Board of Directors' Report
for the year ended 31 December 2023

The Directors present their report together with the audited consolidated financial statements of Aldar Properties PJSC (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2023.

Principal activities
The Group is engaged in various businesses primarily the development, sales, investment, construction, leasing, management and associated services for real estate. In addition, the Group is also engaged in development, construction, management and operation of hotels, schools, marinas, restaurants, beach clubs and golf courses.

Financial results
The financial results of the Group have been presented on page 153 of these consolidated financial statements.

Directors

H.E. Mohamed Khalifa Al Mubarak	Chairman
Mr. Waleed Ahmed Almokarrab Al Muhairi	First Vice-Chairman
H.E. Mohamed Hasssan Alsuwaidi	Second Vice-Chairman
Eng. Hamad Salem Mohamed Al Ameri	Director
Mr. Khalifa Abdullah Khamis Al Romaithi	Director
Mrs. Sofia Abdellatif Lasky	Director
Mr. Ali Saeed Abdulla Sulayem Al Falasi	Director

Release
The Directors release from liability management and the external auditor in connection with their duties for the year ended 31 December 2023.

For the Board of Directors

Mohamed Al Mubarak
Chairman
9 February 2024

Independent Auditor's Report

To the shareholders of Aldar Properties PJSC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Aldar Properties PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 2023, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 regarding financial statements Audit Standards for the Subject Entities. 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' Codes 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. We have communicated the key audit matters to the Audit Committee but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit Committee. On the following pages, we have described the key audit matters we identified and have included a summary of the audit procedures we performed to address those matters.

The key audit 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.

Independent Auditor's Report continued

To the shareholders of Aldar Properties PJSC continued

Key audit matter	How the matter was addressed in our audit
Valuation of investment properties The Group's investment property portfolio amounted to AED 26,218 million as at 31 December 2023 (2022: AED 23,933 million) and the net fair value gain recorded in the consolidated statement of profit or loss amounted to AED 600 million (2022: AED 443 million). The Group measures its investment properties at fair value and engages an external valuer to determine the fair value of all its properties. The determination of the fair value of the majority of these investment properties is performed using the income approach of valuation, while a residual valuation methodology has been used for investment properties under development. The Group's determination of fair value for the investment properties requires management to make significant estimates and assumptions related to future rental rates, capitalisation rates and discount rates. The valuation of the portfolio involves significant estimation uncertainty and is 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 fair value could lead to a material misstatement in the consolidated financial statements. We have identified the valuation of investment properties as a key audit matter as the fair value is determined based on level 3 valuation methodologies which requires management to make significant estimates and judgements in determining the fair value of investment property. Refer to notes 4 and 7 for disclosures relating to this matter.	We evaluated the design and implementation of controls in this area. We assessed the valuer's competence and capabilities and read their terms of engagement with the Group to determine if the scope of their work was sufficient for audit purposes. We agreed the total valuation in the reports of third party valuers to the amount reported in the consolidated statement of financial position. We tested the data provided to the valuers by the Group, on a sample basis. We reviewed a sample of investment properties valued by external valuers, and also involved our internal real estate valuation expert to review a sample of those properties, and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRS Accounting Standards. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We reviewed 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 net fair value gain. We assessed the disclosures made in relation to this matter to determine if they were in accordance with the requirements of IFRS Accounting Standards.

Independent Auditor's Report continued

To the shareholders of Aldar Properties PJSC continued

Key audit matter	How the matter was addressed in our audit
Revenue recognition for property development and sales Revenue recognition on property development and sales require significant judgements to be applied and estimates to be made. The Group assesses for each of its contracts with customers for property development and sales, whether to recognise revenue over time or at a point in time based on the consideration of whether the Group has created a real estate asset with no alternative use and whether the Group has an enforceable right for payment related to performance completed at any time during the life of the contract as disclosed in note 3.11 and note 4 to the consolidated financial statements. Where revenue is recognised over time, the Group estimates total development and infrastructure costs required to meet performance obligations under the contract and recognises proportionate revenue to the extent of satisfaction of performance obligations as at the end of the reporting period. Revenue recognition on property development and sales was assessed as a key audit matter due to the significance of the assessment of satisfaction of performance obligations and judgements made in assessing the timing of revenue recognition. Refer to note 4 for details about judgements applied and estimates made in determining the amount of revenue to be recognised.	We obtained an understanding of the process implemented by the Group for revenue recognition and measurement in respect of property development and sales. We tested the design, implementation and operating effectiveness of controls established by the Group over revenue recognition for property development and sales. We inspected a sample of contracts with customers for property development and sales and assessed management's identification of performance obligations and their determination of whether revenue should be recognised over time or at a point in time in accordance with the requirements of IFRS 15 Revenue from Contracts with Customers by making reference to the terms and conditions specified in the contracts. We determined to what extent the resultant performance obligations had been satisfied through the inspection of supporting documentation. We examined approved project cost budgets for significant on-going real estate developments and reviewed the projects' completion percentages as a percentage of total costs incurred. For a sample of significant projects, we recalculated the amount of revenue to be recognised. We assessed the disclosures made in the consolidated financial statements in this area against the requirements of IFRS Accounting Standards.

ALDAR

Independent Auditor's Report continued

To the shareholders of Aldar Properties PJSC continued

Key audit matter	**How the matter was addressed in our audit**
Business combination – acquisition of London Square and Eltizam During the year, the Group acquired the following entities: — 100% of the share capital of London Square Developments Holding Limited ("London Square") with effect from 30 November 2023 for a total consideration of AED 557 million. Goodwill of AED 4 million was recognized as a result of this acquisition and represents the excess of the total consideration over the provisional fair value of identifiable net assets acquired of AED 493 million. The Group recognised intangible assets of AED 10 million as a result of this acquisition which were not recognised by London Square. These intangible assets include customer contracts. — 65.1% of the share capital of Eltizam Asset Management LLC ("Eltizam") with effect from 1 July 2023 for a total consideration of AED 1,013 million. Goodwill of AED 705 million was recognised as a result of this acquisition and represents the excess of the total consideration over the provisional fair value of identifiable net assets acquired of AED 308 million. The Group recognised intangible assets of AED 161 million as a result of this acquisition which were not recognised by Eltizam. These intangible assets include brands and customer relationships. These transactions require management to apply significant judgement in determining the acquisition-date fair values of identifiable assets acquired and liabilities assumed. Management engaged independent professional valuers to assist them in the determination of the provisional fair values of the acquired net assets at the acquisition date. This includes the identification and valuation of intangible assets which requires judgements to be made. Key estimates applied in the determination of provisional fair values include, inter alia, discount rates, revenue growth rates, gross margins and useful life of assets. Any significant changes in these key estimates may give rise to material changes in the provisional fair value of the acquired assets and liabilities including intangible assets, which directly impact the goodwill recognised. We have considered this to be a key audit matter due to the significant judgements applied and estimates made in determining the acquisition-date fair values of identifiable assets acquired and liabilities assumed. Refer to note 3.4 for the accounting policy and note 47 for related disclosures related to this matter.	As part of our audit procedures in respect of the business combination, we have: — assessed the controls over the accounting of the transactions to determine if they had been appropriately designed and implemented; — assessed whether management's assumptions in relation to the accounting for the transactions are in accordance with the requirements of IFRS Accounting Standards; — assessed the skills, independence and qualifications of the independent valuers engaged by management in relation to this matter; — reviewed the engagement letter with the independent valuers to determine if the scope of their work was sufficient for audit purposes; and — as part of our audit procedures in respect of the provisional purchase price allocation, we have: • assessed the completeness and accuracy of the assets acquired and liabilities assumed in the provisional purchase price allocation; • evaluated, with involvement of our internal experts, the methodologies and significant inputs used by the Group including the identification of intangible assets and the determination of the useful lives of the identified intangible assets; • assessed, with involvement of our internal experts, the provisional fair values of a sample of the assets acquired and liabilities assumed. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made; • analysed the provisional fair value adjustments recognized by management and evaluated whether the adjustments made were in accordance with the requirements of IFRS Accounting Standards; • reperformed the mathematical accuracy of the determination of the provisional fair values of assets acquired and liabilities assumed; • agreed the provisional fair values of assets acquired and liabilities assumed that were determined by the professional valuers to the amounts disclosed in the consolidated financial statements; • assessed, with involvement of our internal experts, provisional goodwill recognised by management and evaluated whether it was accounted for in accordance with the requirements of IFRS Accounting Standards; and • assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

Independent Auditor's Report continued

To the shareholders of Aldar Properties PJSC continued

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Board of Directors' Report, which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 will read the Group's Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

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 and the applicable provisions of the articles of association of the Company and the UAE Federal Law No. (32) of 2021, applicable provisions of the laws and regulations and for such internal control as management determine 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 have 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 and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities 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.

Independent Auditor's Report continued

To the shareholders of Aldar Properties PJSC continued

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements continued

As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, 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' 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 auditors' 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; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

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 auditors' 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.

Independent Auditor's Report continued

To the shareholders of Aldar Properties PJSC continued

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 2023:

- 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 Company has maintained proper books of account;
- the financial information included in the Board of Directors' Report is consistent with the books of account and records of the Group;
- notes 3, 8, 46 and 47 reflect the disclosures relating to shares purchased or invested by the Group during the financial year ended 31 December 2023;
- note 38 reflects the disclosures relating to related party transactions and the terms under which they were conducted;
- 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 financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or in respect of the Company, its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and
- note 43 reflects the disclosures relating to social contributions made during the year.

Further, as required by the ADAA Chairman Resolution No. 88 of 2021 regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2023, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2023:

- Articles of Association of the Company; and
- relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Group's consolidated financial statements.

Deloitte & Touche (M.E.)

Mohammad Khamees Al Tah
Registration No. 717
9 February 2024
Abu Dhabi
United Arab Emirates

ALDAR

Consolidated Statement of Financial Position

at 31 December 2023

	Note	2023 AED '000	2022 AED '000
Assets			
Non-current assets			
Property, plant and equipment	5	**6,513,316**	5,606,522
Intangible assets and goodwill	6	**1,882,835**	374,944
Investment properties	7	**26,217,542**	23,933,024
Investment in associates and joint ventures	8	**151,167**	84,662
Investment in financial assets	9	**718,969**	98,634
Derivative financial assets	24	**8,311**	207,045
Trade receivables and other assets	11	**805,763**	578,732
Total non-current assets		**36,297,903**	30,883,563
Current assets			
Plots of land held for sale	12	**7,787,308**	4,822,121
Development work in progress	13	**6,243,802**	3,835,682
Inventories	14	**606,334**	855,049
Investment in financial assets	9	**93,147**	179,744
Contract assets	10	**1,875,744**	568,563
Trade receivables and other assets	11	**8,235,672**	7,583,154
Cash and bank balances	15	**11,718,158**	12,548,108
Total current assets		**36,560,165**	30,392,421
Total assets		**72,858,068**	61,275,984

	Note	2023 AED '000	2022 AED '000
Equity and liabilities			
Equity			
Share capital	16	**7,862,630**	7,862,630
Statutory reserve	18	**3,931,315**	3,931,315
Cash flow hedging reserve	18	**165,130**	190,248
Investment revaluation reserve	18	**(8,790)**	(2,310)
Assets revaluation reserve	18	**73,623**	73,623
Foreign currency translation reserve	18	**(536,624)**	(385,312)
Retained earnings		**19,577,817**	16,679,139

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position continued

at 31 December 2023

	Note	2023 AED '000	2022 AED '000
Equity attributable to owners of the Company		**31,065,101**	28,349,333
Hybrid equity instrument	17	**1,815,647**	1,815,647
Non-controlling interests	46	**5,302,298**	4,380,218
Total equity		**38,183,046**	34,545,198
Non-current liabilities			
Non-convertible sukuk	19	**5,456,856**	3,644,812
Bank borrowings	20	**5,488,558**	6,005,341
Retentions payable	21	**542,998**	676,001
Lease liabilities	22	**848,365**	436,545
Employees benefits	23	**339,482**	296,893
Trade and other payables	26	**3,918,771**	897,810
Total non-current liabilities		**16,595,030**	11,957,402
Current liabilities			
Non-convertible sukuk	19	**46,098**	37,104
Bank borrowings	20	**1,087,654**	608,301
Retentions payable	21	**723,756**	1,056,294
Lease liabilities	22	**78,505**	48,988
Advances from customers	25	**633,019**	481,054
Contract liabilities	10	**6,429,003**	2,917,639
Trade and other payables	26	**9,081,957**	9,624,004
Total current liabilities		**18,079,992**	14,773,384
Total liabilities		**34,675,022**	26,730,786
Total equity and liabilities		**72,858,068**	61,275,984

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.

Mohamed Al Mubarak
Chairman

Talal Al Dhiyebi
Group Chief Executive Officer

Faisal Falaknaz
Group Chief Financial & Sustainability Officer

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss

for the year ended 31 December 2023

	Note	**2023 AED '000**	2022 AED '000
Revenue and rental income	27	**14,160,938**	11,200,027
Direct costs	28	**(8,587,565)**	(6,688,516)
Gross profit		**5,573,373**	4,511,511
Selling and marketing expenses	29	**(114,886)**	(220,321)
General and administrative expenses			
Staff costs	30.2	**(545,245)**	(626,946)
Depreciation and amortisation	5,6	**(447,625)**	(342,790)
Provisions, impairments and write downs, net	31	**(225,945)**	(63,837)
Others	30.1	**(488,850)**	(464,964)
Fair value (loss)/gain on revaluation of financial assets at fair value through profit or loss (FVTPL)	9	**(2,456)**	4,708
Gain on revaluation of investment properties, net	7	**600,157**	442,797
Share of results of associates and joint ventures	8	**(7,416)**	(7,765)
Gain on disposal of investment properties	7.10	**23,962**	28,992
Gain on bargain purchase	47.9	**–**	9,104
Finance income	32	**498,773**	217,643
Finance costs	33	**(621,166)**	(397,348)
Other income	34	**285,697**	92,183
Profit for the year before tax		**4,528,373**	3,182,967
Income tax expense	35	**(111,967)**	(39,234)
Profit for the year after tax		**4,416,406**	3,143,733
Attributable to:			
Owners of the Company		**3,922,263**	2,944,464
Non-controlling interests	46.2	**494,143**	199,269
		4,416,406	3,143,733
Basic and diluted earnings per share (AED)	36	**0.486**	0.368

The accompanying notes form an integral part of these consolidated financial statements.

ALDAR

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

	Note	2023 AED '000	2022 AED '000
Profit for the year		**4,416,406**	3,143,733
Items that may be reclassified to profit or loss in subsequent periods:			
Foreign exchange differences on translation of foreign operations	18	**(252,741)**	(643,689)
Fair value (loss)/gain on cash flow hedges arising during the year	24	**(20,713)**	193,394
Net (loss)/gain on hedging instruments reclassified to profit or loss	24, 33	**(7,787)**	6,947
Items that will not be reclassified to profit or loss in subsequent periods:			
Fair value (loss)/gain on revaluation of financial assets at fair value through other comprehensive income (FVTOCI)	9.1	**(6,480)**	52,685
Other comprehensive loss for the year		**(287,721)**	(390,663)
Total comprehensive income for the year		**4,128,685**	2,753,070
Attributable to:			
Owners of the Company		**3,739,353**	2,802,507
Non-controlling interests	46.2	**389,332**	(49,437)
		4,128,685	2,753,070

The accompanying notes form an integral part of these consolidated financial statements.

ALDAR

Consolidated Statement of Changes in Equity
for the year ended 31 December 2023

	Share capital AED '000	Statutory reserve AED '000	Cash flow hedging reserve AED '000	Investment revaluation reserve AED '000	Assets revaluation reserve AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Equity attributable to owners of the Company AED '000	Hybrid equity instrument AED '000	Non-controlling interests AED '000	Total equity AED '000
Balance at 1 January 2023	**7,862,630**	**3,931,315**	**190,248**	**(2,310)**	**73,623**	**(385,312)**	**16,679,139**	**28,349,333**	**1,815,647**	**4,380,218**	**34,545,198**
Profit for the year	–	–	–	–	–	–	**3,922,263**	**3,922,263**	–	**494,143**	**4,416,406**
Other comprehensive income for the year	–	–	**(25,118)**	**(6,480)**	–	**(151,312)**	–	**(182,910)**	–	**(104,811)**	**(287,721)**
Total comprehensive income for the year	–	–	**(25,118)**	**(6,480)**	–	**(151,312)**	**3,922,263**	**3,739,353**	–	**389,332**	**4,128,685**
Dividends (note 37)	–	–	–	–	–	–	**(1,258,022)**	**(1,258,022)**	–	–	**(1,258,022)**
Gain on business combination without loss of control (note 47.1)	–	–	–	–	–	–	**337,726**	**337,726**	–	–	**337,726**
Coupon paid on hybrid equity instrument (note 17)	–	–	–	–	–	–	**(103,289)**	**(103,289)**	–	–	**(103,289)**
Dividends paid by a subsidiary against preference equity (note 46.3)	–	–	–	–	–	–	–	–	–	**(101,957)**	**(101,957)**
Dividends paid by a subsidiary to non-controlling interests (note 46.4)	–	–	–	–	–	–	–	–	–	**(151,040)**	**(151,040)**
Additional contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	**18,000**	**18,000**
Non-controlling interest arise due to change in ownership interest (note 47.1)	–	–	–	–	–	–	–	–	–	**675,276**	**675,276**
Non-controlling interest arise on business combinations and asset acquisition (note 7&47)	–	–	–	–	–	–	–	–	–	**92,469**	**92,469**
Balance at 31 December 2023	**7,862,630**	**3,931,315**	**165,130**	**(8,790)**	**73,623**	**(536,624)**	**19,577,817**	**31,065,101**	**1,815,647**	**5,302,298**	**38,183,046**

The accompanying notes form an integral part of these consolidated financial statements.

In This Section

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023 continued

	Share capital AED '000	Statutory reserve AED '000	Cash flow hedging reserve AED '000	Investment revaluation reserve AED '000	Assets revaluation reserve AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Equity attributable to owners of the Company AED '000	Hybrid equity instrument AED '000	Non-controlling interests AED '000	Total equity AED '000
Balance at 1 January 2022	7,862,630	3,931,315	(422)	9,800	73,623	–	15,044,624	26,921,570	–	715,213	27,636,783
Profit for the year	–	–	–	–	–	–	2,944,464	2,944,464	–	199,269	3,143,733
Other comprehensive income for the year	–	–	190,670	52,685	–	(385,312)	–	(141,957)	–	(248,706)	(390,663)
Total comprehensive income for the year	–	–	190,670	52,685	–	(385,312)	2,944,464	2,802,507	–	(49,437)	2,753,070
Issuance of hybrid equity instrument (note 17)	–	–	–	–	–	–	–	–	1,815,647	–	1,815,647
Dividends (note 37)	–	–	–	–	–	–	(1,179,394)	(1,179,394)	–	–	(1,179,394)
Dividends paid by a subsidiary to non-controlling interests	–	–	–	–	–	–	–	–	–	(973)	(973)
Dividends paid by a subsidiary against preference equity (note 46.3)	–	–	–	–	–	–	–	–	–	(20,979)	(20,979)
Coupon paid on hybrid equity instrument (note 17)	–	–	–	–	–	–	(51,645)	(51,645)	–	–	(51,645)
Reclassification of fair value reserve of financial asset at FVTOCI upon derecognition (note 9)	–	–	–	(64,795)	–	–	64,795	–	–	–	–
Movement from partial disposal of interests in subsidiaries (note 46.3 & 46.4)	–	–	–	–	–	–	(44,625)	(44,625)	–	3,302,843	3,258,218
Change in equity attributable to owners of the Company due to partial disposal of subsidiary (note 46.2)	–	–	–	–	–	–	(99,080)	(99,080)	–	99,080	–
Non-controlling interest arising on a business combination and asset acquisition	–	–	–	–	–	–	–	–	–	334,471	334,471
Balance at 31 December 2022	7,862,630	3,931,315	190,248	(2,310)	73,623	(385,312)	16,679,139	28,349,333	1,815,647	4,380,218	34,545,198

The accompanying notes form an integral part of these consolidated financial statements.

