	904,216

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**
9. TRADE AND UNBILLED RECEIVABLES (CONTINUED)

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 31 December 2024 and 2023. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable:

	2024 AED'000	2023 AED'000
Trade receivables and unbilled receivables		
Not past due	979,404	958,987
Up to 3 months	66,591	59,244
3 to 6 months	7,449	9,877
Over 6 months	82,403	124,693
	1,135,847	1,152,801

	2024 AED'000	2023 AED'000
Loss allowance against trade receivables and unbilled receivables		
Not past due	55,351	156,930
Up to 3 months	5,464	8,129
3 to 6 months	6,333	7,392
Over 6 months	65,816	76,134
	132,964	248,585

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 are recognised in the consolidated statement of income under general and administrative expenses. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash. The Group's trade and unbilled receivables are denominated in AED.

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

	2024 AED'000	2023 AED'000
At 1 January	91,655	119,783
Provision for/(reversal of) loss allowance - net	7,074	(28,128)
Write-off	(20,790)	-
At 31 December	77,939	91,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

9. TRADE AND UNBILLED RECEIVABLES (CONTINUED)

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

	2024 AED'000	2023 AED'000
At 1 January	156,930	166,765
(Reversal of)/provision for loss allowance - net	(4,598)	1,747
Write-off	(97,307)	(11,582)
At 31 December	55,025	156,930

There has been no change in the estimation techniques or significant assumptions made in assessing the ECL during the current year.

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties comprise major shareholders, ultimate parent company, intermediate parent company, parent company and key management personnel and businesses which are controlled directly by the major shareholders or key management personnel. Related parties also include entities over which the ultimate parent company has control or significant influence. The term of the related party transactions are approved by the management.

(a) Due from related parties

	2024 AED'000	2023 AED'000
Intermediate Parent Company	-	49
Parent Company	1,413	1,691
Other subsidiaries of the Parent Company	26,370	14,774
Other related parties	27,207	18,911
	54,990	35,425
Less: non-current	-	-
Current	54,990	35,425

The amount due from related parties as at 31 December 2024 and 2023 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 fair values of due from related parties approximate their carrying amounts and are fully performing at 31 December 2024 and 2023.

Due from and due to related party balances are offset and presented on a net basis in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to either settle on a net basis or realise the assets and liabilities simultaneously.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**
10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)
(b) Due to related parties

	2024 AED'000	2023 AED'000
Ultimate Parent Company	16,042	9,111
Other subsidiaries of the Parent Company	130,381	11,520
Other related parties	36,947	39,613
	183,370	60,244
Less: non-current	(92,766)	-
Current	90,604	60,244

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

As at 31 December 2024, the amount due to related parties includes AED 113,141,000, which pertains to obligations arising from the acquisition of investment property from fellow subsidiaries (Note 6). Of this amount, AED 92,766,000 is classified as a non-current liability, representing the net present value of obligations with a repayment term of three years. This classification reflects the long-term nature of the liability, consistent with the terms of the underlying agreements, as repayment extends beyond one year.

(c) Related party transactions

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

	2024 AED'000	2023 AED'000
<i>Transactions between related parties:</i>		
Dividends declared to Parent Company	700,000	525,000
Acquisition of investment property from fellow subsidiaries	958,231	-
Transfer of investment property to fellow subsidiaries	23,335	20,421
<i>Services provided to related parties included in revenue:</i>		
Operating lease income from fellow subsidiaries and other related parties	49,462	29,303
Services income from fellow subsidiaries and other related parties	6,687	5,291
<i>Services provided by related parties included in expenses:</i>		
<i>Direct costs - operation and maintenance costs</i>		
- Fellow subsidiary	1,402	2,615
- Entities under common control	109,984	99,488
- Other related parties	63,115	52,160
<i>General and administrative expenses - cost recharged</i>		
- Ultimate Parent Company	1,672	1,752
- Fellow subsidiaries	49,422	47,803
- Other related parties	2,884	3,795
<i>Transactions with related party institution:</i>		
Finance income	21,895	-
Finance costs and other bank charges	76,718	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(d) Remuneration of key management personnel

The compensation to key management personnel for employee services is shown below:

	2024 AED'000	2023 AED'000
Salaries and other short-term employee benefits	22,205	18,170
End of service, termination and other post-employment	1,060	732
Board of Directors' remuneration	7,990	1,926
	31,255	20,828

Board of Directors' remuneration for the year ended 31 December 2024 is recorded in Accrued expenses under 'Trade and other payables' in the consolidated financial statements and will be approved in the next Annual General Meeting.