ALDAR

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Note	2023 AED '000	2022 AED '000
Operating activities			
Profit for the year before tax		**4,528,373**	3,182,967
Adjustments for:			
Depreciation and amortisation	5,6	**479,189**	363,570
Finance income	32	**(498,773)**	(217,643)
Finance cost	33	**621,166**	397,348
Gain on revaluation of investment properties, net	7	**(600,157)**	(442,797)
Share of results of associates and joint ventures	8	**7,416**	7,765
(Release)/provision for onerous contracts	31	**(11,601)**	14,514
Provisions, impairments and write downs, net	31	**237,546**	356,992
Reversal of provision for impairment of investments in associates and joint ventures	31	**–**	(7,346)
Reversal of impairment on property, plant and equipment	5,31	**–**	(300,323)
Loss on disposal of property, plant and equipment	5	**–**	165
Gain on disposal of investment properties	7	**(23,962)**	(28,992)
Gain business combination	47.9	**–**	(9,104)
Gain on disposal of right of use assets		**16,831**	–
Gain on revaluation of financial assets		**(2,604)**	(5,222)
Provision for employee benefits	23	**71,481**	70,486
Operating cash flows before movements in working capital		**4,791,243**	3,382,380
Movement in working capital:			
Increase in trade receivables and other assets		**(670,011)**	(1,064,706)
(Increase)/decrease in development work in progress, inventories and plots of land held for sale		**(810,610)**	155,707
Increase in contract assets		**(1,146,696)**	(262,092)
(Decrease)/increase in retentions payable		**(501,299)**	400,275
Increase/(decrease) in advances from customers		**392,649**	(87,334)
Increase in contract liabilities		**3,757,039**	1,119,960
(Decrease)/increase in trade and other payables		**(2,108,044)**	2,781,532
Cash generated from operations		**3,704,271**	6,425,722
Employee benefits paid	23	**(71,105)**	(37,614)
Income tax paid		**(43,517)**	(87,589)
Net cash from operating activities		**3,589,649**	6,300,519

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows continued

for the year ended 31 December 2023

	Note	**2023 AED '000**	2022 AED '000
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	5	**(646,856)**	(2,109,872)
Payment for purchases of intangible assets	6	**(82,320)**	(44,015)
Additions to investment properties	7	**(1,581,837)**	(5,433,967)
Proceeds from disposal of investment properties and property, plant and equipment	5,7	**192,177**	251,628
Cash received from associate as reduction in capital	8	**52,468**	32,000
Acquisition of subsidiaries, net of cash acquired	47	**(692,134)**	(488,844)
Proceeds from disposal of financial assets at FVTOCI		**–**	42,891
Movement in term deposits with maturities greater than three Months		**438,428**	(555,000)
Investment in financial assets		**(624,094)**	933
Proceeds from maturity of treasury bills		**635,330**	478,140
Investments made in treasury bills		**(557,532)**	(627,939)
Movement in restricted bank balances		**(1,665,699)**	(1,499,512)
Investments in associates and joint ventures		**(10,809)**	–
Finance income received		**479,381**	102,480
Net cash used in investing activities		**(4,063,497)**	(9,851,077)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows continued

for the year ended 31 December 2023

	Note	**2023 AED '000**	2022 AED '000
Cash flows from financing activities			
Repayments of bank borrowings	20	**(5,641,850)**	(6,772,798)
Proceeds from bank borrowings	20	**5,055,639**	8,803,223
Proceeds from non-convertible sukuk	19	**1,804,551**	–
Payment of principal portion of lease liabilities		**(50,920)**	(56,637)
Finance costs paid		**(730,950)**	(393,820)
Dividends paid	37	**(1,258,022)**	(1,252,990)
Proceeds from movement in ownership interest in subsidiaries	46	**–**	3,258,219
Dividends paid to non-controlling interest	46	**(252,998)**	(21,592)
Coupon paid on hybrid equity investment	17	**(103,289)**	(51,645)
Additional contribution from non-controlling interests		**83,542**	–
Proceeds from settlement of derivates		**183,662**	–
Payment for purchase of land held for sale		**(622,510)**	–
Proceeds from issuance of hybrid equity instruments	17	**–**	1,815,647
Net cash (used in)/generated from in financing activities		**(1,533,145)**	5,327,247
Net (decrease)/increase in cash and cash equivalents		**(2,006,993)**	1,776,689
Cash and cash equivalents at beginning of the year	15	**7,020,318**	5,383,855
Effect of foreign exchange rate changes		**(50,229)**	(140,226)
Cash and cash equivalents at end of the year	15	**4,963,096**	7,020,318

Refer to note 44 for details of non-cash transactions excluded from the consolidated statement of cash flows.

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023

1 General information

The establishment of Aldar Properties PJSC (the "Company" or "Aldar") was approved by Decision No. (16) of 2004 of the Abu Dhabi Department of Planning and Economy dated 12 October 2004. The Company's incorporation was declared by Ministerial Resolution No. (59) of 2005 issued by the UAE Minister of Economy dated 23 February 2005.

The Company is domiciled in the United Arab Emirates (UAE) and its registered office address is P.O. Box 51133, Abu Dhabi. The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The holding company of the Group is Alpha Dhabi Holding PJSC (the "Parent Company") which is listed on Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the "Group") are engaged in various businesses primarily the development, sales, investment, construction, leasing, management and associated services for real estate. In addition, the Group is also engaged in development, construction, management and operation of hotels, schools, marinas, restaurants, beach clubs and golf courses.

2 Adoption of new and revised International Financial Reporting Standards ("IFRS Accounting Standards")

2.1 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS Accounting Standards and interpretations issued by the International Accounting Standard Board (IASB) that are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements except as disclosed below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no material impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

2 Adoption of new and revised International Financial Reporting Standards ("IFRS Accounting Standards") continued

2.1 New and amended IFRS Accounting Standards that are effective for the current year continued

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

— a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
— disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception, the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

2.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

— what is meant by a right to defer settlement;
— that a right to defer must exist at the end of the reporting period;
— that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
— that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

2 Adoption of new and revised International Financial Reporting Standards ("IFRS Accounting Standards") continued

2.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted continued

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The Group is currently assessing the impact of the IFRS S1 and IFRS S2 on the consolidated financial statements.

3 Summary of material accounting policy information

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB) and applicable provisions of the U.A.E. Federal Law No. (32) of 2021.

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties, revaluation of the financial assets at fair value through other comprehensive income, revaluation of the financial assets at fair value through profit or loss, measurement of derivative financial instruments and measurement of share-based payments at fair values at the end of each reporting period, as explained in the accounting polices given below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:

- level 1 inputs are quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 inputs are unobservable inputs for the asset or liability that are derived from valuation techniques.

ALDAR

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.1 Basis of preparation (continued)

These consolidated financial statements are presented in UAE Dirhams (AED) which is the functional and presentation currency of the Group and all values are rounded to the nearest thousand (AED '000) except when otherwise indicated. Foreign operations are included in accordance with the policies set out in note 3.14.

During the year ended 31 December 2023, the Group have changed the classification of project related marketing costs, which are costs incurred for marketing and promoting development projects, from selling and marketing expenses to direct costs, as these are costs directly related to the activities for obtaining the contracts with customers. Accordingly, the comparative numbers have been reclassified to align with the presentation of the current period amounting to AED 222,318 thousand for the year ended 31 December 2022.

3.2 Going concern

The directors have, at the time of approving the consolidated financial statements, made a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption, when the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.3 Basis of consolidation continued

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

During the year Aldar Projects LLC ("Aldar Projects" a subsidiary of the Company), transferred the beneficial ownership of certain development contracts to the Government of Abu Dhabi and accordingly, derecognised the respective assets and liabilities relating to these development contracts from its statement of financial position.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.3 Basis of consolidation continued

Details of the Company's significant operating subsidiaries and effective ownership interest are given below:

Name of subsidiary	Effective ownership interest 2023	Effective ownership interest 2022	Country of incorporation	Principal activities
Active subsidiaries				
Aldar Education – Sole Proprietorship LLC	**100%**	100%	UAE	Investment in, and management of entities providing educational services
Aldar Hotels and Hospitality LLC	**100%**	100%	UAE	Investment in, and management of, entities providing hotels and hospitality services
Aldar Marinas LLC	**100%**	100%	UAE	Managing and operating marinas, sports clubs and marine machinery
Provis Real Estate Management – Sole Proprietorship LLC	**65.1%**	100%	UAE	Management and leasing of real estate
Provis Real Estate Brokers LLC	**65.1%**	100%	UAE	Real estate brokerage
Yas Links LLC	**100%**	100%	UAE	Ownership and management of golf courses and golf clubs
Pivot Engineering & General Contracting Co. (WLL) ("Pivot")	**65.2%**	65.2%	UAE	Engineering and general construction works
Aldar Investment Holding Restricted Limited	**88.1%**	88.1%	UAE	Special purpose vehicle, proprietary asset management company
Khidmah – Sole Proprietorship LLC	**65.1%**	100%	UAE	Management and leasing of real estate
Saadiyat Accommodation Sole Proprietorship LLC	**88.1%**	88.1%	UAE	Accommodation village
Aldar Sukuk (No. 1) Ltd.	**88.1%**	88.1%	Cayman Islands	Funding company
Aldar Sukuk (No. 2) Ltd.	**88.1%**	88.1%	Cayman Islands	Funding company
Aldar Investment Properties Sukuk Limited	**88.1%**	88.1%	Cayman Islands	Funding company
Cloud Spaces – Sole Proprietorship LLC ("Cloud Spaces")	**100%**	100%	UAE	Real estate lease and management services
Aldar Lifestyle – Sole Proprietorship LLC	**100%**	100%	UAE	Hospitality services
Eastern Mangroves Marina – Sole Proprietorship LLC	**100%**	100%	UAE	Managing and operating marinas
Marsa Al Bateen – Sole Proprietorship LLC	**100%**	100%	UAE	Managing and operating marinas
Advanced Real Estate Services – Sole Proprietorship LLC	**100%**	100%	UAE	Real estate services
Aldar Investments Limited	**88.1%**	88.1%	UAE	Holding company
Pacific Owners Association Management Services LLC	**65.1%**	100%	UAE	Management of real estate
Aldar Ventures International Holding RSC Limited	**100%**	100%	UAE	Restricted scope company
Aldar Projects LLC	**100%**	100%	UAE	Project management services
Six October for Development and Investment Co. S.A.E. (SODIC)	**59.9%**	59.9%	Egypt	Real estate development
Tasareeh Engineer Services – Sole Proprietorship LLC	**100%**	100%	UAE	Development consultancy
Aldar Investment Management Limited	**100%**	100%	UAE	Assets management
Asteco Property Management LLC	**65.1%**	100%	UAE	Property management services
Aldar Logistics – Sole Proprietorship LLC	**100%**	100%	UAE	Real estate lease and management services
The Gateway Engineering Services – Sole Proprietorship LLC	**100%**	100%	UAE	Development consultancy

ALDAR

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.3 Basis of consolidation continued

Name of subsidiary	Effective ownership interest 2023	Effective ownership interest 2022	Country of incorporation	Principal activities
Active subsidiaries				
Al Seih Real Estate Management LLC	**91.4%**	91.4%	UAE	Management and leasing of real estate; real estate projects investment
Seih Sdeirah Real Estate LLC	**91.4%**	91.4%	UAE	Property rental and management; real estate projects investment
Saadiyat Grove – Sole Proprietorship LLC	**100%**	100%	UAE	Real estate development
Mace Macro Technical Services L.L.C.	**65.1%**	100%	UAE	Facilities management
Spark Security Services – Sole Proprietorship LLC	**65.1%**	100%	UAE	Security solutions
Spark Security Services – LLC	**65.1%**	100%	UAE	Security solutions
Pactive Sustainable Solutions LLC	**65.1%**	100%	UAE	Green building consultant, buildings energy efficiency services
Saga International Owners Association Management Services LLC	**65.1%**	100%	UAE	Property management services
Saga OA DMCC	**65.1%**	100%	UAE	Property management services
Al Shohub Private School – Sole Proprietorship L.L.C.	**100%**	100%	UAE	Providing educational services
Twafq Projects Development Property – Sole Proprietorship L.L.C.	**61.7%**	61.7%	UAE	Real estate lease and management services
Abu Dhabi Business Hub LLC – Sole Proprietorship L.L.C.	**61.7%**	61.7%	UAE	Real estate lease and management services
Aldar Logistics Holding Limited	**100%**	100%	UAE	Holding company
Aldar Hansel SPV Restricted Ltd. *	**51%**	51%	UAE	Restricted scope company
Confluence Partners (HQ) RSC Ltd.	**100%**	100%	UAE	Special purpose company
Al Maryah Propert Holding Limited	**52.86%**	52.86%	UAE	Real estate holding
Double Tree by Hilton Resort & SPA Marjan Island LLC	**100%**	100%	UAE	Hospitality services
Aldar Island Hotel – Sole Proprietorship L.L.C.	**100%**	100%	UAE	Hospitality services
Bab Resorts LLC	**100%**	100%	UAE	Hospitality services
New subsidiaries incorporated/acquired during the year				
Mustard and Linen Interior Design Holdings Limited	**75%**	n/a	UAE	Premium interior design business
Aldar Estates Holding Limited	**65.1%**	n/a	UAE	Special purpose company
Aldar Estates Investment – Sole Proprietorship L.L.C.	**65.1%**	n/a	UAE	Real estate enterprises investment, development, institution & management
Kent College LLC – FZ	**100%**	n/a	UAE	Education
Kent Nursery LLC – FZ	**100%**	n/a	UAE	Education
Basatin Holding SPV Ltd.	**48.8%**	n/a	UAE	Landscaping service provider
Virgina International Private School – Sole Proprietorship LLC	**100%**	n/a	UAE	Education
Aurora Holding Company Limited	**51%**	n/a	UAE	Special purpose company
Aurora SPV 1 LLC	**51%**	n/a	UAE	Real estate development

* The 49% represent class B shares (refer note 46.4)

ALDAR

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.3 Basis of consolidation continued

New subsidiaries incorporated/acquired during the year continued

Name of subsidiary	Effective ownership interest 2023	2022	Country of incorporation	Principal activities
Aurora SPV 2 LLC	**51%**	n/a	UAE	Real estate development
Aurora SPV 3 LLC	**51%**	n/a	UAE	Real estate development
Aldar Development Holdings Limited	**100%**	n/a	UAE	Holding ownership of real estate property
The Sustainable Investment YAS – Sole Proprietorship L.L.C.	**100%**	n/a	UAE	Real estate development
The Sustainable Investment Company SPV Ltd.	**100%**	n/a	UAE	Special purpose company
Eltizam Asset Management Estate – Sole Proprietorship LLC	**65.10%**	n/a	UAE	Real estate lease and management
Fab Properties – Sole Proprietorship LLC	**65.10%**	n/a	UAE	Real estate lease and management
Aldar Development (LSQ) Limited	**100%**	n/a	England	Real estate development
London Square Development (Holdings) Limited	**100%**	n/a	England	Real estate development
LSQ Management Limited	**100%**	n/a	England	Real estate development
Aldar Development (UK) Holdings Limited	**100%**	n/a	UAE	Special purpose company
Aldar Hamra Holdings Limited	**100%**	n/a	UAE	Special purpose company
AMI Properties Holding Limited	**60%**	n/a	UAE	Special purpose company
Aldar Logistics Parks LLC	**100%**	n/a	UAE	Leasing and management of self-owned property

3.4 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued
3.4 Business combinations continued

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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

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

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

3.5 Goodwill
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Goodwill is not amortised but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Investment in associates and joint ventures
An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The results and assets and liabilities of associates and joint ventures are incorporated using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated financial statements at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the associate or the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.6 Investment in associates and joint ventures continued

Profit or loss reflects the Group's share of the results of operations of associates and joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the investees are eliminated to the extent of the interest in the investees.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of profit or loss outside operating profit and represents profit or loss and non-controlling interests in the subsidiaries of the associate or joint venture.

Losses of an associate or joint venture in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in associate or joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group and having same accounting policies. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or joint venture upon loss of significant influence over the associate or joint control over the joint venture. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or join venture that are not related to the Group.

Interests in associates that are held as part of the Group's investment portfolio are carried in the consolidated statement of financial position at fair value. This treatment is permitted by IAS 28 Investments in Associates and Joint Ventures, which allows investments in associates held by venture capital organisations to be designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IFRS 9, with changes in fair value recognised in the profit or loss in the period of the change.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.7 Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered conducting the transaction with other parties to the joint operation and profits and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation. When a Group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.8 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period;
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period; or
- the terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.9 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued
3.10 Fair value measurement
The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations.

External valuers are involved for valuation of significant assets. Involvement of external valuers is determined annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

3.11 Revenue recognition
For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from the following major sources:
- sale of properties (property development and sales) and provision of services
- service charges and expenses recoverable from tenants;
- property and facilities management services;
- hospitality;
- leisures;
- construction contracts;
- education services; and
- management fee.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.11 Revenue recognition continued

Revenue from contracts with customers for sale of properties and provision of services

The Group constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before construction of the residential properties begins.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1 Identify contract(s) 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 every contract that must be met.

Step 2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or 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 allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

For performance obligations where any of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Under the terms of the contracts in the UAE and England and Wales, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Therefore, revenue from construction of residential properties in the UAE and England and Wales is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15. In respect of the Group's contracts for development of residential properties in Egypt, the Group has assessed that the criteria for recording revenue over time is not met and transfer of control happens only at the time of handover of completed units to the customers and accordingly the 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. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.
The Group receives advance payments and instalments from some customers in a specific jurisdiction, before the transfer of control over contracted units to customers as agreed in the contract, accordingly there is a significant financing component in those contracts, considering the length of time between the customer's payments and the transfer of control to the customer, and the interest rate prevailing in the market. The transaction price for those contracts is discounted using the interest rate implicit in the contract, and the Group uses the rate that would have been used in the event of a separate financing contract between the Group and the customer at the beginning of the contract, which is usually equal to the interest rate prevailing at the time of the contract. The Group uses the exception of the practical application for short-term payments received from customers. This means the amount collected from customers will not be modified to reflect the impact of the significant financing component if the period between the transfer of control over the units, service and payment is less than a year.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.11 Revenue recognition continued

Management fee

The Group manages construction of properties under long term contracts with customers. Management fee is recognised over time using input method to recognise revenue on the basis of entity's efforts to the satisfaction of a performance obligation. Management considers that input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15. Where the outcome cannot be estimated reliably, revenue is measured based on the consideration from customers to which the Group expects to be entitled in a contract with a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date and excludes amounts collected on behalf of third parties.

Service charges and expenses recoverable from tenants

For investment properties held primarily to earn rental 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, health and safety) 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 rental 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 certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

Hospitality

Hospitality revenue corresponds to all the revenues received from guests of the hotels. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, which is over the stay within the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

Leisure

Leisure businesses comprises revenue from goods sold and services provided at golf courses, beach clubs and marinas, and is recognised at the point when the goods are sold or services are rendered.

Education services

Registration fee is recognised as revenue when it is received. Tuition fee revenue is recognised over the period of tuition. Tuition fees received in advance are recorded as deferred income.

Revenue from construction contracts

The Group construct properties under long term contracts with customers. Such contracts are entered into before the construction work begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has enforceable right to payment for work done. Revenue from construction is therefore recognised over time using input method to recognise revenue on the basis of entity's efforts to the satisfaction of a performance obligation in accounting for its construction contracts. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15.

Where the outcome of a construction contract cannot be estimated reliably, revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Contract costs incurred are amortised over the period of service. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue using the input method and the payment is always less than one year.

When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the profit or loss immediately.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.11 Revenue recognition continued

Contract costs

Costs of contracts include all direct costs of labour, materials, depreciation of property, plant and equipment (where applicable) and costs of subcontracted works, plus an appropriate portion of construction overheads and general and administrative expenses of the year allocated to construction contracts in progress during the year at a fixed rate of the value of work done on each contract. Any under recovery at the end of the fiscal year, is charged to profit or loss as unallocated overheads.

Contract assets and liabilities

The Group has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the consolidated financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

3.12 Leases

The Group as lessee

The Group assesses at contract inception whether a contract is, or contains a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises a right-of-use asset and a corresponding lease liability at the commencement date of the lease (i.e., the date the underlying asset is available for use) with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.12 Leases continued

The Group as lessee continued

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

After initial recognition, the Group applies fair value model to right-of-use assets that meet the definition of investment property. For assets that meet the definition of property, plant and equipment, right of use asset is carried at cost net of depreciation and impairment and is amortised over the term of the lease. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented along with the underlying asset in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset associated with property, plant and equipment is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in the consolidated statement of profit or loss.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The relative stand-alone price of lease and non-lease components is determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

The non-lease components are accounted for in accordance with the Group's policies. For determination of the lease term, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

- is within the control of the Group; and
- affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

The Group as lessor

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

Rental 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.

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

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued
3.12 Leases continued
Rental income continued

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when the right to receive them arises.

Amounts from leases under finance lease are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3.13 Taxes
Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.13 Taxes continued

Deferred tax continued

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.14 Foreign currencies

The Group's consolidated financial statements are presented in AED, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions or average exchange rate of the period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3.15 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.15 Borrowing costs continued

Borrowing costs may include:

a. interest expense calculated using the effective interest method as described in IFRS 9;
b. interest in respect of leases liabilities recognised in accordance with IFRS 16 Leases; and
c. exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connections with the borrowing of funds.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.16 Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

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. All other repairs and maintenance expenses are charged to profit or loss in the period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

	Years
Buildings	5 – 30
Plants and machinery	2 – 5
Labour camps	5 – 10
Furniture and fixtures	4 –10
Office equipment	2 – 5
Computers	3
Motor vehicles	3 – 4
Leasehold improvements	2 – 10

Freehold land is not depreciated.

The estimated residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

Right-of-use assets are depreciated over the shorter period of lease term and the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

3.17 Capital work in progress

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 property, plant and equipment category and is accounted in accordance with the Group's policies.

ALDAR

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.18 Investment properties

Investment properties comprise completed properties and properties under development. Completed properties are properties held to earn rentals and/or for capital appreciation and properties under development are properties being constructed or developed for future use as investment property. Investment properties under development are transferred to investment properties when they are completed and ready for their intended use.

Investment properties are measured initially at cost including transaction costs and for properties under development all direct costs attributable to the design and construction including related staff costs. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on annual valuations performed by accredited external independent valuers applying valuation models recommended by the International Valuation Standards Committee.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Group considers as evidence the commencement of development with a view to sale (for a transfer from investment property to development work in progress) or inception of an operating lease to another party (for a transfer from inventories to investment property).

Upon completion of construction or development, a property is transferred from properties under development to completed properties. Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefits are expected from the disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

3.19 Development work in progress

Development work in progress consists of property being developed principally for sale and is stated at the lower of cost or net realisable value. Cost comprises all direct costs attributable to the design and construction of the property including direct staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs to complete and applicable variable selling expenses.

For single segment development projects, the Group allocates the cost of land in proportionate basis of the Gross Floor Area ("GFA") and for multi-segment development projects, the Group allocates the cost of land in proportionate basis of the residual value of each respective segment of the development project. The residual value of each segment is determined by the management of the Group using recognised valuation methods. These methods comprise the residual value method and the income capitalization method. The residual value method requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period.

In respect of the Group's property development and sales contracts in Egypt, the Group records revenue at a point in time when the control of property unit is transferred to the customers. All costs relating to such contracts are recorded under development work in progress until the completion of the projects. The costs recorded under development work in progress are recognised as direct costs when the property is handed over to the customer for the sold units and to inventories for the unsold units.

In respect of consideration for plots of land which is variable and dependent on actual returns from the development projects, the Group recognises amounts actually paid as part of development work in progress. The costs of the plots of land are subsequently either increased or decreased based on actual payments made and returns on the development projects in line with the arrangement with third parties.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.20 Inventories

Inventories comprise completed properties held for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, and other operating inventories. Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method and comprises construction/acquisition costs and other charges incurred in bringing inventory to its present location and condition. Net realisable value represents the estimated selling price less all estimated selling and marketing costs to be incurred.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory properties recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

3.21 Plots of land held for sale

Plots of land held for sale is stated at the lower of cost and net realisable value. Costs include the cost of land acquired and all direct costs attributable to the infrastructure works and development expenses of the land. Net realisable value represents the estimated selling price of the land less all estimated costs necessary to make the sale. The finance costs incurred on the financial liabilities recognised in relation to land acquired on deferred consideration basis is capitalised as part of plots of land held for sale when all the applicable conditions as per IAS 23 "Borrowing Costs" are met.

3.22 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition and are recognised separately from goodwill. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives which is normally a period of 3 to 5 years.

Customer contracts/backlog

Customer contracts/backlog have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represent long term non-cancellable contracts with customers. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which is in the range of 5 to 10 years.

Brand name

Brand name have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represent various brands acquired by the Group as part of acquisition of Eltizam (note 47.1). Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which is estimated as 5 years. Brands are valued under the relief from royalty methodology with a 5 year useful life and a royalty rate of 0.25% - 2.0% in line with comparable data on the brand name in similar sectors.

Customer relationships

Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represents the value to be derived from relationship with customers. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which is in the range of 3 to 10 years and is valued at the Transaction Date under the Multi-period excess earnings methodology considering an attrition rate of 14.9% to 65.9%.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.23 Impairment of non-financial assets

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

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

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

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.24 Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3.25 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.25 Provisions continued

Onerous contracts

If the Group has a contract that is onerous, the present obligations under onerous contracts are recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are remeasured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

3.26 Provision for employees' benefits

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. Provision is also made for the full amount of end of service benefits due to employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the reporting date. The accrual relating to annual leave is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law no. (2) of 2000 for Pension and Social Security; such contributions are charged to profit or loss during the employees' period of service.

3.27 Share-based payments

For cash-settled share-based payments to employees, a liability is recognised for the services acquired, at the fair value which is measured initially at grant date and at each reporting date up to and including the settlement date, with changes in fair value net of any changes in investments held, are recognised in profit or loss. The group does not have any equity-settled share-based payment.

3.28 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-monetary assets are recognised as deferred government grant in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Land granted by the Government is recognised at nominal value where there is reasonable assurance that the land will be received and the Group will comply with any attached conditions, where applicable.

3.29 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.29 Financial instruments continued

Financial assets

All financial assets under the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost, if both the following conditions are met:

— the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

— the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss, unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instrument as appropriate. The Group determines the classification of its financial liabilities at the initial recognition.

All financial liabilities are classified and subsequently measured at amortised cost, except for:

— financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value;
— financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
— financial guarantee contracts; and
— commitments to provide a loan at a below-market interest rate.

At initial recognition, the Group may irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

— it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
— a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans and borrowings

Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.29 Financial instruments continued

Sukuk

The sukuk are stated at amortised cost using the effective profit rate method. The profit attributable to the sukuk is calculated by applying the prevailing market profit rate, at the time of issue, for similar sukuk instruments and any difference with the profit distributed is added to the carrying amount of the sukuk.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. 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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in note 24. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derivative not designated as hedging instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each accounting period with any gains or losses recognised through the profit and loss account.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate. Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit and loss.

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at fair value through profit and loss.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

Reclassification of financial assets and financial liabilities

Where the Group changes its business model for managing financial assets, it reclassifies all affected financial assets but does not reclassify any financial liability.

Measurement of financial assets and liabilities

Initial measurement

At initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets

After initial recognition, an entity shall measure a financial asset in accordance with its classification at:

- amortised cost less impairment;
- fair value through other comprehensive income less impairment; or
- fair value through profit or loss.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.29 Financial instruments continued

Subsequent measurement of financial assets continued

Impairment is assessed on the financial assets measured at amortised cost and at fair value through other comprehensive income as disclosed below.

Hedge accounting requirements disclosed below applies to financial assets designated as hedged item.

Impairment of financial assets

In relation to the impairment of financial assets, the Group applies the Expected Credit Loss ("ECL") model as opposed to an incurred credit loss model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. It is not necessary for a credit event to have occurred before credit losses are recognised.

A loss allowance for expected credit losses is recognised on all classes of financial assets, other than those that are measured as fair value through profit or loss and equity instruments classified and measured at fair value through other comprehensive income. The financial assets subject to impairment requirements of IFRS 9, include:

- debt investments subsequently measured at amortised cost or at fair value through other comprehensive income;
- bank balances;
- trade receivables;
- lease receivables;
- contract assets; and
- loan commitments and financial guarantee contracts.

The Group has adopted the simplified approach for measuring the impairment on trade receivables, lease receivables and contract assets. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued

3.29 Financial instruments continued

Impairment of financial assets continued

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are highly doubtful of collection, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped for the assessment of the expected credit loss. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Hedge accounting

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

3 Summary of material accounting policy information continued
3.29 Financial instruments continued
Hedge accounting continued

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- hedges of a net investment in a foreign operation.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit or loss as other gains and losses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss as other gains and losses. For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in 'Other gains and losses'.

4 Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, which are described in note 3 in the preparation of the Group's consolidated financial statements, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimates (which are presented below separately), that 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.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

4 Significant accounting judgements, estimates and assumptions continued

4.1 Critical judgements in applying the Group's accounting policies

Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, and in particular, the intended usage of property as determined by management.

Property lease classification – Group as lessor

The Group has entered into various property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

Judgements in relation to contracts with customers

Determination of performance obligations

With respect to the sale of property, the Group concluded the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Group accounts for them as a single performance obligation because they are not distinct in the context of the contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output, i.e., the completed property for which the customer has contracted.

Timing of satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. Accordingly, the Group has evaluated the timing of revenue recognition on the sale of properties based on a careful analysis of the rights and obligations under the terms of the contract and legal advice from the Group's legal counsel.

The majority of the Group's contracts relating to the sale of completed property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

For contracts relating to the sale of property under development in the UAE and England, the Group has generally concluded that the overtime criteria are met and, therefore, recognises revenue over time. These are contracts either for property sold to one customer for the entire land and building or for a multi-unit property. The Group has considered the factors contained in the contracts for the sale of property and concluded that the control of the above-mentioned property(s) is transferred to the customer over time because:

- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. That is, the Group has considered various factors that indicate that the customer controls the part-constructed property as it is being constructed; and
- the Group's performance does not create an asset with alternative use. Furthermore, the Group has an enforceable right to payment for performance completed to date. It has considered the factors that indicate that it is restricted (contractually or practically) from readily directing the property under development for another use during its development. In addition, the Group is, at all times, entitled to an amount that at least compensates it for performances for performance completed to date (usually costs incurred to date plus a reasonable profit margin). In making this determination, the Group has carefully considered the contractual terms as well as any legislation or legal precedent that could supplement or override those contractual terms.

For contracts relating to the sale of property under development in Egypt, the Group has generally concluded that the overtime criteria are not met and, therefore, recognises revenue at a point in time.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

4 Significant accounting judgements, estimates and assumptions continued
4.1 Critical judgements in applying the Group's accounting policies continued
Judgements in relation to contracts with customers continued

Timing of satisfaction of performance obligations continued

Where contracts are entered into for construction (to construct an asset for the customer), the Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The Group has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Group and the transfer of goods and services to the customer.

Where contracts are entered into to provide services (property management and facility management), the Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer. In the case of contracts to sell real estate assets, this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer.

Consideration of significant financing component in a contract

For some contracts involving the sale of property, the Group is entitled to receive an initial deposit. The Group concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

Consideration of warranties

Contracts for the sale of property contain certain warranties covering a period of up to one year after completion of the property, such as the property meeting specific operational performance requirements. The Group assessed that these conditions represent 'assurance-type' warranties that are customarily provided as quality guarantees and are therefore accounted for under IAS 37.

Contract variations

Contract variations are recognised as revenues only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management considers prior experience, application of contract terms and the relationship with the customer in making their judgement.

Contract claims

Contract claims are recognised as revenue only when management believes that only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management reviews the judgement related to these contract claims periodically and adjustments are made in future periods, if assessments indicate that such adjustments are appropriate.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

4 Significant accounting judgements, estimates and assumptions continued

4.1 Critical judgements in applying the Group's accounting policies continued

Identifying whether an acquisition is a business or an asset

For acquisitions made by the Group, the Group needs to make significant judgement to assess whether the assets acquired and liabilities assumed constitutes a business and whether it has acquired control of one or more assets. Where such an acquisition does not constitute a business, the acquisition is accounted for as an asset acquisition. In making this assessment, the Group applies the definition of business under IFRS 3 which requires that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Principal versus agent consideration

The Group's performance obligation in one of the subsidiaries is to arrange for the provision of the specified goods or services by another party does not control the specified goods or services provided by another party before those goods or services are transferred to the customer. When the Group satisfies a performance obligation, the Group recognises revenue in the amount of management fee to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. The Group's primary obligation is to arrange for development services for development projects, and accordingly, the Group acts as agent on those development projects since:

the Group does not control the specified goods or services provided by other parties before the services are transferred to the customer;

- primary responsibility for the fulfilling the promise does not rest with the Group;
- the Group does not bear any inventory risk since the ownership of the infrastructure, as set out in the management contracts;
- the Group does not have the price risk on the development contracts; and
- customers retain the right to remove the Group as manager for the development projects based on its convenience without default from the Group.

Use of practical expedient in recognising management fee

In line with an agreement with the Government of Abu Dhabi (the "Government"), the Group is overseeing the management of all projects of an entity (the "Entity") along with managing its operations. As per the agreement between the Government, the Entity and the Group, the Group is entitled to a supervision fee calculated based on the total development cost paid of the capital projects in consideration of the provision of the management services. In line with the contractual arrangement with the Government, the Group has assessed that it has a right to consideration from the Government for an amount which corresponds directly with the value to the customer of the performance completed to date, which is determined based on actual cash paid for projects of the Entity as agreed between the parties. Accordingly, in line with the requirements of IFRS 15, the Group uses practical expedient and recognises management fee on the basis of the invoice amount determined based on the actual cash paid for projects of the Entity.

Control assessment

The Group is overseeing management of an entity (the "Entity") along with managing its operations with a view to optimising its performance and administering the contracts with contractors and consultants in relation to its projects. Although the Group is entitled to manage all the operations of the Entity, the Group has assessed that it does not control the Entity since:

- the Group is performing management activities on behalf of the Government of Abu Dhabi (the "Government") and does not have any ownership interest in Entity;
- the Group is not exposed to variable returns of the Entity since it charges fixed management fees on the total invoice amount of the development costs which are reimbursed by the Government and the Group's responsibilities only include management of projects which are being carried by third party contractors;
- the Group does not have the right to transfer any of the projects of the Entity to itself without any prior approval of the Government;
- although the Group has the right to nominate directors to the board of the Entity, appoint its executive management and represent the Government in the General Assemblies, the Group will still require the Government approval in the performance of this role which remains overseeing the completion/handing over of projects and/or liquidation of the Entity on behalf of the Government, and this will also be the mandate of the board; and
- the Government retains the right to remove the Group as manager for the projects based on its convenience without default from the Group.

Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at fair value or amortised cost. In judging whether investments in securities are classified as at fair value or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 Financial Instruments.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

4 Significant accounting judgements, estimates and assumptions continued

4.1 Critical judgements in applying the Group's accounting policies continued

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Revenue recognition for turnover rent

The Group recognises income from turnover rent on the basis of audited turnover reports submitted by the tenants. In the absence of audited reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

Consolidation of subsidiaries

The Group evaluate all the investee entities including special purpose entities to determine whether it controls the investee as per the criteria laid out by IFRS 10 "Consolidated Financial Statements". The Group evaluate, amongst other things, its ownership interest, the contractual arrangements in place and its ability and the extent of its involvement with the relevant activities of the investee entities to determine whether it controls the investee.

4.2 Estimates and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, 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. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about the future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Measurement of progress when revenue is recognised over time

For those contracts involving the sale of property under development and construction contracts that meet the overtime criteria of revenue recognition, the Group's performance is measured using an input method, by reference to the inputs towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation, i.e., the completion of the property. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. The Group generally uses the costs incurred method as a measure of progress for its contracts because it best depicts the Group's performance. Under this method of measuring progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. When costs are incurred, but do not contribute to the progress in satisfying the performance obligation (such as unexpected amounts of wasted materials, labour or other resources), the Group excludes the effect of those costs. Also, the Group adjusts the input method for any cost incurred that are not proportionate to the Group's progress in satisfying the performance obligation.

In applying the input method, the Group estimates the efforts or inputs to the satisfaction of a performance obligation. In addition to the cost of meeting contractual obligation to the customers, these estimates mainly include:

- for development contracts, the cost of development and related infrastructure;
- for construction contracts, the certified works as evaluated by project consultants; and
- for services contracts, the time elapsed.

Calculation of loss allowance

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

4 Significant accounting judgements, estimates and assumptions continued

4.2 Estimates and assumptions continued

Calculation of loss allowance continued

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group has recognised an allowance for ECL on its trade and other receivables for the year ended 31 December 2023 amounting to AED 47,410 thousand (2022: AED 101,015 thousand) and the total allowance for ECL amounted to AED 472,445 thousand (2022: AED 445,064 thousand).