11. CASH AND BANK BALANCES

	2024 AED'000	2023 AED'000
Cash on hand	594	698
Cash at banks		
- Current account	437,767	569,184
- Fixed deposits	578,678	965,301
	1,017,039	1,535,183

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

	2024 AED'000	2023 AED'000
Cash and bank balances	1,017,039	1,535,183
Fixed deposits with maturities greater than 3 months	(378,678)	(865,301)
	638,361	669,882

Bank accounts are maintained with locally incorporated banks and fixed deposits yield interest rates ranging from 3.85% to 5.05% per annum (2023: 5.09% to 5.75%).

As at 31 December 2024, cash and bank balances include AED 222,192,000 (2023: AED 329,610,000) held with a related party financial institution.

12. SHARE CAPITAL

The total authorised and issued share capital of the Company comprises 5,000,000,000 shares (2023: 5,000,000,000 shares) of AED 0.10 each. All shares were fully paid-up.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

13. STATUTORY RESERVE

In accordance with the UAE Federal Decree Law No. (32) of 2021 and Articles of Association, 10% of the profit for the year of the public joint stock company and 5% of the profit for the year of each UAE limited liability registered company are transferred to a statutory 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. Accordingly, for the year ending 31 December 2024, transfers to the statutory reserve are expected to be made by the individual entities within the Group at the end of the year in line with the aforementioned policy.

As at 31 December 2024 and 2023, statutory reserve of the Company amounted to AED 250,000,000. The remaining amount pertains to the subsidiaries of the Group.

14. TRADE AND OTHER PAYABLES

	2024 AED'000	2023 AED'000
Trade payables	89,494	72,489
Accrued expenses	216,218	222,589
Other payables	27,346	56,749
	333,058	351,827
Less: non-current	(2,728)	(3,304)
Current	330,330	348,523

15. BORROWINGS

	2024 AED'000	2023 AED'000
Bank borrowings	5,250,000	4,400,000
Unamortised transaction costs	(36,747)	(48,233)
Carrying amount	5,213,253	4,351,767
Less: non-current	(5,213,253)	(4,351,767)
Current	-	-

On 14 June 2023, the Group refinanced its existing bank facilities through a facility aggregating to AED 7,600,000,000 with multiple tranches from consortium of banks, in exchange of settlement of existing obligation. As at 31 December 2024, the unamortised transaction costs amounted to AED 36,747,000 (2023: AED 48,233,000).

The purpose of the loan facility is to repay existing facilities and for general corporate purposes of the Group. The facility is repayable in a single bullet payment in 2028.

As at 31 December 2024, the Group has undrawn floating rate borrowing amounting to AED 2,350,000,000 from the above facility (2023: AED 3,200,000,000).

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 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

15. BORROWINGS (CONTINUED)

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).

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 5.59% to 6.35% (2023: ranged from 6.12% to 6.35%) per annum.

Total borrowings of AED 5,250,000,000 (2023: AED 4,400,000,000) are subject to re-pricing within three months of the consolidated balance sheet date. The Group's borrowings are denominated in AED.

As at 31 December 2024, borrowings include AED 2,085,301,000 (2023: AED 1,740,707,000) obtained from a related party financial institution.

The maturity profile of the borrowings is as follows:

	2024 AED'000	2023 AED'000
Within one year	-	-
After one year but not more than five years	5,250,000	4,400,000
	5,250,000	4,400,000

16. ADVANCES FROM CUSTOMERS

	2024 AED'000	2023 AED'000
Operating lease advances	1,269,066	1,187,616
Contract advances	44,154	42,144
Refundable deposits	262,760	230,378
	1,575,980	1,460,138
Less: non-current	(606,757)	(623,533)
Current	969,223	836,605

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

The movement of contract advances is as follows:

	2024 AED'000	2023 AED'000
At 1 January	42,144	35,809
Amount billed	157,421	146,668
Revenue recognised	(155,411)	(140,333)
At 31 December	44,154	42,144

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**
17. PROJECT LIABILITIES

	2024	2023
	AED'000	AED'000
Project payables	1,133,821	1,158,574
Retentions payable	126,688	131,404
	1,260,509	1,289,978
Less: non-current	(786,913)	(829,445)
Current	473,596	460,533

Project payables include amounts contracted with a government authority to cover the Group's share of costs for roadworks serving the Group's developments. The present value of these payables is AED 876,502,000 (2023: AED 923,675,000). These costs are settled through agreed annual fixed installments and are recognized at the present value of the expected cash outflows, discounted at a rate of 6.49% (2023: 6.49%).