Fair value of investment properties and investment properties under development

The Group carries its investment properties at fair value, with changes in fair value recognised in the statement of profit or loss.

The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation methods. These methods comprise the residual value method and the income capitalisation method.

The residual value method requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period.

Under the income capitalisation method, the income receivable under existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation dates.

The Group's undiscounted future cash flows analysis and the assessment of expected remaining holding period and income projections on the investment properties requires management to make significant estimates and judgements related to future rental yields and capitalisation rates.

The key assumptions used are as follows:

	Range %
Capitalisation rates	6.75 – 10.0
Rental yields	5.0 – 9.7

Estimation of net realisable value for inventory, plots of land held for sale and development work in progress

Inventory, plots of land held for sale and properties classified under development work in progress are stated at the lower of cost or net realisable value ("NRV"). NRV is assessed with reference to sales prices, costs of completion and advances received, development plans and market conditions existing at the end of the reporting period. For certain properties, NRV is determined by the Group having taken suitable external advice and in the light of recent market transactions, where available.

The determination of net realisable value of plots of land held for sale is based on external valuations using various valuation methodologies and techniques that take into account property-specific information such as forecast selling prices, site planning (including planning consent), build costs, cost recoveries, sales rates (per square meter) and discount rates etc., all of which contain an element of judgement and uncertainty. Forecast selling prices have inherent uncertainty due to changes in market conditions. Forecast build costs can vary with market conditions and may also be incorrectly estimated due to changes in site planning, style of build or unforeseen circumstances arising during construction.

NRV for completed inventory properties is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for property in the same market serving the same real estate segment.

NRV in respect of development work in progress is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

4 Significant accounting judgements, estimates and assumptions continued

4.2 Estimates and assumptions continued

Impairment of property, plant and equipment and capital work in progress

Properties classified under property, plant and equipment and capital work in progress are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment loss recognised in prior periods for property, plant and equipment and capital work in progress is reversed when a change has been made to estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Impairment of property, plant and equipment and capital work in progress continued

An impairment review or the reversal of impairment is carried out by determining the recoverable amount which takes into account the fair value of the property under consideration. The fair value of hotel properties classified under property, plant and equipment is determined by an independent real estate valuation expert using Discounted Cash Flow method.

Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements and estimations over the useful lives of the assets and discounted using a range of discount rates that reflects current market assessment of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any probable impairment.

Useful lives of property, plant and equipment and intangible assets

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

Income taxes

The Group's current tax provision of AED 115,479 thousand (2022: AED 127,159 thousand) relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the relevant tax authorities.

Deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has AED 105,750 thousand (2022: AED 24,266 thousand) of unrecognised deferred tax asset or deductible temporary differences and tax losses carried forward. These losses relate to subsidiaries that have a history of losses, these losses do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses or deductible temporary differences as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax asset on the tax losses carried forward and deductible temporary differences.

Fair value of identifiable assets and liabilities and fair value measurement of financial instruments

As stated in note 47, the identifiable assets acquired and the liabilities assumed in business combination are recognised at their fair value. In estimating the fair value of an asset or a liability, the Group engaged third party valuation specialists to perform the valuation. The underlying assumptions and estimates in assessing the fair values are as detailed within notes 6 and 47. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

5 Property, plant and equipment

	Land and buildings AED '000	Labour camps AED '000	Furniture and fixtures AED '000	Plant and machinery AED '000	Office equipment AED '000	Computers AED '000	Motor vehicles AED '000	Lease improvements AED '000	Capital work in progress AED '000	Total AED '000
Cost										
At 1 January 2022	7,204,013	1,429,268	646,983	83,928	78,500	184,848	30,755	102,339	152,516	9,913,150
Additions	1,796,960	347	140,919	26,559	12,071	21,495	19,172	92,349	–	2,109,872
Transfers	10,263	–	–	–	–	–	–	–	(10,263)	–
Transfers to investment properties, net	(406,208)	–	–	–	–	–	–	–	–	(406,208)
Recognised as part of business combination	74,803	–	1,431	–	964	8,148	1,905	58	–	87,309
Disposals	(3,821)	–	(21,839)	(4,189)	(7,220)	(4,358)	(1,115)	(1,629)	–	(44,171)
Exchange differences	(73,181)	–	(7,402)	(7,175)	(4,744)	–	(5,866)	(8,155)	(11,762)	(118,285)
At 1 January 2023	**8,602,829**	**1,429,615**	**760,092**	**99,123**	**79,571**	**210,133**	**44,851**	**184,962**	**130,491**	**11,541,667**
Additions (note 5.1 and 5.6)	**161,039**	**–**	**57,465**	**25,556**	**9,732**	**25,729**	**11,727**	**10,243**	**416,574**	**718,065**
Transfers from investment properties (note 7.313)	**26,477**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**26,477**
Recognised as part of business combination (note 47)	**575,463**	**–**	**3,106**	**9,100**	**548**	**7,995**	**651**	**4,810**	**–**	**601,673**
Disposals (note 5.3)	**(5,493)**	**–**	**(2,080)**	**(140)**	**(768)**	**(1,451)**	**(18)**	**(18,669)**	**–**	**(28,619)**
Exchange differences	**(19,632)**	**–**	**(1,429)**	**(1,418)**	**(747)**	**–**	**(1,219)**	**(715)**	**(4,307)**	**(29,467)**
At 31 December 2023	**9,340,683**	**1,429,615**	**817,154**	**132,221**	**88,336**	**242,406**	**55,992**	**180,631**	**542,758**	**12,829,796**
Accumulated depreciation and impairment losses										
At 1 January 2022	3,958,258	1,415,606	604,770	71,233	70,673	151,568	21,000	51,930	11,060	6,356,098
Charge for the year	216,860	1,970	33,679	4,454	6,513	27,576	6,788	17,795	–	315,635
(Reversal)/charge for impairment, net	(312,362)	12,039	–	–	–	–	–	–	–	(300,323)
Transfers to investment properties	(354,478)	–	–	–	–	–	–	–	–	(354,478)
Disposals	(2,442)	–	(21,837)	(4,172)	(7,217)	(4,388)	(1,042)	(1,430)	–	(42,528)
Exchange differences	(18,620)	–	(4,153)	(3,936)	(3,262)	–	(3,310)	(5,978)	–	(39,259)
At 1 January 2023	**3,487,216**	**1,429,615**	**612,459**	**67,579**	**66,707**	**174,756**	**23,436**	**62,317**	**11,060**	**5,935,145**
Charge for the year	**267,348**	**–**	**55,320**	**9,015**	**8,198**	**25,971**	**6,005**	**26,616**	**–**	**398,473**
Disposals (note 5.3)	**(3,968)**	**–**	**(1,609)**	**(132)**	**(391)**	**(1,372)**	**(18)**	**(5,365)**	**–**	**(12,855)**
Exchange differences	**(2,982)**	**–**	**(420)**	**(350)**	**(207)**	**–**	**(275)**	**(49)**	**–**	**(4,283)**
At 31 December 2023	**3,747,614**	**1,429,615**	**665,750**	**76,112**	**74,307**	**199,355**	**29,148**	**83,519**	**11,060**	**6,316,480**
Carrying amount										
At 31 December 2023	**5,593,069**	**–**	**151,404**	**56,109**	**14,029**	**43,051**	**26,844**	**97,112**	**531,698**	**6,513,316**
At 31 December 2022	5,115,613	–	147,633	31,544	12,864	35,377	21,415	122,645	119,431	5,606,522

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

5 Property, plant and equipment continued

The depreciation charge for the year has been allocated as follows:

	2023 AED '000	2022 AED '000
Direct costs	**31,563**	20,780
General and administrative expenses	**366,910**	294,855
	398,473	315,635

5.1 During the year, Aldar Investment Properties LLC ("AIP" a subsidiary of the Group) signed an agreement for the purchase of staff accommodation building in Ras Al Khaimah, UAE for a total consideration of AED 81,600 thousand resulting in additions of AED 33,592 thousand to the property, plant and equipment being the portion of the asset occupied by the Group and the rest amounting to AED 48,008 thousand to investment properties being leased to third parties (note 7.2iii).

5.2 Capital work in progress mainly represent the cost incurred on the development of various school buildings which were under progress at the reporting date and will be transferred to the relevant asset category of property, plant and equipment when ready for intended use.

5.3 During the year, the Group sold property, plant and equipment resulting in a net gain on disposal of AED 133 thousand (2022: net loss of AED 165 thousand).

5.4 Property, plant and equipment include right-of-use assets mainly with respect to leases of plots of land and buildings with average lease term is 30 years. Following is the movement in right of use asset during the year:

	2023 AED '000	2022 AED '000
At 1 January	**148,420**	147,392
Recognised as part of business combination (note 47)	**429,749**	-
Additions during the year	**54,408**	13,791
Lease terminated during the year, net	**(8,663)**	-
Amortisation for the year	**(38,962)**	(10,828)
Exchange differences	**(991)**	(1,935)
At 31 December	**583,961**	148,420

5.5 Land and buildings include hotel properties having a carrying amount of AED 3,557,604 thousand as at 31 December 2023 (2022: AED 3,711,586 thousand).

5.6 The additions during the year mainly pertain to capital work in progress for a subsidiary for construction of school buildings of AED 390,756 thousand (year ended 31 December 2022: AED 6,978 thousand).

5.7 During the year, the Group conducted an impairment assessment which resulted in no impairment (2022: impairment of AED 12,039 thousand). Note 4 highlights significant estimation uncertainty related to determination of the fair value less costs to sell and significant assumptions used.

During the year, the Group carried out a review of recoverable amount of its hotel properties. The review resulted in the recoverable value in excess of carrying value and accordingly no impairment or reversal of impairment was booked (2022: a reversal of impairment loss of AED 312,362 thousand) which has been recorded in the consolidated statement of profit or loss. The recoverable value of relevant assets is based on fair value less cost to sell determined by independent valuer and has been determined by reference to the discounted cash flow method using exit yield of 7.5 % to 9.5% (2022: 7.5% to 9.5%) and a discount rate of 9.5% to 11.5% (2022: 9.5% to 11.5%).

The Group conducted a sensitivity analysis for all its hotel properties classified under property, plant and equipment. The sensitivity has been conducted on the Revenue Per Available Room (RevPAR), occupancy, discount rate and exit yield. Based on this sensitivity analysis:

- A decrease in the discount rates and exit yields by 50bps would result in AED 190,900 thousand or 4.2% increase in the recoverable value, whilst an increase in the discount rates and exit yields by 50bps would result in AED 363,300 thousand or 8.1 % decrease in the recoverable value; and
- An increase in the RevPAR by 5% would result in AED 154,500 thousand or 3.4 % increase in the recoverable value, whilst a decrease in the RevPAR by 5% would result in AED 548,600 thousand or 12.2% decrease in the recoverable value.
- An increase in occupancy by 5% would result in AED 198,100 thousand or 4.4% increase in the recoverable value, whilst a decrease in the occupancy by 5 % would result in AED 592,400 thousand or 13.1 % decrease in the recoverable value.

ALDAR

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

6 Intangible assets and goodwill

	Goodwill AED '000	Customer contracts/ backlog AED '000	Customer relationship AED '000	Computer software AED '000	Total AED '000
Cost					
At 1 January 2022	107,287	133,090	52,106	123,645	416,128
Additions	–	–	96	43,919	44,015
Recognised as part of business combinations (note 47)	54,068	69,893	1,483	–	125,444
Exchange differences	(28,757)	(11,109)	–	(395)	(40,261)
At 1 January 2023	**132,598**	**191,874**	**53,685**	**167,169**	**545,326**
Additions	**–**	**–**	**–**	**82,320**	**82,320**
Recognised as part of business combination (note 47)	**1,058,258**	**244,131**	**220,609**	**7,960**	**1,530,958**
Written-off	**–**	**–**	**–**	**(11,055)**	**(11,055)**
Exchange differences	**(10,946)**	**(3,846)**	**–**	**(327)**	**(15,119)**
At 31 December 2023	**1,179,910**	**432,159**	**274,294**	**246,067**	**2,132,430**
Accumulated amortisation					
At 1 January 2022	–	18,989	6,715	97,229	122,933
Charge for the year	–	26,166	7,743	14,026	47,935
Exchange differences	–	(37)	–	(449)	(486)
At 1 January 2023	**–**	**45,118**	**14,458**	**110,806**	**170,382**
Charge for the year	**–**	**31,407**	**19,642**	**29,667**	**80,716**
Written off	**–**	**–**	**–**	**(107)**	**(107)**
Exchange differences	**–**	**(1,159)**	**–**	**(237)**	**(1,396)**
At 31 December 2023	**–**	**75,366**	**34,100**	**140,129**	**249,595**
Carrying amount					
31 December 2023	**1,179,910**	**356,793**	**240,194**	**105,938**	**1,882,835**
At 31 December 2022	132,598	146,756	39,227	56,363	374,944

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The majority of the goodwill recognised by the Group resulted from the merger with Eltizam (note 47.1) and the remaining is related to Estates, SODIC and education segment.

Customer contracts/backlog and customer relationship include intangible assets acquired through business combinations. The customer contracts/backlog have useful life of 2.5 to 10 years. The major assumptions used in the calculation include discount rate in the range of 11.50% to 22.2% and growth rate of up to 7%.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

7 Investment properties

Investment properties comprise completed properties and investment properties under development (IPUD). The movement during the year is as follows:

	2023			2022		
	Completed properties AED '000	**Properties under development AED '000**	**Total AED '000**	Completed properties AED '000	Properties under development AED '000	Total AED '000
Balance at the beginning of the year	**23,210,472**	**722,552**	**23,933,024**	16,617,678	1,408,257	18,025,935
Additions during the year (note 7.2)	**563,981**	**1,052,880**	**1,616,861**	5,381,955	246,973	5,628,928
Recognised as part of business combinations (note 47)	**–**	**–**	**–**	697,529	–	697,529
Transfers	**–**	**–**	**–**	377,241	(377,241)	–
Disposals (note 7.12)	**(152,097)**	**–**	**(152,097)**	(232,372)	–	(232,372)
Fair value gain, net (note 7.10)	**594,102**	**6,055**	**600,157**	396,250	46,547	442,797
Transfer from/(to):						
Property, plant and equipment (note 7.13)	**(26,477)**	**–**	**(26,477)**	51,730	–	51,730
Inventories (note 14)	**–**	**–**	**–**	–	(17,122)	(17,122)
Development work in progress (note 7.1 & 13)	**34,068**	**282,463**	**316,531**	24,948	(436,705)	(411,757)
Exchange differences	**(38,268)**	**(32,189)**	**(70,457)**	(104,487)	(148,157)	(252,644)
Balance at the end of the year	**24,185,781**	**2,031,761**	**26,217,542**	23,210,472	722,552	23,933,024

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

7 Investment properties continued

7.1 The transfer during the year 2023 represents transfer due to change in use as these properties are under development for lease and the management intent is to lease these properties on completion. The transfer during the year 2022 represent transfer due to change in use since the Group commenced development of such properties with a view to sell.

7.2 The major additions during the year mainly pertain to investment properties under development and cost incurred on the completed properties and the following assets acquisition:

i) Abu Dhabi Business Hub LLC – Sole Proprietorship LLC ("ADBH" a subsidiary of the Group) acquired leasehold interest in a logistic warehouse in Dubai Industrial Park for a total gross consideration of AED 94,767 thousand;
ii) The Group acquired two plots of land on Al Maryah Island for a total consideration of AED 163,854 thousand through a 60% owned SPV, AMI Properties Holding Limited ("AMI"). The Group has control over AMI and accordingly fully consolidated in these consolidated financial statements. The above transaction also result in recognition of AED 65,542 thousand of non-controlling interest;
iii) Aldar Investment Properties LLC ("AIP" a subsidiary of the Group) signed an agreement for the purchase of staff accommodation property in Ras Al Khaimah for a total consideration of AED 81,600 thousand resulting in additions of AED 48,008 thousand to investment properties (note 5.1);
iv) The Group acquired a plot of land in UAE for a total consideration of AED 211,600 thousand. The plot of land is initially recognised at cost which is the present value of consideration payable over the period of 3 years discounted using the Group incremental borrowing rate. The management intention is to develop a property on this plot for lease and accordingly classified as investment property.
v) The Group acquired a plot of land in UAE for a total consideration of AED 276,000 thousand. The management intention is to develop a property on this plot for lease and accordingly classified as investment property.

In accordance with the requirements of IFRS 3 Business Combinations, the above acquisitions were accounted for as an assets acquisition since substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset.

7.3 Investment properties include right-of-use assets mainly with respect to leases of plots amounting to AED 303,888 thousand (31 December 2022: AED 323,490 thousand). The average lease term is 20 years. There are no extension or termination options on these leases except one lease which has a termination option.

7.4 Except for certain investment properties of the Group which are pledged as security against bank borrowings, the Group has no restrictions on the realisability of its investment properties (note 20).

7.5 Investment properties under development comprise of land and buildings under construction where the Group has approved plan to develop commercial, retail and residential properties. The fair values of these properties are determined using residual value method.

7.6 Investment properties represent the Group's interest in land and buildings situated in the UAE amounting to AED 25,902,573 thousand (31 December 2022: 23,579,958 thousand) and outside UAE amounting to AED 314,970 thousand (31 December 2022: AED 353,066 thousand).

7.7 The fair values of the investment properties including properties under development are arrived at on the basis of a valuation carried out by accredited independent valuers not connected with the Group. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. The valuations were mainly determined by using the income capitalisation method. The valuation has been conducted as at 30 November 2023. Management believes which is also supported by the external valuer that there have been no significant changes to the fair values of investment properties between 30 November 2023 and 31 December 2023. There has been no material change to the valuation techniques during the year. Refer to note 4 for the key assumptions used in determination of fair value of investment properties and significant estimation uncertainty related to determination of the fair value.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

7 Investment properties continued

7.7 continued

The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13. The investment properties are categorised under Level 3 in the fair value hierarchy. There were no transfers between Levels 1, 2 or 3 during 2023 or 2022.

The Group conducted a sensitivity analysis for the 20 (2022: 18) largest assets in its investment property portfolio with an aggregate value of AED 21,864,277 thousand (2022: AED 20,519,724 thousand). The sensitivity has been conducted on the capitalisation rates and rental rates. Based on this sensitivity analysis:

- a decrease in the capitalisation rates by 50bps would result in a AED 1,251,616 thousand (2022: AED 1,191,036 thousand) or 5.7% (2022: 5.8%) increase in the valuation, whilst an increase in the capitalisation rates by 50bps would result in AED 1,082,066 thousand (2022: AED 1,040,975 thousand) or 4.9% (2022: 5.1%) decrease in the valuation; and
- an increase in the rental rates by 10% would result in an AED 1,590,274 thousand (2022: AED 1,524,388 thousand) or 7.3% (2022: 7.4%) increase in the valuation, whilst a decrease in the rental rates by 10% would result in AED 1,590,325 thousand (2022: AED 1,524,590 thousand) or 7.3% (2022: 7.4%) decrease in the valuation.

  Discount rates and capitalisation rates are different than interest rates as commonly applied to borrowing rates or cost of short term and long-term debt. Discount rates and capitalisation rates are carefully derived by professional valuers in determining the fair market value of properties by using multiple valuation factors. There are interrelationships between the unobservable inputs which are generally determined by market conditions. The valuation may be affected by the interrelationship between the two noted unobservable inputs; for example, an increase in rent may be offset by an increase in the capitalisation rate, thus resulting in no net impact on the valuation. Similarly, an increase in rent in conjunction with a decrease in the capitalisation rate would amplify an increase in the value.

7.8 The property rental income earned by the Group from its investment properties, all of which is leased out under operating leases, amounted to AED 2,138,680 thousand (31 December 2022: AED 1,908,530 thousand) and direct operating cost relating to these properties amounted to AED 494,152 thousand (2022: AED 411,864 thousand).

7.9 The completed investment properties consist of the following broad categories:
- retail properties: comprising of malls and community retail spaces;
- commercial properties: comprising of properties leased as offices;
- residential properties: comprising of properties leased as residential units; and
- logistics: comprising of warehouses, industrial, and office complex.

7.10 The net fair value gain amounting to AED 600,157 thousand (year ended 31 December 2022: AED 442,797 thousand) recorded during the year resulted mainly from fair value loss amounting to AED 19,534 thousand (year ended 31 December 2022: AED 98,866 thousand) recorded on buildings held on leasehold land, netted against a fair value gain of AED 619,691 thousand (year ended 31 December 2022: AED 541,663 thousand) relates to the net fair value gain recorded on major investment properties based on valuation carried out by the accredited independent valuers not connected with the Group. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations. Fair value gain or loss on investment properties are presented under the line item "gain/(loss) on revaluation of investment properties, net" in the consolidated statement of profit or loss. The investment properties are categorised under Level 3 in the fair value hierarchy.

7.12 During the year, the Group sold investment properties for AED 176,059 thousand (year ended 31 December 2022: AED 261,365 thousand) and realised a net gain of AED 23,962 thousand (year ended 31 December 2022: AED 28,992 thousand) which is recorded in consolidated statement of profit or loss under "gain on disposal of investment properties".

7.13 The transfer during the year 2023 represents transfer from investment properties to property, plant and equipment due to portion of asset being occupied by the Group. The transfer during the year 2022 represents transfer from property, plant and equipment to investment properties due to change in use.

8 Investment in associates and joint ventures

	2023 AED '000	2022 AED '000
Investment in associates	**32,888**	84,007
Investments in joint ventures	**118,279**	655
	151,167	84,662

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

Details of each of the Group's material associates and joint ventures as at 31 December 2023 are as follows:

Investee	Place of incorporation (registration) and operation	Principal activity	Percentage holding	Voting power
Associates				
Abu Dhabi Finance PJSC ("ADF") (liquidated)	Abu Dhabi, UAE	Finance company	32%	32%
Al Sdeirah Real Estate Investment LLC ("Al Sdeirah")	Abu Dhabi, UAE	Real estate	30%	30%
Bunya Enterprises LLC ("Bunya")	Abu Dhabi, UAE	Project management	33%	33%
Iskandar Holdings Limited ("Iskandar Holdings") (note 8.1)	Cayman Islands	Real estate	19%	19%
Royal Gardens for Investment Property Co.	Egypt	Real estate development	20%	20%
Joint ventures				
Al Raha International Integrated Facilities Management LLC ("Al Raha IFM") (under liquidation)	Abu Dhabi, UAE	Facilities Management	50%	50%
Royal House LLC ("Royal House")	Abu Dhabi, UAE	Hotel operations	50%	50%
Palmyra SODIC Real Estate Development	Syria	Real estate development	50%	50%
Avobar Restaurant – Sole Proprietorship L.L.C. ("Avobar")	Abu Dhabi, UAE	Restaurant	30%	30%
South Development One DWC–LLC	Dubai, UAE	Warehousing	50%	50%
Richmond Hill Developments (Jersey) Limited	Jersey	Real estate development	15%	15%
Vulcan Wharf Holdings LLP ("Vulcan Wharf")	England & Wales	Real estate development	50%	50%

All of the above associates are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements:

	ADF AED '000	Al Sdeirah AED '000	Iskandar Holdings AED '000	Total AED '000
As at 1 January 2022	77,121	24,497	6,086	107,704
Share of profit	–	956	–	956
Impairment reversal	7,347	–	–	7,347
Redemptions	(32,000)	–	–	(32,000)
As at 31 December 2022	**52,468**	**25,453**	**6,086**	**84,007**
Share of profit	**–**	**1,349**	**–**	**1,349**
Redemptions (note 8.2)	**(52,468)**	**–**	**–**	**(52,468)**
As at 31 December 2023	**–**	**26,802**	**6,086**	**32,888**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

8 Investment in associates and joint ventures continued

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements:

	Al Raha IFM AED '000	Avobar AED '000	South Development AED '000	Royal House (note 8.3) AED '000	Richmond Hill AED '000	Vulcan Wharf AED '000	Total AED '000
As at 1 January 2022	655	–	–	–	–	–	655
Share of profit/(loss)	–	–	–	(8,721)	–	–	(8,721)
Allocated to current account	–	–		8,721	–	–	8,721
As at 31 December 2022	**655**	**–**	**–**	**–**	**–**	**–**	**655**
Recognised as part of business combination (note 47.7)	**–**	**–**	**–**	**–**	**232**	**107,000**	**107,232**
Additions	**–**	**529**	**10,000**	**–**	**–**	**280**	**10,809**
Share of profit/(loss)	**–**	**(416)**	**–**	**(8,348)**	**(1)**	**–**	**(8,765)**
Allocated to current account	**–**	**–**	**–**	**8,348**	**–**	**–**	**8,348**
As at 31 December 2023	**655**	**113**	**10,000**	**–**	**231**	**107,280**	**118,279**

8.1 Iskandar Holdings Limited is classified as an associate of the Group although the Group owns a 19% ownership interest, as the Group has significant influence by virtue of its contractual right to appoint two out of six directors to the board of directors of the investee.

8.2 During the year, Abu Dhabi Finance PJSC (ADF), an associate of the Group is liquidated and the Group has accordingly received total distribution of AED 52,468 thousand and is recognised as a reduction in investment in associate resulting the Group investment in ADF to nil.

8.3 The Group considers that its amount receivable from Royal House LLC is part of the Company's interest in the joint venture and, accordingly, loss recognised using the equity method in excess of the Group's investment in ordinary shares amounting to AED 8,348 thousand (2022: AED 8,721 thousand) was applied to the Group's receivable from the joint venture.

Available financial information in respect of the Group's associates is summarised below:

	2023 AED '000	2022 AED '000
Total assets	**103,475**	270,156
Total liabilities	**(14,137)**	(19,605)
Net assets	**89,338**	250,551
Group's share of net assets of associates	**32,888**	84,007
Total revenue	**5,287**	6,421
Net profit for the year	**4,507**	3,187

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

8 Investment in associates and joint ventures continued

8.3 continued

Latest available financial information in respect of the Group's joint ventures is summarised below:

	2023 AED '000	2022 AED '000
Total assets	**265,083**	1,355
Total liabilities	**(14,187)**	(43)
Net assets	**250,896**	1,312
Group's share of net assets of joint ventures	**118,279**	655
Total revenue	**18,877**	15,227
Net loss for the year	**(18,087)**	(17,441)
Share of losses		
The unrecognised share of loss of associates for the year	**(52,163)**	(26,322)
Cumulative share of loss of associates	**(177,942)**	(65,779)

The Group has discontinued recognising share of losses from few associates as the Company does not have any legal or constructive obligation.

Associates and joint ventures are accounted for using the equity method in the consolidated financial statements as set out in the Group's accounting policies in note 3.6.

Others

During 2018, the Group sold an investment in joint venture. As per the agreement, the Group is entitled to further compensation which is contingent based on performance of the buyer and market conditions not within the control of the Group. As of 31 December 2023 and 31 December 2022, the fair value of the contingent consideration amounted to nil since the inflow of economic benefits are not certain. The total contracted amount of the contingent consideration is AED 82,000 thousand.

9 Investment in financial assets

	2023 AED '000	2022 AED '000
Financial assets at fair value through other comprehensive income ("FVTOCI") (9.1)	**23,317**	29,797
Financial assets at fair value through profit or loss ("FVTPL") (9.2)	**695,652**	68,837
	718,969	98,634

9.1 Financial assets at FVTOCI

	2023 AED '000	2022 AED '000
Investment in UAE quoted securities	**23,315**	29,795
Investment in UAE unquoted securities	**2**	2
	23,317	29,797

Movement during the year is as follows:

	2023 AED '000	2022 AED '000
At 1 January	**29,797**	20,002
Additions	**–**	74,692
Fair value (loss)/gain, net	**(6,480)**	52,685
Disposals	**–**	(117,582)
At 31 December	**23,317**	29,797

During the years 2022 and 2023, no dividend income received from these investments.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

9 Investment in financial assets continued
9.2 Financial assets at FVTPL

	2023 AED '000	2022 AED '000
Investment in international unquoted funds	**695,652**	68,837

Movement during the year is as follows:	2023 AED '000	2022 AED '000
At 1 January	**68,837**	21,657
Additions	**624,213**	41,958
Fair value (loss)/gain, net	**(2,456)**	4,708
Exchange gain	**5,058**	514
At 31 December	**695,652**	68,837

i) On 16 March 2023, the Group signed an agreement with a company committing to GBP 43.2 million into an investment vehicle. During the year, the Group made contributions to capital calls amounting to AED 160,993 thousand for investments in the warehousing and logistics sector in the UK. The investment is recorded at FVTPL and is categorised under Level 3 in the fair value hierarchy. Given the Group's representation on the Board of the company, the investment was classified as an Associate. However, since the investment is carried as part of the Group's alternative investment activities, it is accounted for as investment carried at FVTPL.

ii) On 20 November 2023, Aldar Holding 2 Limited (a subsidiary) invested via a subscription to shares of the Co-Investment platform. Aldar Holding 2 has committed EUR 42 million holding 29% equity stake and 42.6% of the total Co-Investor equity contribution, that will capitalise on the growing market opportunity in private real estate across Europe. During the year, Aldar Holding 2 made contribution to the capital call amounting to AED 83,922 thousand. Given the holding of 29% equity stake in the Limited partnership and representation on the Board of Directors, the investment was classified as an Associate. However, since the investment is carried as part of the Group's alternative investment activities, it is accounted for as investment carried at FVTPL.

iii) On 12 December 2023, the Group entered into partnerships with Mubadala (a related party - major shareholder in the Group) and Ares Management, where the Group has committed USD 412.5 million to be deployed in medium term, that will capitalise on the growing market opportunity in private real estate credit in the United Kingdom and across Europe. During the year, the Group made contributions to capital calls amounting to AED 351,383 thousand. The investment is recorded at FVTPL and is categorised under Level 3 in the fair value hierarchy. Given the Group's holding in the partnership and representation on the Board of the partnership, the investment was classified as an Associate. However, since the investment is carried as part of the Group's alternative investment activities, it is accounted for as investment carried at FVTPL.

9.3 Financial assets at amortised cost

	2023 AED '000	2022 AED '000
Investment in treasury bills*	**93,147**	179,744

* This represents investment in treasury bills made by the Egypt subsidiary in Egypt and carried at amortised cost.

The Group's exposure to market and interest risk related to the financial assets is disclosed in note 40.

10 Contract assets and contract liabilities
Contract assets represents unbilled revenue arising from contracts for sale of properties which pertains to the Group's right to consideration in exchange for goods or services that the Group has transferred to the customers. Where payments from customers are received after the associated performance obligations being met and therefore revenue recognised in the profit or loss account, contract assets are recognised. These contracts have remaining performance obligations (unsatisfied or partially unsatisfied) which is expected to be recognised as revenue over the remaining tenor of these contracts. The majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years. These contract assets are fully secured against the underlying property units.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

10 Contract assets and contract liabilities continued

Contract liabilities represents deferred revenue arising from construction contracts and property development under off-plan sales projects. These contracts have performance obligations (unsatisfied or partially unsatisfied) which is expected to be recognised as revenue over the remaining tenor of these contracts. Where payments from customers are received in advance of the associated performance obligations being met and therefore revenue being recognised in the profit or loss, contract liabilities are recognised and these include buyer deposits. Majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years.

10.1 Contract assets

	2023 AED '000	2022 AED '000
Contract assets: gross amounts due from customer on contracts for sale of properties	**1,737,975**	568,563
Contract assets: gross amounts due from customer on contracts to construct assets	**101,046**	–
Others	**36,723**	–
	1,875,744	568,563

The above amount mainly represents unbilled revenue arising from contracts for sale of properties. These contracts have remaining performance obligations (unsatisfied or partially unsatisfied) with aggregated value of AED 7,764, 250 thousand (2022: AED 5,556,432 thousand) which is expected to be recognised as revenue over the remaining tenor of these contracts.

The majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years. These contract assets are fully secured against the underlying property units.

10.2 Contract liabilities

	2023 AED '000	2022 AED '000
Contract liabilities: gross amount due to customers on contracts for sale of properties	**(4,607,892)**	(2,012,634)
Contract liabilities: gross amount due to customers on contracts to construct assets	**(1,821,111)**	(905,005)
	(6,429,003)	(2,917,639)

The above amount mainly represents deferred revenue arising from construction contracts, property development under off-plan sales projects and property management. These contracts have performance obligations (unsatisfied or partially unsatisfied) having aggregated value of AED 30,348,850 thousand (2022: AED 13,089,122 thousand) which is expected to be recognised as revenue over the remaining tenor of these contracts. Majority of the amount allocated to remaining performance obligations is expected to be recognised as revenue in the next 2 years and the remaining spread over 3 to 5 years.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

11 Trade receivables and other assets

	2023 AED '000	2022 AED '000
Non-current portion		
Trade receivables (note 11.1)	**474,366**	344,187
Due from associates and joint ventures (note 11.5)	**214,179**	210,918
Receivables relating to project finance (note 11.3)	**131,940**	135,262
Deferred tax asset (note 11.7)	**80,773**	57,302
Others	**121,605**	43,726
	1,022,863	791,395
Less: allowance for expected credit loss (note 11.6)	**(217,100)**	(212,663)
	805,763	578,732
Current portion		
Trade receivables (note 11.1)	**5,033,135**	3,048,929
Advances and prepayments (note 11.9)	**1,985,829**	2,655,499
Refundable deposits (note 11.10)	**305,293**	267,638
Refundable costs (note 11.2)	**236,474**	736,248
Due from associates and joint ventures (note 11.5)	**25,665**	26,364
Accrued interest	**56,813**	37,420
Receivables from the Government of Abu Dhabi (note 11.4)	**5,734**	5,734
Receivables relating to project finance (note 11.3)	**8,323**	8,863
VAT recoverable	**74,066**	229,466
Others	**759,685**	799,394
	8,491,017	7,815,555
Less: allowance for expected credit loss (note 11.6)	**(255,345)**	(232,401)
	8,235,672	7,583,154

11.1 Trade receivables

Trade receivables mainly represent the amounts due in respect of sales of plots of land, properties, rental receivables, property and facilities management services, education fee and revenue from construction contracts. As at 31 December 2023, 6% of the trade receivables (2022: 6% of the trade receivables) are due from its top five customers (2022: five customers). Concentration of credit risk is mitigated in some cases by the fact that the customers have already made instalment payments, in some cases substantial, on the plots, which the Group would contractually be entitled to retain in the event of non-completion of the remaining contractual obligations in order to cover losses incurred by the Group.

	2023 AED '000	2022 AED '000
Trade receivables	**5,507,501**	3,393,116
Less: allowance for expected credit loss (note 11.6)	**(234,634)**	(209,511)
	5,272,867	3,183,605

Interest is charged at 12% per annum on the past due amounts in respect of sales of plots and properties.

Ageing of trade receivables

The ageing of non-impaired receivables is as follows:

	2023 AED '000	2022 AED '000
Not past due	**3,390,461**	2,120,033
Past due (up to 180 days)	**1,065,767**	507,936
Past due (more than 180 days)	**816,639**	555,636
	5,272,867	3,183,605

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

11 Trade receivables and other assets continued

11.2 Refundable costs

Refundable costs mainly comprise of amounts receivable from the Government of Abu Dhabi in relation to costs incurred on ongoing development projects managed by the Group and which are funded by the Government of Abu Dhabi.

11.3 Receivables relating to project finance

	Minimum payments		Present value of minimum payments	
	2023 AED '000	2022 AED '000	**2023 AED '000**	2022 AED '000
Amounts receivable from project finance:				
Within one year	**14,950**	14,877	**8,323**	8,863
In the second to fifth year	**79,840**	71,750	**20,691**	18,833
After five years	**160,061**	179,401	**111,249**	116,429
	254,851	266,028	**140,263**	144,125
Less: unearned finance income	**(114,588)**	(121,903)	**–**	–
Present value of minimum payments receivable	**140,263**	144,125	**140,263**	144,125

11.4 Receivable from the Government of Abu Dhabi

Receivables from the Government of Abu Dhabi represent the amounts receivable against infrastructure handed over and land plots sold.

11.5 Due from associates and joint ventures

	Non-current		Current	
	2023 AED '000	2022 AED '000	**2023 AED '000**	2022 AED '000
Gross receivables	**214,179**	210,918	**25,665**	26,364
Less: allowance for expected credit loss (note 11.6)	**(212,972)**	(210,918)	**(24,839)**	(24,634)
	1,207	–	**826**	1,730

11.6 Allowance for expected credit loss

Movement during the year in allowance of expected credit loss:

Trade receivables

	2023 AED '000	2022 AED '000
Balance at the beginning of the year	**209,511**	158,807
Charge for the year (note 31)	**45,152**	47,956
Write off of provision, net	**(20,029)**	2,748
Balance at the end of the year (note 11.1)	**234,634**	209,511

Due from associates and joint ventures

	2023 AED '000	2022 AED '000
Balance at the beginning of the year	**235,553**	182,494
Charge for the year	**2,258**	53,059
Balance at the end of the year (note 11.5)	**237,811**	235,553

The Group recognises lifetime expected credit loss ("ECL") for trade and other receivables using the simplified approach. To determine the expected credit losses all debtors were classified into four categories and the ECL rate for each category was determined using a provision matrix:

- category I – government related companies (0%);
- category II – private companies with low credit risk (1% to 20%);
- category III – private companies with high credit risk (20% to 60%); and
- category IV – debtors at default (100%)

These were adjusted for factors that are specific to the debtors and general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

11 Trade receivables and other assets continued
11.6 Allowance for expected credit loss continued

If the ECL rates on each time bucket had been 5% higher or lower as of 31 December, the loss allowance on trade receivables would have been higher or lower as follows:

	2023 AED '000	2022 AED '000
Not past due	**363**	32
Past due (up to 180 days)	**1,371**	2,343
Past due (more than 180 days)	**9,998**	8,100
	11,732	10,475

11.7 Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the Group. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

	2023 AED '000	2022 AED '000
Deferred tax asset		
Provisions	**62,857**	52,082
Carried forward tax losses	**24,671**	10,181
Trade and other payables	**10,970**	
Property, plant and equipment	**225**	–
Others	**1,385**	–
Deferred tax liabilities		
Investment properties	**(11,052)**	–
Development work in progress	**(4,636)**	–
Foreign exchange translation	**(3,434)**	(4,138)
Property, plant and equipment	**(213)**	(657)
Others	**–**	(166)
Net deferred tax asset	**80,773**	57,302

Deferred tax liabilities amounting to AED 7,773 thousand arises from the enactment of UAE corporate income tax (note 35).