The fair value of non-current retentions payable is determined by discounting the gross value of these liabilities using a risk-free rate adjusted by a liability-specific discount rate of 5.39% (2023: 5.39%). This valuation is classified as Level 3 within the fair value hierarchy due to the reliance on unobservable inputs.

18. EMPLOYEES' END OF SERVICE BENEFITS

	2024	2023
	AED'000	AED'000
At 1 January	43,912	43,909
Charge for the year	4,101	4,177
Payments	(1,280)	(4,174)
At 31 December	46,733	43,912

19. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	2024	2023
	AED'000	AED'000
Provision for infrastructure cost	902,807	902,807
Provision for legal claims	27,856	21,585
	930,663	924,392
Less: non-current	(902,807)	(902,807)
Current	27,856	21,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

20. DIVIDENDS

At the Annual General Meeting held on 14 March 2023, shareholders approved the distribution of dividends amounting to AED 200,000,000 (AED 0.04 per share).

On 1 August 2023, the Board of Directors approved the distribution of interim dividends of AED 400,000,000 (AED 0.08 per share).

At the Annual General Meeting held on 4 March 2024, shareholders approved the distribution of final cash dividends of AED 400,000,000 (AED 0.08 per share).

On 1 August 2024, the Board of Directors approved the distribution of interim cash dividends of AED 400,000,000 (AED 0.08 per share).

On 5 February 2025, the Board of Directors has recommended cash dividend of AED 400,000,000 (AED 0.08 per share), which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

21. REVENUE

	Notes	2024 AED'000	2023 AED'000
Operating lease income	6	2,106,784	1,933,534
Service income		295,218	239,663
		2,402,002	2,173,197

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 December 2024 amounted to AED 44,154,000 (2023: AED 42,144,000). The Group expects to recognise revenue from these unsatisfied performance obligations over a period of 2 years.

22. DIRECT COSTS

	Notes	2024 AED'000	2023 AED'000
Depreciation	6	409,420	371,395
Operation and maintenance costs		390,624	338,015
Payroll and related costs	25	49,496	50,972
		849,540	760,382

23. OTHER OPERATING INCOME

	Notes	2024 AED'000	2023 AED'000
Lease termination and other penalties	23(a)	85,676	15,039
Cost recovery		30,188	27,135
Liabilities written back		16,587	12,589
Others		5,052	1,292
		137,503	56,055

- (a) A gain of AED 65,670,000 (2023: AED Nil) was recognised from the repossession of capital work-in-progress (Note 6).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**
24. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	2024 AED'000	2023 AED'000
Payroll and related costs	25	82,531	71,279
Management fees and consultancy		47,303	46,723
Depreciation and amortisation		19,902	23,111
Information technology		17,197	20,458
Professional memberships		11,197	3,877
Administration fees		6,098	6,815
Communication		4,054	3,825
Provision for/(reversal of) loss allowance on receivables - net	9	2,476	(26,381)
Others		14,184	17,290
		204,942	166,997

25. PAYROLL AND RELATED COSTS

	2024 AED'000	2023 AED'000
Salaries and allowances	130,412	121,178
End of service benefits and pension	7,009	6,908
	137,421	128,086

Payroll and related costs are split as follows:

	Notes	2024 AED'000	2023 AED'000
Direct costs	22	49,496	50,972
General and administrative expenses	24	82,531	71,279
Marketing and selling expenses	26	5,394	5,835
		137,421	128,086

26. MARKETING AND SELLING EXPENSES

	Notes	2024 AED'000	2023 AED'000
Promotions		39,514	31,546
Advertising		9,570	5,442
Payroll and related costs	25	5,394	5,835
		54,478	42,823

Promotions include social contributions amounting to AED 199,000 (2023: AED 358,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