Unrecognised deferred tax asset

	2023 AED '000	2022 AED '000
Deductible temporary differences	**28,424**	21,746
Tax losses carried forward	**375**	2,520
Corporate interest restriction disallowances carried forward	**76,951**	–
	105,750	24,266

Deferred tax asset has not been recognised in respect of the above-mentioned items due to uncertainties over the timing and recoverability in the foreseeable future.

11.8 Deferred tax liability

	2023 AED '000	2022 AED '000
Investment properties	**31,451**	–
Intangible assets	**51,928**	–
	83,379	–

Deferred tax liabilities arises from the enactment of UAE corporate income tax (note 35) and on the acquisitions made during the year amounting to AED 49,572 thousand and AED 33,807 thousand respectively.

11.9 Advances and prepayments

This represents mainly advances given to the contractors and suppliers against future work. Additionally, the balance include AED 350,000 thousand paid during 2022 as part of purchase of Nurai Island Hotel for two development islands where the seller will procure the dredging and reclamation of these islands.

11.10 Refundable deposits

This represents mainly maintenance deposits.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

11 Trade receivables and other assets continued

11.11 Contingent asset

During 2020, the Company sold its district cooling operations (the "Cooling Entities") comprising the Group's entire interest in Saadiyat Cooling LLC (a 85% owned subsidiary) and Saadiyat District Cooling LLC (a wholly owned subsidiary). As per the Sale Purchase Agreements and earn out agreement, the Group is also entitled to earn out consideration in the form of additional fee for each additional load for which the buyer contracts from these cooling operations. At 31 December 2023 and 31 December 2022, management assessed that the deferred consideration is a contingent asset as its existence will be confirmed by occurrence of future uncertain events not within the control of the Group and is accordingly not recognised as asset.

12 Plots of land held for sale

Plots of land held for sale represent plots of land intended to be sold in the normal course of business. If management determines to use these plots of land for development, these plots of land are transferred either to development work in progress or to investment properties under development on launch of the respective projects. Movement in plots of land held for sale during the year was as follows:

	2023 AED '000	2022 AED '000
Balance at beginning of the year	**4,822,121**	5,137,885
Additions during the year (note 12.1)	**3,866,520**	232,572
Borrowing cost capitalised (note 12.2)	**145,207**	–
Recognised in costs of properties sold (direct costs)	**(358,601)**	(207,784)
Transfer to development work in progress during the year (note 13)	**(687,939)**	(340,552)
Balance at the end of the year	**7,787,308**	4,822,121

As at 31 December 2023, the Group determined net realisable value of its plots of land held for sale. The estimates of net realisable values are based on the most reliable evidence available at the reporting date of the amount that the Group is expected to realise from the sale of these properties in its ordinary course of business. These estimates also take into consideration the purpose for which the inventory is held. The determination of net realisable value of plots of land held for sale is based on external valuations using various valuation methodologies and techniques (note 4). Plots of land held for sale are located in UAE.

12.1 Additions during the year

- during the year, the Group acquired 3.4 million square meters of plots of land on Al Fahid Island ("Al Fahid Land"). Al Fahid Land is classified as a "qualifying asset" as it will take a substantial period of time to get it ready for its intended use; and
- on 2 February 2023, the Group signed a subscription and shareholders' agreement with DH 3 FZ-LLC and DH Real Estate and Infra LLC to establish a special purpose vehicle in Abu Dhabi Global Market, Abu Dhabi "Aurora Holding Company Limited" ("Aurora"), a private company limited by shares for the acquisition, development and sale of development work on 3 parcels of land in Dubai, UAE. The Group holds 51% shares in Aurora. The Group controls Aurora since it is exposed, or has rights, to variable returns from its involvement with Aurora and has the ability to affect those returns through its power over Aurora. During the year, as part of the transaction, the Group acquired the above plots of lands ("DH Lands"). DH Lands are classified as a "qualifying assets" as it will take a substantial period of time to get these ready for their intended use.

  Total consideration for the above lands amounts to AED 4.58 billion payable over 5 years. The plots of land are initially recognised at cost which is the present value of consideration payable over the period of 5 years discounted using the Group incremental borrowing rate. The discounted value of the lands is equal to its fair value on the date of purchase amounting to AED 3.86 billion.

12.2 Borrowing costs included in the cost of the above lands during the year, amounting to AED 145,207 thousand, arose on the unwinding of liability and are calculated by applying a capitalisation rate of Group incremental borrowing rate to expenditure on such assets.

The Group recognises the financial liabilities in relation to the purchase of land on deferred purchase consideration in accordance with IFRS 9. These financial liabilities are recorded and carried at "amortised cost" using the effective interest method described under IFRS 9. Subsequent measurement of the above financial liabilities results in finance cost (interest expense) being incurred on the unwinding of discount. As per IAS 23, borrowing cost that can be capitalised on a qualifying assets includes any interest expense calculated using the effective interest method on remeasurement of financial liabilities carried at amortised cost as "borrowing cost". The finance costs incurred on the financial liabilities recorded in relation to land acquired on deferred consideration basis meets the definition of "borrowing cost" under the definition of IAS 23 and accordingly capitalised as part of plots of land held for sale.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

13 Development work in progress

Development work in progress represents development and construction costs incurred on properties being constructed for sale in the ordinary course of business.

Movement during the year is as follows:

	2023 AED '000	2022 AED '000
Balance at beginning of the year	**3,835,682**	4,503,543
Development costs incurred during the year	**4,845,162**	3,201,316
Recognised as part of business combination (note 47.7)	**1,152,558**	–
Recognised in costs of properties sold	**(3,345,423)**	(2,524,431)
Write-off of project costs (note 13.1, 31)	**(133,216)**	(50,344)
Provision for impairment (note 13.2, 31)	**(480)**	(73,333)
Transfers from/(to):		
Inventories (note 14)	**(38,209)**	(688,082)
Investment properties (note 7)	**(316,531)**	411,757
Plots of land held for sale (note 12)	**687,939**	340,552
Exchange difference	**(443,680)**	(1,285,296)
Balance at the end of the year	**6,243,802**	3,835,682

Development properties are located as:

	2023 AED '000	2022 AED '000
Within UAE	**2,790,457**	1,614,611
Outside UAE	**3,453,345**	2,221,071
	6,243,802	3,835,682

13 Development work in progress continued

13.1 This represents project costs relating to projects which are either non-viable design/uses and other costs relating to projects under planning which management considers not feasible to continue and accordingly written off.

13.2 As at 31 December 2023 and 31 December 2022, the Group determined net realisable value of its development work in progress and concluded that the carrying value is higher than the net realisable value resulting in provision of impairment AED 480 thousand (2022: AED 73,333). The estimates of net realisable values are based on the most reliable evidence available at the reporting date, of the amount that the Group is expected to realise in its ordinary course of business. These estimates also take into consideration the purpose for which the asset is held.

14 Inventories

	2023 AED '000	2022 AED '000
Completed properties	**504,616**	823,756
Other operating inventories	**101,718**	31,293
	606,334	855,049

During the year, completed properties with an aggregate value of AED 38,209 thousand (2022: AED 688,082 thousand) were transferred to inventories from development work in progress upon completion (note 13). During the year, an amount of AED 321,412 thousand was recognised as direct costs (2022: AED 724,235 thousand).

Inventories are located as follow:

	2023 AED '000	2022 AED '000
Within UAE	**474,245**	654,835
Outside UAE	**132,089**	200,214
	606,334	855,049

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

14 Inventories continued

During the year, in line with terms of sale purchase agreements for development projects, the Group reacquired properties with a fair value of AED 172,128 thousand (2022: AED 119,769 thousand) due to contractual non-performance of counter parties. These properties were classified as inventories based on their nature.

As at 31 December 2023, the Group determined net realisable value of its inventories and concluded that no additional adjustment is needed in respect of bringing the carrying amount of inventories to their net realisable value.

15 Cash and cash equivalents

	2023 AED '000	2022 AED '000
Cash and bank balances	**9,336,005**	7,373,522
Short term deposits held with banks	**2,382,153**	5,174,586
Cash and bank balances	**11,718,158**	12,548,108

Cash and cash equivalents

	2023 AED '000	2022 AED '000
Cash and bank balances	**11,718,158**	12,548,108
Short term deposits with original maturities greater than three months	**(116,572)**	(555,000)
Restricted bank balances	**(6,638,490)**	(4,972,790)
Cash and cash equivalents	**4,963,096**	7,020,318

Cash and cash equivalents:		
Within UAE	**4,625,006**	6,808,589
Outside UAE	**338,090**	211,729
	4,963,096	7,020,318

As at 31 December 2023, cash at banks amounting to AED 270,255 thousand (2022: AED 243,456 thousand) are not included in the Group's bank balances as it is held by the Group on behalf of third parties.

Restricted cash and bank balances include balances amounting to AED 5,627,422 thousand (2022: AED 2,701,012 thousand) which are deposited into escrow accounts representing cash received from customers against sale of development properties. The remaining balance of restricted cash balances mainly represents cash balances designated against government projects and dividend payables for which separate bank accounts are maintained.

The interest rates on term deposits ranges between 2.80% and 5.72% (2022: 0.30% and 5.17%) per annum for UAE and between 4.75% and 15.2% (2022: 1.10% and 13.9%) for outside UAE. Bank deposits relating to UAE operations are placed with local banks in the UAE.

Cash and cash equivalents include an amount of AED 2,181,852 thousand (31 December 2022: AED 1,065,845 thousand) received from one of the customers against the development of certain projects. As of 31 December 2023, these balances are deposited with the local banks in the UAE and are available for the use of the development of those projects at the discretion of the Company.

16 Share capital

Share capital comprises 7,862,629,603 (2022: 7,862,629,603) authorised, issued and fully paid-up ordinary shares with a par value of AED 1 each.

17 Hybrid equity instrument

During 2022, Aldar Investment Properties LLC (a subsidiary of the Company) issued USD 500,000 thousand (AED 1,837,663 thousand) Reset Subordinated Perpetual Notes (the "Notes") to an investor (the "Noteholder") in two tranches.

The first tranche amounting to USD 310,500 thousand was received during the month of March 2022 while the second tranche amounting to USD 189,500 thousand was received in the month of April 2022.

As per the terms of the agreement, the Notes do not have any maturity date and the Group may elect at its sole discretion not to pay interest on the Notes and Noteholder does not have a right to claim such interest. Such event will not be considered an Event of Default. Pursuant to the terms and conditions of the agreement, the instrument is classified as hybrid equity instrument in line with the requirements of IAS 32 Financial Instruments: Presentation.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

17 Hybrid equity instrument continued

Transaction costs amounting to AED 22,016 thousand related to issuance of the Notes were recorded directly in equity.

Issuance period	Issued amount	Coupon rate
March 2022	USD 310,5000 thousand (AED 1,140,000 thousand)	Fixed interest rate of 5.625% with a reset after 15 years
April 2022	USD 189,500 thousand (AED 698,000 thousand)	Fixed interest rate with of 5.625% a reset after 15 years

During the year, the Group paid coupons amounting to AED 103,289 thousand (year ended 31 December 2022: AED 51,645 thousand).

18 Reserves

Statutory reserve

In accordance with Articles of Association of the Company and the UAE Federal Law No. (32) of 2021, 10% of the annual profits are transferred to the statutory reserve that is non-distributable. Transfers to this reserve may be suspended whenever the reserve reaches 50% of the paid-up share capital of the Company. As the reserves reaches 50% of the paid-up capital, the Company has suspended further transfer.

Cash flow hedging reserve

This represents the effective portion of fair value movements of the interest rate swaps contracts that are designated by the Group as hedging instruments for cash flow hedges (note 24).

Investment revaluation reserve

This represents the cumulative unreleased gains or losses that are recognised on the financial assets at FVTOCI, net of cumulative gain/loss transferred to retained earnings on disposal.

The movement of the reserve is as follows:

	2023 AED '000	2022 AED '000
Balance at the beginning of the year	**(2,310)**	9,800
Fair value (loss)/gains on revaluation through FVTOCI (note 9.1)	**(6,480)**	52,685
Transferred to retained earnings upon derecognition	**–**	(64,795)
Balance at the end of the year	**(8,790)**	(2,310)

Assets revaluation reserve

This represents surplus raised on the fair valuation of certain property, plant and equipment upon transfer to investment properties due to change in use.

Foreign currency translation reserve

This represents exchange difference arising from translation of the financial statements of foreign subsidiaries, associates and joint ventures. The movement during the year is given below:

	2023 AED '000	2022 AED '000
Balance at the beginning of the year	**(385,312)**	–
Exchange differences on translating the net assets of foreign operations	**(252,741)**	(643,689)
Relating to non-controlling interests	**101,429**	258,377
Balance at the end of the year	**(536,624)**	(385,312)

19 Non-convertible sukuk

Sukuk No. 1:

On 1 October 2018, Aldar Sukuk Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Island and a wholly owned subsidiary of the Group issued non-convertible sukuk ("Sukuk No. 1") for a total value of AED 1,836,750 thousand (USD 500,000 thousand). Sukuk No. 1 is listed on Euronext Dublin and has a profit rate of 4.750% per annum payable semi-annually and is due for repayment in September 2025.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

19 Non-convertible sukuk continued

	2023 AED '000	2022 AED '000
Proceeds from issue	**1,836,750**	1,836,750
Unamortised issue costs	**(7,865)**	(16,117)
Accrued profit	**23,260**	13,839
Carrying amount	**1,852,145**	1,834,472
Less: current portion	**(23,260)**	(13,839)
Non-current portion	**1,828,885**	1,820,633

Sukuk No. 2:

On 22 October 2019, Aldar Sukuk (No. 2) Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Island and a wholly owned subsidiary of the Group issued non-convertible sukuk ("Sukuk No. 2") for a total value of AED 1,836,750 thousand (USD 500,000 thousand). Sukuk No. 2 listed on Euronext Dublin and has a profit rate of 3.875% per annum payable semi-annually and is due for repayment in October 2029.

	2023 AED '000	2022 AED '000
Proceeds from issue	**1,836,750**	1,836,750
Unamortised issue costs	**(11,287)**	(12,571)
Accrued profit	**13,638**	23,265
Carrying amount	**1,839,101**	1,847,444
Less: current portion	**(13,638)**	(23,265)
Non-current portion	**1,825,463**	1,824,179

Sukuk No. 3:

During the year ended 31 December 2023, Aldar Investment Properties Sukuk Limited (the "Issuer"), an exempted company incorporated with limited liability under the laws of the Cayman Islands, a subsidiary of the Group, has established a trust certificate issuance programme (the "Programme") pursuant to which the Issuer may issue from time to time up to USD 2,000,000 thousand of trust certificates in series. On 17 May 2023, the Issuer had issued the first series of the trust certificates (the "Sukuk 3") amounting to USD 500,000 thousand (AED 1,836,250 thousand) under the Programme. The Sukuk 3 is listed on Euronext Dublin, carries a profit rate of 4.875% per annum and is due for repayment in May 2033. An amount equivalent to the net proceeds of the Sukuk 3 will be allocated to finance, refinance and/or invest, in whole or in part, certain "Eligible Green Projects", as set out in the Green Framework, which specifies certain eligibility criteria for Eligible Green Projects. In addition, the Group has appointed an independent firm to assess the validity of the Green Framework and its alignment with the Green Bond Principles 2021.

	2023 AED '000	2022 AED '000
Gross value of issue	**1,836,250**	–
Discount on issue	**(21,731)**	–
Net proceeds from issue	**1,814,519**	
Unamortised issue costs	**(12,011)**	–
Accrued profit	**9,200**	–
Carrying amount	**1,811,708**	–
Less: current portion	**(9,200)**	–
Non-current portion	**1,802,508**	–

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

20 Bank borrowings

	Outstanding amount					
	Current AED '000	Non-current AED '000	Total AED '000	Security	Maturity	Purpose
31 December 2023:						
Ijarah facility	–	**420,000**	**420,000**	Unsecured	March 2025	General corporate purpose
Term loan 1	–	**1,000,000**	**1,000,000**	Unsecured	September 2028	General corporate purpose
Revolving credit facility 1	–	–	–	Unsecured	March 2026	General corporate purpose
Revolving credit facility 2	–	**500,000**	**500,000**	Unsecured	September 2027	General corporate purpose
Revolving credit facility 3	–	–	–	Unsecured	March 2028	General corporate purpose
Revolving credit facility 4	–	**469,500**	**469,500**	Unsecured	March 2025	General corporate purpose
Revolving credit facility 5	**300,000**	–	**300,000**	Unsecured	December 2024	General corporate purpose
Revolving credit facility 6	**55,935**	–	**55,935**	Secured	December 2030	Project finance
Revolving credit facility 7	**529,415**	–	**529,415**	Secured	March 2024	General corporate purpose
Revolving credit facility 8	–	**500,000**	**500,000**	Unsecured	March 2026	General corporate purpose
Term loan 2	–	**500,000**	**500,000**	Secured	November 2027	General corporate purpose
Term loan 3	–	**300,000**	**300,000**	Secured	June 2026	General corporate purpose
Term loan 4	–	**1,000,000**	**1,000,000**	Unsecured	September 2028	General corporate purpose
Term loan 5	–	**400,000**	**400,000**	Unsecured	September 2028	General corporate purpose
Term loan 6	**9,181**	**141,541**	**150,722**	Secured	December 2031	Project finance
Term loan 7	–	–	–	Secured	December 2024	Project finance
Term loan 8	**26,122**	**39,183**	**65,305**	Secured	September 2027	Project finance
Term loan 9	**22,777**	**9,821**	**32,598**	Secured	June 2027	Project finance
Term loan 10	–	**200,000**	**200,000**	Unsecured	June 2028	General corporate purpose
Term loan 11	–	**54,619**	**54,619**	Secured	December 2030	Project finance
Term loan 12	**111,793**	–	**-111,793**	Secured	March 2026	General corporate purpose
Receivables discounting facility	**26,429**	–	**26,429**	Secured	September 2027	Receivables discounting
Murabaha facility	–	–	–	Unsecured	September 2027	Investment purposes
Unamortised borrowing cost	**(1,292)**	**(46,106)**	**(47,398)**			
Accrual for interest and profits	**7,294**	–	**7,294**			
	1,087,654	**5,488,558**	**6,576,212**			

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

20 Bank borrowings continued

	Outstanding amount					
	Current AED '000	**Non-current AED '000**	**Total AED '000**	Security	Maturity	Purpose
31 December 2022:						
Ijarah facility	–	420,000	420,000	Secured	March 2025	General corporate purpose
Term loan 1	–	1,000,000	1,000,000	Unsecured	September 2027	General corporate purpose
Revolving credit facility 1	–	300,000	300,000	Unsecured	March 2025	General corporate purpose
Revolving credit facility 2	–	500,000	500,000	Unsecured	September 2027	General corporate purpose
Revolving credit facility 3	–	1,180,000	1,180,000	Unsecured	March 2027	General corporate purpose
Revolving credit facility 4	–	469,500	469,500	Secured	March 2025	General corporate purpose
Term loan 2	–	400,000	400,000	Unsecured	September 2027	General corporate purpose
Term loan 3	–	1,000,000	1,000,000	Unsecured	September 2027	General corporate purpose
Term loan 4	–	300,000	300,000	Secured	June 2026	General corporate purpose
Term loan 5	500,000	–	500,000	Secured	November 2023	General corporate purpose
Term loan 6	5,734	185,414	191,148	Unsecured	December 2031	Project finance
Term loan 7	11,866	17,947	29,813	Secured	December 2024	Project finance
Term loan 8	18,355	63,223	81,578	Secured	October 2027	Project finance
Term loan 9	19,326	114,883	134,209	Secured	June 2027	Project finance
Receivables discounting facility	19,342	17,832	37,174	Secured	June 2028	Receivables discounting
Murabaha facility	17,225	77,400	94,625	Secured	September 2027	Investment purposes
Unamortised borrowing cost	(1,090)	(40,858)	(41,948)			
Accrual for interest and profits	17,543	–	17,543			
	608,301	6,005,341	6,613,642			

The above loans carry margins ranging from 0.50% to 2.95% (2022: 0.70% to 2.25%) above the base lending rate. For loans obtained in the UAE, the base lending rate used is EIBOR and for overseas subsidiary is the relevant base lending rate.

During the year ended 31 December 2023:

- the Group obtained two new Sustainability Target linked term loans of AED 500 million each with an initial maturity of 1 year extendable for up to a total of 3 years;
- the Group obtained a Sustainable Target linked revolving credit Ijarah facility of AED 1 billion with a fixed maturity of 5 years;
- the Group also entered into a Murabaha Credit facility of AED 500 million with an initial maturity of 3 years extendable to a maximum of 6 years; and
- the Group also signed a Sustainability Target linked Term loan of AED 500 million with an initial maturity of 5 years extendable for up to a maximum of 7 years.

The sustainability targets include reduction in electricity and water consumption, increase in LEED certified O&M area, workers welfare & inclusion of commercial and residential tenants in Aldar's net zero sustainability program.

All the above loans are priced at market rate.

As at 31 December 2023, the Group had AED 7,465,489 thousand of undrawn, committed term and revolving credit facilities in the form of bilateral agreements (2022: AED 3,973,864 thousand). Bank borrowings and non-convertible sukuk drawn during the year amounted to AED 6,860,190 thousand (2022: AED 8,803,223 thousand) and repaid during the year amounted to AED 5,641,850 thousand (2022: AED 6,772,798 thousand).

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

20 Bank borrowings continued

Certain bank borrowings (Term loans 2 and 3) are secured in the form of mortgage over certain immovable properties; of which operating assets under investment properties are valued at AED 1,073,281 thousand (31 December 2022: AED 2,841,584 thousand), under property, plant and equipment are valued at nil (31 December 2022: AED 37,896 thousand) and the plots of land held for sale amounting to nil (31 December 2022: AED 538,280 thousand) and carry a net worth covenant.

Term loans 6 to 9, 11, 12, receivables discounting facility and revolving Credit Facility 6 & 7 are secured against the following and relates to the Group Egypt and England & Wales subsidiaries only:

- pledge to deposit all proceeds from the sales of units in the designated accounts with the lenders;
- assignment right of the first degree on the projects account in favour of the lenders;
- mortgage on the leased assets/units and buildings and pledge over unsold units; and
- various development work in progress.

The split of bank borrowings by location are:

	2023 AED '000	2022 AED '000
Within UAE	**5,552,133**	6,144,401
Outside UAE	**1,024,079**	469,241
	6,576,212	6,613,642

21 Retentions payable

	2023 AED '000	2022 AED '000
Retentions payable within 12 months	**723,756**	1,056,294
Retentions payable after 12 months	**542,998**	676,001
	1,266,754	1,732,295

This represents amounts retained by the Group from third party contractors for construction projects.

22 Lease liabilities

Group as a lessee

The Group has entered into leases for land on which certain of the Group's buildings and investment properties are constructed. Refer to notes 5 and 7 for further information. The Group's obligations under its leases are secured by the lessor's title to the leased plots of land. Generally, the Group's leases also include restrictions on assigning and subleasing the leased assets.

Set out below are the carrying amounts and maturity analysis of lease liabilities as at 31 December:

	2023 AED '000	2022 AED '000
Maturity analysis:		
Year 1	**96,673**	61,096
Year 2	**100,901**	58,559
Year 3	**92,618**	56,059
Year 4	**74,476**	47,458
Year 5	**62,351**	47,418
Onwards	**1,057,813**	493,213
Balance at the end of the year	**1,484,832**	763,803
Less: finance cost	**(557,962)**	(278,270)
	926,870	485,533
Analysed as:		
Non-current	**848,365**	436,545
Current	**78,505**	48,988

The Group does not face a liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

22 Lease liabilities continued

The following are the amounts recognised in profit or loss:

	2023 AED '000	2022 AED '000
Depreciation expense of right-of-use assets	**38,961**	12,696
Unwinding of interest expense on lease liabilities during the year (note 33)	**23,845**	15,449

The movement for the lease liability is as follows:

	2023 AED '000	2022 AED '000
Balance at the beginning of the year	**485,533**	333,260
Acquired as part of business combinations (note 47)	**428,514**	137,422
Additions	**89,437**	74,360
Payments	**(74,765)**	(75,240)
Terminations	**(25,458)**	–
Finance cost	**23,845**	18,603
Exchange difference	**(236)**	(2,872)
Balance at the end of the year	**926,870**	485,533

The Group did not have major non-cash additions to right-of-use assets and lease liabilities during the year ended 31 December 2023 and year ended 31 December 2022.

23 Employee benefits

	2023 AED '000	2022 AED '000
Employees' end-of-service benefits	**285,012**	237,208
Long term incentive scheme	**54,470**	59,685
Balance at the end of the year	**339,482**	296,893

End-of-service benefits

Movements in the provision for employees' end of service benefits are as follows:

	2023 AED '000	2022 AED '000
Balance at the beginning of the year	**237,208**	177,125
Charge for the year – net of reversal	**55,157**	48,815
Acquired in business combination (note 47)	**42,213**	48,882
Paid during the year	**(49,566)**	(37,614)
Balance at the end of the year	**285,012**	237,208

Long term incentive scheme

The Group's Board of Directors has approved a Long Term Incentive (LTI) scheme for certain employees of the Company and its subsidiaries. The LTI scheme is designed to provide long-term incentives for certain senior management team to deliver long-term shareholder returns. Under the LTI scheme, the eligible employee contributes 30% of their performance bonus towards the LTI fund and the Company matches the same percentage as an additional contribution. The contribution of both the employees and the Company are invested in Restricted Share Units (RSU). Participants will receive an amount based on the combined contributions which will be invested and generate a return in accordance with the investment policy set under the Discretionary Investment Portfolio Management Agreement ("DIPMA"), as mentioned below, if vesting requirements are met at the end of a 3-year retention period. A cash amount representing the value of vested portion is paid upon completion of the service condition over three years. Carrying value of LTI scheme is computed based on the relevant share price as of 31 December 2023 and 31 December 2022.

Movements in the provision for long term incentive scheme are as follows:

	2023 AED '000	2022 AED '000
Balance at the beginning of the year	**59,685**	54,470
Charge for the year – net of reversal	**3,482**	18,133
Fair value and other movement	**12,842**	–
Paid during the year	**(21,539)**	(12,918)
Balance at the end of the year	**54,470**	59,685

ALDAR

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

23 Employee benefits continued

Long term incentive scheme continued

The Company entered into a DIPMA with a local bank whereby the Company has appointed the local bank to manage funding of distributions to be made by the Company to the beneficiaries under the LTI scheme. The amount funded in line with DIPMA is recorded under trade receivables and other assets (note 11). The Company remains the primary obligor to the beneficiaries in line with their entitlement under the employee agreements.

24 Derivative financial instruments

In prior years, the Group entered into floating to fixed interest rate swaps to partially hedge its interest rate risk in relation to its floating rate borrowings and forward starting interest rate swap contract to manage the potential interest rate risk of a forecasted debt capital markets transaction.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. Under the forward starting interest rate swap contracts, the Group fixes the interest rate of a debt capital market issuance, which was executed in the year 2023 (refer note 19). All interest rate swap contracts and forward starting interest rate swaps contracts has been concluded and realised during the year ended 31 December 2023.

Part of the acquisition of London Square (a subsidiary) which was completed during the year 2023 (note 47.7), the Group acquired Interest Rate Caps financial derivatives, which are used to manage the subsidiary exposure to interest rates risk through the proportion of fixed and variable rate debt in its total debt portfolio, the interest rate cap has been purchased to manage the subsidiary exposure to variable rate interest on borrowings, the subsidiary does not designate the interest rate cap as hedges, the fair value changes being recognised in the profit and loss.

The fair value of interest rate swaps and interest rate cap at the reporting date is based on a discounted future cash flows using the applicable yield curves derived from observable interest rates. The fair values are presented below:

	31 December 2023		31 December 2022	
	Gross carrying amount AED '000	**Fair value hierarchy**	Gross carrying amount AED '000	Fair value hierarchy
Derivative financial assets:				
interest rate cap	**8,311**	**Level 2**	–	–
interest rate swaps	**–**	**–**	4,138	Level 2
forward starting interest rate swaps	**–**	**–**	202,907	Level 2

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same or expected to be the same, the Group performs a qualitative assessment of effectiveness, under IFRS 9 Financial Instruments, and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. In respect of forward starting interest rate swap contracts, hedge ineffectiveness also results from changes in the timing of issuance of debt. No other sources of ineffectiveness emerged from these hedging relationships.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings or highly probable forecast transactions which are realised during the year 2023.

The following table summarises information regarding interest rate swap, cap and forward starting interest rate swaps contracts outstanding at the reporting date:

	Average contracted fixed interest rate		Notional amount		Carrying amount of the derivative financial asset/(liability)	
Maturity profile	**2023**	2022	**2023 AED '000**	2022 AED '000	**2023 AED '000**	2022 AED '000
Less than 1 year	**2.52%**	2.73%	**360,098**	183,625	**5,761**	4,138
1 to 2 years	**3.00%**	–	**66,247**	–	**2,070**	–
2 to 5 years	**3.00%**	1.11%	**15,319**	918,125	**480**	179,211
More than 5 years	**–**	2.73%	**–**	367,250	**–**	23,696
Total			**441,664**	1,469,000	**8,311**	207,045

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

Movement in the cash flow hedging reserve was as following:

	2023 AED '000	2022 AED '000
Balance at the beginning of the year	**190,248**	(422)
Cumulative fair value (loss)/gain arising on hedging instruments during the year classified under cash flow hedges	**(20,713)**	193,394
Cumulative (loss)/gain arising on hedging instruments reclassified to profit or loss on maturity	**(7,787)**	6,947
Attributable to non-controlling interest	**3,382**	(9,671)
Balance at the end of the year	**165,130**	190,248

25 Advances from customers

Advances from customers represent mainly security deposits, advances from customers and advances received on project management business.

26 Trade and other payables

	2023 AED '000	2022 AED '000
Non-current portion		
Payable to a government authority for purchase of land (note 26.1)	**638,007**	713,253
Other land acquisition creditors and payable (note 12)	**3,197,385**	184,557
Deferred tax liability (note 11.8, 35)	**83,379**	–
	3,918,771	897,810
Current portion		
Trade payables	**1,721,104**	1,715,099
Accrual for contractors' costs	**3,840,837**	5,621,893
Due to the Government of Abu Dhabi	**317,312**	181,703
Deferred income	**698,270**	586,724
Income tax payable	**115,479**	127,159
Provisions related to construction contracts (note 26.2)	**274,334**	171,703
Advances from the Government of Abu Dhabi (note 38.1)	**30,292**	131,582
Dividends payable	**17,360**	87,841
Payable to a government authority for purchase of land(note 26.1)	**57,822**	65,216
Provision for onerous contracts	**852**	14,460
Grant liability (note 26.4)	**104,856**	–
Deferred payable (note 47.7)	**106,080**	–
Other land acquisition creditors (note 12)	**404,691**	5,170
Other liabilities (note 26.3)	**1,392,668**	915,454
	9,081,957	9,624,004

The Group has financial and risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

26 Trade and other payables continued

26.1 Payable to a government authority for purchase of land

	Plot of land I AED '000	Plot of land II AED '000	Plot of land III AED '000
Total par value of the checks issued to the Egyptian New Urban Communities Authority ("NUCA")	98,744	1,257,023	79,869
Unamortised interest	(19,062)	(695,891)	(24,854)
	79,682	561,132	55,015
Less: current portion	(16,779)	(28,871)	(12,172)
Non-current portion	62,903	532,261	42,843

Plot of land I

On 1 September 2021, Egyptian New Urban Communities Authority ("NUCA") approved the request submitted by one of the indirect subsidiaries to purchase a plot of land with an area of 123.39 acres, with a total value of EGP 1,236,216 thousand (AED 146,783 thousand). The remaining price of the land and any associated interest is payable in the form of 12 semi-annual instalments over a period of five and a half years starting from 8 March 2022 and ending on 8 September 2027. On 6 April 2022, NUCA sent a letter to amend the area of the plot of land from 123.39 acres to 115.34 acres along with the adjustment of the instalments and interest values according to the new area. The value of the land has been adjusted according to the contract annex in May 2022 to be EGP 1,156,000 thousand (AED 137,353 thousand), and the land area allocated to the Company became 265.34 acres.

Plot of land II

On 21 March,2019, a co-development agreement was signed between a subsidiary of the Company and NUCA to establish an integrated urban project with an area of 500 acres (the "Previous Plot") with a total value of EGP 11,412,974 thousand (AED 1,355,131 thousand). During 2021, based on the proposal from the Egypt Sheikh Zayed City Development Authority to amend this site, NUCA and the subsidiary exchanged the Previous Plot against a plot with an area of 464.81 acres (the "New Plot"). The New Plot was based on the same terms and conditions as was attached to the Previous Plot with a revised payment plan with a total value of EGP 11,357,000 thousand (AED 1,349,777 thousand). The co-development contract annex was signed on June 27, 2022.

Plot of land III

On 1 August 2023, a subsidiary of the Group signed a contract with the NUCA to acquire a plot of land area approximately 180 acres with a total amount of EGP 807,500 thousand (AED 95,879 thousand), the down payment amount was paid, and the rest of the price and interest will be paid over 10 consecutive semi-annual instalments.

26.2 Provisions related to construction contracts

The breakdown of provisions related to construction contracts is as follows:

	2023 AED '000	2022 AED '000
Provisions for completion of works (i)	212,052	142,515
Provision for expected claims (ii)	16,004	9,653
Others	46,278	19,535
	274,334	171,703

(i) Provision for completion of works relate to estimated costs expected to be incurred on delivered units in the following years to complete the execution of the final stages of projects.

(ii) Provision for expected claims is formed for existing claims related to the Group's transactions with other parties. The management reviews the provisions annually and makes any amendments if needed according to the latest agreements and negotiations with those parties.

26.3 Other liabilities include net contingent consideration payable of AED 60,990 thousand at 31 December 2023 (2022: AED 60,990 thousand). The aggregate amount of contingent consideration shall not exceed AED 75,000 thousand. The fair value of the contingent consideration is estimated at AED 60,990 thousand. There are no changes in the fair value of contingent consideration payable as at 31 December 2023 as there were no significant changes in the range of outcomes or the assumptions used to develop the estimate. The fair value of the contingent consideration was estimated by applying an income approach. The fair value measurement is based on significant inputs that are not observable in the market therefore this is a Level 3 measurement in the fair value measurement hierarchy as at 31 December 2023 and 31 December 2022. Key assumptions include a discount rate of 9.70% and probable outflow of AED 60,990 thousand

ALDAR

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

26 Trade and other payables continued

26.4 Grant liability represent grant received by a foreign subsidiary of the Group from a regional governance body to support the development of projects in the specified areas which is recognised as per the terms of the relevant agreement.

27 Revenue and rental income

	2023 AED '000	2022 AED '000
Revenue		
Property development	**6,868,073**	5,828,408
Development management	**1,201,552**	1,133,444
Fee and related income from schools	**686,579**	592,278
Property and facilities management	**1,614,651**	588,211
Hospitality and leisure	**1,116,189**	827,826
Construction contracts	**717,272**	346,641
Rental income		
Rental income on investment properties	**1,956,622**	1,883,219
	14,160,938	11,200,027

Rental income on investment properties includes contingent rental income of AED 49,218 thousand (2022: AED 45,534 thousand) and revenue from service charges of AED 130,979 thousand (2022: AED 144,590 thousand).

28 Direct costs

	2023 AED '000	2022 AED '000
Property development	**4,426,692**	3,934,149
Development management	**692,820**	648,723
Property and facilities management	**1,370,663**	559,669
Direct cost of investment properties	**305,560**	289,635
Hospitality and leisure	**705,090**	593,982
Construction contracts	**691,113**	312,250
Direct cost related to schools	**395,627**	350,108
	8,587,565	6,688,516

29 Selling and marketing expenses

	2023 AED '000	2022 AED '000
Projects marketing	**31,901**	111,558
Corporate advertising and events	**39,448**	66,039
Exhibitions and sponsorships	**43,537**	42,724
	114,886	220,321

30 General and administrative expenses

30.1 Others in general and administrative expenses include the following:

	2023 AED '000	2022 AED '000
Professional fees	**140,836**	115,879
Board of Directors' remuneration	**34,181**	40,575
General office expenses	**70,960**	54,690
Business travel	**10,674**	4,315
IT maintenance	**40,572**	27,183
Others	**191,627**	222,322
	488,850	464,964

30.2 Staff costs consist of the following:

	2023 AED '000	2022 AED '000
Salaries, bonuses and other benefits	**2,482,242**	2,067,578
Employees' end of service benefits (note 23)	**55,157**	48,815
Staff training and development	**6,596**	124
	2,543,995	2,116,517

Staff costs are allocated to:		
Direct costs	**1,948,593**	1,442,473
General and administrative expenses	**545,245**	626,946
Projects under development (capitalised)	**50,157**	47,098
	2,543,995	2,116,517

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

31 Provisions, impairments and write–downs, net

	2023 AED '000	2022 AED '000
Reversal of impairment on property, plant and equipment (note 5)	**–**	(300,323)
Provision for expected credit losses, net (note 11.6)	**45,152**	47,956
Provision for impairment on due from associates and joint ventures (note 11)	**2,258**	37,001
Reversal of provision for impairment of investments in associates and joint ventures (note 8.2)	**–**	(7,347)
(Release)/provision for onerous contracts	**(11,601)**	14,514
Write-down of development work in progress (note 13)	**133,216**	50,344
Provision for impairment of development work in progress (note 13)	**480**	73,333
Provision against prepayments	**–**	30,000
Provision for impairment of other receivables and assets	**–**	68,631
Receivables written off	**–**	1,973
Others	**56,440**	47,755
	225,945	63,837

32 Finance income

	2023 AED '000	2022 AED '000
Interest/profit earned on:		
Sharia compliant deposits	**106,342**	48,524
Bank fixed deposits	**66,132**	39,837
Call and current accounts	**194,956**	46,366
Total interest/profit earned	**367,430**	134,727
Financing income earned on receivables	**104,578**	63,809
Other finance income	**26,765**	19,107
	498,773	217,643

* This mainly represents significant financing component implicit in the contracts with customers which provides the customer with a significant benefit of financing the transfer of properties sold.