27. FINANCE COSTS - NET

	2024 AED'000	2023 AED'000
Interest (expense)/income on:		
Bank borrowings	(297,435)	(292,953)
Derivative financial instruments	116,862	127,772
Amortisation of transaction costs	(10,839)	(64,323)
Unwinding of discount on non-current liabilities	(32,044)	(32,863)
Other finance costs	(203)	-
	(223,659)	(262,367)
Interest earned on:		
Bank fixed deposits	22,438	27,090
Islamic deposits	9,811	14,888
Current accounts	32,441	14,367
Gains on derivatives	-	23,945
Other finance income	1,290	1,302
	65,980	81,592
	(157,679)	(180,775)

28. CURRENT INCOME TAX AND DEFERRED INCOME TAX

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax for mainland entities and where conditions are met, 0% for freezones.

The tax charge for the year ended 31 December 2024 is AED 38,222,000 (2023: AED Nil), representing an Effective Tax Rate ("ETR") of 3.02% (2023: Nil). The deviation from the UAE statutory tax rate (i.e. 9%) is primarily driven by subsidiaries operating in free zones that are subject to 0%.

The component of income tax expense in the consolidated statement of income follows:

	2024 AED'000	2023 AED'000
Current income tax expense	(38,222)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

28. CURRENT INCOME TAX AND DEFERRED INCOME TAX (CONTINUED)

Following is the reconciliation of current income tax expense and accounting profit:

	2024 AED'000	2023 AED'000
Accounting profit for the period before tax	1,266,673	1,078,275
Income tax at UAE statutory rate of 9%	114,001	-
Tax effect of amounts which are taxable at 0%:		
Income from qualifying free zone entities	(75,745)	-
Adjustments for income up to AED 375,000	(34)	-
Total corporate income tax charge for the year	38,222	-
Effective tax rate	3.02%	-

As at 31 December 2024, current tax liabilities amounted to AED 38,222,000 (2023: AED Nil).

The deferred tax assets comprise of the following temporary difference:

	2024 AED'000	2023 AED'000
Fair value loss on cash flow hedges	(54,686)	-
Deferred tax assets	4,922	-

29. EARNINGS PER SHARE

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

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:

	2024	2023
Earnings		
Earnings for the purpose of basic and diluted earnings per share (consolidated profit for the year attributable to owners of the Company) rounded to the nearest AED'000	1,228,451	1,078,275
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	5,000,000,000	5,000,000,000
Basic and diluted earnings per share attributable to owners of the Company rounded to the nearest Fil	0.25	0.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

30. CASH GENERATED FROM OPERATIONS

	Notes	2024 AED'000	2023 AED'000
Profit for the year		1,228,451	1,078,275
Adjustments for:			
Depreciation and amortisation		429,322	394,506
Provision for/(reversal of) loss allowance on receivables - net	9	2,476	(26,381)
Provisions for end of service benefits and other liabilities and charges		10,294	5,223
Lease terminations	23	(65,670)	-
Liabilities written back	23	(16,587)	(12,589)
Finance income	27	(65,980)	(81,592)
Finance costs	27	223,659	262,367
Income tax expense	28	38,222	-
		1,784,187	1,619,809
Changes in operating assets and liabilities:			
Trade and other receivables, before provision and write-off and excluding advances to contractors		(141,469)	(9,552)
Trade payables and other payables excluding project liabilities and related provisions		146,326	3,014
Due from related parties		3,770	15,135
Due to related parties		30,360	6,553
Cash generated from operations		1,823,174	1,634,959

31. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the following line items:

	Notes	Financial assets at amortised cost AED'000	Derivatives used for hedging AED'000	Total AED'000
Assets				
31 December 2024				
Derivative financial instruments	7	-	165,440	165,440
Trade and other receivables		1,025,824	-	1,025,824
Due from related parties	10	54,990	-	54,990
Cash and bank balances	11	1,017,039	-	1,017,039
		2,097,853	165,440	2,263,293
31 December 2023				
Derivative financial instruments	7	-	221,995	221,995
Trade and other receivables		942,070	-	942,070
Due from related parties	10	35,425	-	35,425
Cash and bank balances	11	1,535,183	-	1,535,183
		2,512,678	221,995	2,734,673

Trade and other receivables exclude advances to contractors and suppliers, prepayments and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

31. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Notes	Derivatives used for hedging AED'000	Other financial liabilities AED'000	Total AED'000
Liabilities				
31 December 2024				
Trade payables and other liabilities		-	1,856,327	1,856,327
Derivative financial instruments	7	1,131	-	1,131
Due to related parties	10	-	183,370	183,370
Borrowings	15	-	5,213,253	5,213,253
		1,131	7,252,950	7,254,081
31 December 2023				
Trade payables and other liabilities		-	1,872,183	1,872,183
Derivative financial instruments	7	3,000	-	3,000
Due to related parties	10	-	60,244	60,244
Borrowings	15	-	4,351,767	4,351,767
		3,000	6,284,194	6,287,194

Trade payables and other liabilities exclude operating lease advances and contract advances.

32. NET DEBT RECONCILIATION

	Notes	2024 AED'000	2023 AED'000	
Cash and bank balances	11	1,017,039	1,535,183	
Borrowings - repayable after one year	15	(5,213,253)	(4,351,767)	
		(4,196,214)	(2,816,584)	
	Cash and bank* AED'000	Borrowing due within 1 year AED'000	Borrowing due after 1 year AED'000	Total AED'000
Net debt as at 1 January 2024	1,535,183	-	(4,351,767)	(2,816,584)
Cash flows	(518,144)	-	(850,000)	(1,368,144)
Other non-cash movement	-	-	(11,486)	(11,486)
Net debt as at 31 December 2024	1,017,039	-	(5,213,253)	(4,196,214)
Net debt as at 1 January 2023	1,260,514	-	(4,341,982)	(3,081,468)
Cash flows	274,669	-	53,796	328,465
Other non-cash movement	-	-	(63,581)	(63,581)
Net debt as at 31 December 2023	1,535,183	-	(4,351,767)	(2,816,584)

*The presentation of cash and bank balances within the net debt reconciliation is a voluntary inclusion in addition to the reconciliation of liabilities arising from financing activities as disclosed in the consolidated statement of cashflows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

33. COMMITMENTS

(a) Capital commitments

	2024 AED'000	2023 AED'000
Property and equipment	9,804	4,679
Intangible assets	10,332	5,606
Investment properties	496,655	612,463

(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:

	2024 AED'000	2023 AED'000
Later than 5 years	13,953,659	12,157,819
Later than 1 year and not later than 5 years	2,727,581	2,818,047
Not later than 1 year	762,767	798,861
	17,444,007	15,774,727

(c) Operating lease arrangements - the Group as lessee

	2024 AED'000	2023 AED'000
Later than 1 year and not later than 5 years	3,043	2,880
Not later than 1 year	1,265	715
	4,308	3,595

(d) Contingencies

	2024 AED'000	2023 AED'000
Bank guarantees (i)	358,222	-
Letter of credits (ii)	43,164	96,602

(i) This represents bank guarantees provided to a related party for investment property acquired on deferred payment plan.

(ii) This pertains to letters of credit issued for construction of certain infrastructure costs of the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)****34. 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).
- 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

34. 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 December 2024					
Revenue	1,217,658	532,224	356,902	295,218	2,402,002
Direct cost	(249,063)	(9,176)	(82,100)	(50,285)	(390,624)
Other operating income	46,102	87,787	-	3,614	137,503
Other expenses	(210,119)	(34,316)	(30,927)	(19,845)	(295,207)
Segment results before interest and depreciation and amortisation	804,578	576,519	243,875	228,702	1,853,674
Depreciation and amortisation	(355,610)	-	(69,352)	(4,360)	(429,322)
Income tax expense	(17,398)	(14,104)	(6,720)	-	(38,222)
Unallocated net finance costs	-	-	-	-	(157,679)
Profit for the year	431,570	562,415	167,803	224,342	1,228,451
31 December 2023					
Revenue	1,127,536	501,716	304,282	239,663	2,173,197
Direct cost	(231,551)	(3,772)	(66,629)	(36,063)	(338,015)
Other operating income	45,319	10,000	630	106	56,055
Other expenses	(179,139)	(16,774)	(17,854)	(23,914)	(237,681)
Segment results before interest and depreciation and amortisation	762,165	491,170	220,429	179,792	1,653,556
Depreciation and amortisation	(323,748)	-	(65,000)	(5,758)	(394,506)
Unallocated net finance cost	-	-	-	-	(180,775)
Profit for the year	438,417	491,170	155,429	174,034	1,078,275

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.