Finance income earned on financial assets, analysed by category of asset is as follows:

	2023 AED '000	2022 AED '000
Financial assets at amortised cost		
Loans and receivables	**131,343**	82,916
Bank balances and deposits	**367,430**	134,727
	498,773	217,643

33 Finance costs

	2023 AED '000	2022 AED '000
Finance costs on bank borrowings and non-convertible sukuk	**583,593**	368,915
Unwinding of finance cost on operating lease liabilities (note 22)	**23,845**	15,449
Others	**5,940**	6,037
	613,378	390,401
Cumulative loss arising on hedging instruments reclassified to profit or loss (note 24)	**7,788**	6,947
	621,166	397,348

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

34 Other income

	2023 AED '000	2022 AED '000
Release of liabilities, accruals and provisions (i)	**157,716**	8,881
Insurance claim (ii)	**17,136**	–
Exchange gain on bank deposits	**16,826**	41,945
Gain/(loss) on disposal of property, plant and equipment	**133**	(165)
Others	**93,886**	41,522
	285,697	92,183

(i) This represents reversal of provisions which were no longer required following management's assessment at reporting date of the estimated cash flows required based on latest information which highlighted that it is no longer probable that a transfer of economic benefits will be required to settle the obligation.
(ii) This represents insurance claims received during the year mainly related to hospitality and leisure segment impacted by the Covid 19 pandemic.

35 Income tax

Income tax for the year relates to overseas operations of the Group. The Group calculates income tax expense using the tax rate that would be applicable to the expected net profit. The major components of income tax expense in the consolidated statement of profit or loss are:

	2023 AED '000	2022 AED '000
Current income tax:		
Current income tax charged	**67,095**	65,608
Tax expense on dividends	**75**	844
Deferred income tax:		
Relating to origination and reversal of temporary differences	**(12,548)**	(27,218)
Relating to enactment of UAE corporate income tax*	**57,345**	–
Income tax expense	**111,967**	39,234

Income tax reconciliation schedule as follows:

	2023 AED '000	2022 AED '000
Profit for the year before tax	**4,528,373**	3,182,967
UAE profit not subject to income tax	**(4,324,014)**	(3,033,445)
Non-UAE profit subject to income tax	**204,359**	149,522
Income tax using the domestic corporate tax rate @ 22.5% – 25%	**45,686**	33,642
Special tax pool (financial investment at amortised cost)	**2,678**	2,061
Non-deductible expenses/(income)	**17,980**	(18,921)
Provisions	**(21,181)**	20,971
Differences in amortisation and interest on lease obligations	**(313)**	646
Tax losses	**8,158**	–
Deferred income tax recognised on UAE CT enactment*	**58,800**	–
Other tax adjustments	**159**	835
Income tax expense	**111,967**	39,234

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (UAE CT Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The Corporate Tax Law is applicable to Tax Periods commencing on or after 1 June 2023 (where the Tax Period is generally aligned with the financial accounting period).

The UAE CT Law shall apply to the Group with effect from 1 January 2024. The UAE CT Law is subject to further clarification by supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

35 Income tax continued

With the publication of this Decision, the Group considers the UAE CT Law to be substantively enacted for the purposes of International Accounting Standard (IAS) 12 – Income Taxes, and accordingly the impact of the UAE CT Law is assessed on the consolidated financial statements for the year ended 31 December 2023.

Current Tax

As set out above, the UAE CT Law shall apply to the Group with effect from 1 January 2024 and it will be liable to pay corporate tax on the taxable income for the year ending 31 December 2024. Accordingly, no current tax provision is accounted for in the consolidated financial statements for the year ended 31 December 2023 relating to UAE entities.

Deferred Tax

Following assessment of the potential impact of the UAE CT Law, the Group considers that taxable temporary differences arise in respect of historical Purchase Price Allocation (PPA) adjustments and accounting policy alignments carried on the Group's consolidated statement of financial position. While the PPA adjustments relate to corporate transactions completed in prior accounting periods, the deferred tax liability arises due to the introduction of the UAE CT) Law in the UAE, and on the basis that the entities to which those PPA adjustments are attributed should be subject to UAE CT in the future. The Group will continue to monitor the publication of subsequent decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to this position at subsequent reporting dates.

International Tax Reform – Pillar Two model rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two Anti Global Base Erosion Rules ("GloBE Rules") designed to address the tax challenges arising from the digitalisation of the global economy.

The Group is in scope of Pillar Two legislation as it operates in a jurisdiction that has substantively enacted Pillar Two legislation and its consolidated revenue exceeds €750 million threshold.

UAE, where the head quarter of the Group is based, published Federal Decree-Law No. 60 of 2023, amending specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses on 24 November 2023, as part of its commitment to the OECD guidelines.

The amendments introduced by Federal Decree-Law No. 60 of 2023 are intended to prepare for the introduction of the BEPS 2.0 Pillar 2 Rules. The implementation of these rules in the UAE is still pending additional Cabinet Decisions, and the specific form and manner of implementation are yet to be determined.

Additionally, Pillar Two legislation is effective in the jurisdiction in financial year ending 31 December 2024 where the Group operates. The Group will continue to monitor the Pillar Two legislations in all relevant jurisdictions and accrue any potential top-up tax when the legislation is effective in those jurisdictions in accordance with the IAS 12 Amendments and taking into consideration the transitional CbC safe harbour relief.

The Group is in the process of assessing the potential exposure to Pillar Two income taxes as at 31 December 2023. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable. The Group expects to be in a position to report the potential exposure in the year 2024.

It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which an entity does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules.

The Group has applied this mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

36 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent 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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

36 Earnings per share continued

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2023	2022
Earnings (AED '000)		
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company	**3,922,263**	2,944,464
Less: distributions to the Noteholder (hybrid equity instrument – note 17)	**(103,289)**	(51,645)
	3,818,974	2,892,819
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**7,862,629,603**	7,862,629,603
Basic and diluted earnings per share attributable to Owners of the Company in AED	**0.486**	0.368

37 Dividends

At the annual general meeting held on 16 March 2023, the shareholders approved distribution of cash dividends of AED 1,258,022 thousand for the year ended 31 December 2022, being 16 fils per share. The Board of Directors, in their meeting held on 9 February 2024, proposed a cash dividend of 17 fils per share for the year ended 31 December 2023. The proposed dividend is subject to approval of the Shareholders at the annual general assembly.

38 Transactions and balances with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise of the Parent Company and its affiliates, major shareholders, associated companies, directors, key management personnel of the Group and their related entities. The terms of the major transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management.

Major Shareholders represent Alpha Dhabi Holding PJSC (the "Parent Company") and its affiliated entities and Mubadala Investment Company PJSC (the "Major Shareholder") and its affiliated entities. Government of Abu Dhabi is an indirect major shareholder of the Company through an entity controlled by it. The balances and transactions disclosed below with reference to Government of Abu Dhabi also include the entities controlled by Government of Abu Dhabi.

38.1 Related party balances

Significant related party balances (and the consolidated statement of financial position captions within which these are included) are as follows:

	2023 AED '000	2022 AED '000
(1) Government of Abu Dhabi		
Trade and other receivables	**868,053**	1,220,246
Trade and other payables	**(330,254)**	(185,069)
Contract assets	**–**	105,087
Contract liabilities	**(1,053,509)**	(870,081)
Advances received (note 26)	**(30,292)**	(131,582)
(2) Major shareholder and its affiliates		
Trade and other receivables	**59,912**	60,835
Retentions payable	**(113,190)**	(113,190)
Trade and other payables	**(3,764)**	(835)
(3) Parent Company and its affiliates		
Trade and other receivables	**100,334**	711,043
Retentions payable	**(450,485)**	(666,666)
Trade and other payables	**(33,974)**	(27,675)
(4) Associates and joint ventures		
Due from joint ventures	**826**	1,729

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

38 Transactions and balances with related parties continued

38.2 Transactions with related parties

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Other than as disclosed in note 11, allowance of expected credit losses against due form associates and joint ventures, no provision has been made for doubtful debts in respect of the amounts owned by related parties. Certain receivables from joint ventures carry interest of 9% per annum and are repayable within 2 to 5 years.

During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	2023 AED '000	2022 AED '000
(1) Government of Abu Dhabi		
Revenue	**1,591,411**	1,478,909
Other income	**2,678**	11,337
Finance income from project finance	**8,301**	7,069
(2) Major shareholder and its affiliates		
Revenue	**73,370**	36,743
(3) Parent Company and its affiliates		
Revenue	**53,799**	17,692
Cost incurred on projects under development (i)	**122,284**	256,354
Cost incurred on projects under management (ii)	**–**	2,145,065
Other costs	**39,899**	20,978
(4) Associates and joint ventures		
Finance income	**15,106**	7,553

	2023 AED '000	2022 AED '000
(5) Key management compensation		
Salaries, bonuses and other benefits	**39,475**	32,777
Post-employment benefits	**1,072**	1,060
Long term incentives	**6,576**	11,252
	47,123	45,089
(6) Directors' remuneration – expense (iii), (iv)	**34,181**	40,575

(i) This represents costs incurred during the year which is recognised as development work in progress for projects under development.

(ii) This represents costs incurred on the projects under management on behalf of Government of Abu Dhabi. These costs are off set against "advances from the Government of Abu Dhabi".

(iii) During the year, the Company paid Directors' remunerations amounting to AED 19,804 thousand (2022: AED 18,075 thousand).

(iv) In line with the approved remuneration during 2022 AGM, the Company has set up a deferred remuneration scheme ("DRS") for the Directors. Under the DRS scheme, the directors contribute 30% of their remuneration towards the DRS scheme and the Company matches the same percentage (30%) as an additional contribution. The contribution of both the directors and the Company are invested in Restricted Share Units ("RSU") and payment will be made in line with Aldar Group Board Remuneration Policy. The directors will be paid in cash on the earlier of three years or end of tenure based on the value of the RSU at that time. The Group has accrued AED 7,200 thousand for this scheme related to year 2023 (for the year ended 31 December 2022: AED 7,200 thousand).

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

38 Transactions and balances with related parties continued

38.3 Other balances and transactions with related parties:

(i) Outstanding borrowings amounted to AED 2,700,000 thousand (2022: AED 3,975,998 thousand) are due to the banks controlled by the Government of Abu Dhabi and major shareholder. Finance cost on these borrowings amounted to AED 170,216 thousand (2022: AED 105,432 thousand).

(ii) Deposits and bank balances amounted to AED 4,608,438 thousand (2022: AED 8,887,275 thousand) are kept with banks controlled by the Government of Abu Dhabi and major shareholder. Finance income on these deposits amounted to AED 206,028 thousand (2022: AED 52,874 thousand).

(iii) Letter of credits and bank guarantees issued through banks controlled by the Government of Abu Dhabi and major shareholder amounted to AED 4,825,916 thousand (2022: AED 553,050 thousand).

(iv) During the year, the Group acquired two plots of land from the major shareholder (refer note 7.2ii).

39 Contingencies and commitments

39.1 Capital commitments

Capital expenditure contracted but not yet incurred at the end of the year is as follows:

	2023 AED '000	2022 AED '000
Projects under development	**11,033,316**	5,678,563
Projects management	**6,528,144**	15,783,285
Others	**285,216**	95,633
	17,846,676	21,557,481

Projects under management represent remaining contractual amounts relating to projects managed by the Group, of which the related agreements with contractors were entered by and continued to be under the name of the Group on behalf of the Government of Abu Dhabi. This includes AED 6,309,600 thousand (2022: AED 15,518,349 thousand) of commitment of Aldar Projects LLC (a subsidiary of the Company) which will be funded in advance by the Government of Abu Dhabi. The above commitments are spread over a period of one to five years.

39.2 Operating lease commitments

The Group as lessor

The Group has entered into operating leases on its investment property portfolio owned by the Group and have terms of between 1 and 20 years. The lessees do not have an option to purchase the property at the expiry of the lease period. The commercial property lease arrangements include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

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

	2023 AED '000	2022 AED '000
Buildings:		
Within one year	**1,429,281**	1,353,378
In the second to fifth year	**3,705,289**	3,399,640
After five years	**2,146,437**	2,035,476
	7,281,007	6,788,494

In addition to the above lease commitments, the Group also have lease contracts where it is entitled to receive rent based on turnover of tenants and service charges.

39.3 Contingencies

Letters of credit and bank guarantees

	2023 AED '000	2022 AED '000
Letters of credit and bank guarantees	**5,193,005**	861,399

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

39 Contingencies and commitments continued

39.4 Legal claim contingency

In January 2022, a previous supplier filed a claim against the Group relating to a contract that was signed in 2007. In June 2022, the First Instance Court rejected the case filed by the supplier in its entirety, based on the opinion provided by a panel of court appointed experts. In July 2022, the supplier filed an appeal which introduced no further substantive facts but challenged the experts' opinion. The Appeal Court re-appointed the same panel of court appointed experts to consider this challenge. In December 2022, the Court of Appeal dismissed the appeal in the Group's favor. The supplier filed an appeal with the court of cassation which was awarded decided in the Group's favor in March 2023. There are no further appeals available to the supplier, so the claim is now closed.

40 Financial instruments

40.1 Material accounting policy information

Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

40.2 Categories of financial instruments

	2023 AED '000	2022 AED '000
Financial assets		
Investment in financial assets at FVTOCI	**23,317**	29,797
Investment in financial assets at FVTPL	**695,652**	68,837
Derivative financial assets	**8,311**	207,045
Financial assets at amortised cost	**93,147**	179,744
Receivables, other assets and cash and bank balances (at amortised cost)	**20,568,732**	18,565,756
	21,389,159	19,051,179
Financial liabilities		
Financial liabilities measured at amortised cost	**32,365,534**	24,546,778
	32,365,534	24,546,778

40.3 Financial risk

The Group's Corporate Finance and Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages financial risks relating to operations of the Group based on internally developed models, benchmarks and forecasts which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group seeks to minimise the effects of financial risks by using appropriate risk management techniques including using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by management's analysis of market trends, liquidity position and predicted movements in interest rate and foreign currency rates which are reviewed by the management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

40.4 Capital risk

The Group manages its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximising return to shareholders through the optimisation of the debt and equity balance. No major changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

The capital structure of the Group comprises non-convertible Sukuk, borrowings, cash and bank balances and equity attributable to owners of the Company, comprising share capital, reserves, hybrid equity instrument and retained earnings as disclosed in the consolidated statement of changes in equity.

The Group monitors and adjusts its capital structure in light of changes in economic conditions and the requirements of financial covenants with a view to promote the long-term success of the business while maintaining sustainable returns for shareholders. This is achieved through a combination of risk management actions including monitoring solvency, minimising financing costs, rigorous investment appraisals and maintaining high standards of business conduct.

Key financial measures that are subject to regular review include cash flow projections and assessment of their ability to meet contracted commitments, projected gearing levels and compliance with borrowing covenants, although no absolute targets are set for these.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

40 Financial instruments continued

40.4 Capital risk continued

The Group monitors its cost of debt on a regular basis. At 31 December 2023, the weighted average cost of debt was 5.15% (2022: 5.5%). Investment and development opportunities are evaluated against an appropriate equity return in order to ensure that long-term shareholder value is created.

The covenants of seventeen (2022: twelve) borrowing arrangements require maintaining a minimum tangible net worth. Five loans require a minimum tangible net worth of AED 6 billion and seven loans require a minimum tangible net worth of AED 4 billion.

40.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include bank borrowings, investment in financial assets and derivative financial instruments.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rate.

The Group may be exposed to currency and translation related risks on its borrowings denominated in US Dollars and its investments in foreign subsidiaries. In respect of the Group's transactions and balances denominated in US Dollars and Saudi Riyal, the Group is not exposed to the currency risk as the UAE Dirham and Saudi Riyal are currently pegged to the US Dollar.

The table below summarises the sensitivity of the Group's monetary and non–monetary assets and liabilities to changes in foreign exchange movements at year end. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5% with all other variables held constant:

	Assets AED '000	Liabilities AED '000	Net exposure AED '000	Effect on net equity for +/- 5% sensitivity AED '000
2023				
Egyptian pound	**4,836,316**	**(3,609,646)**	**1,226,670**	**+/–61,334**
Pound sterling	**1,573,795**	**(1,039,314)**	**480,481**	**+/–24,024**
2022				
Egyptian pound	4,736,687	(3,482,918)	1,253,769	+/– 62,688

b) Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk as the Group borrow funds at both floating and fixed interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in notes 9, 15 and 20.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non–derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of asset or liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's net profit for the year ended 31 December 2023 would increase/decrease by AED 42,388 thousand (2022: increase/decrease by AED 15,357 thousand).

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

40 Financial instruments continued

40.5 Market risk continued

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rate on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. All interest rate swap contracts have been realised and concluded in year 2023.

Cash flow hedges

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the payments on the loan occur simultaneously.

Interest rate cap contracts

The Group is exposed to interest rate risk on interest bearing debt and manages its exposure to interest rate risk through the proportion of fixed and variable rate debt in its total net debt portfolio.

Part of London Square business acquisition (note 47.7), the Group acquired Interest rate cap contracts which manage the London Square exposure to variable rate interest on borrowings. The subsidiary does not designate Interest rate cap contracts derivatives as hedges, the fair value changes being recognised in the Group's profit and loss in accordance with the Group's accounting policy set out in note 3 and these derivative financial instruments were contracted with counterparties operating in the England and Wales.

40.6 Credit risk

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.

Key areas where the Group is exposed to credit risk is from its operating activities (primarily trade and other receivables) and from its financing activities mainly bank balances and derivative financial assets (liquid assets).

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue amounts. Furthermore, the Group reviews the recoverable amount of each trade receivables and other receivables on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables and other receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Concentration of credit risk

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Details on concentration of trade receivable balances are disclosed in note 11.1. Management believes that the concentration of credit risk is mitigated by having received instalment payments, in some cases substantial, which the Group would contractually be entitled to retain in the event of non-completion of the remaining contractual obligations in order to cover the losses incurred by the Group.

At 31 December 2023, 100% (2022: 100%) of the deposits were placed with 16 local banks, 1 foreign branch of a local bank and 20 foreign banks in Egypt, England and Wales and KSA. Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE, Egypt, England and Wales and KSA and are regulated by the Central bank of the respective countries.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

40 Financial instruments continued

40.6 Credit risk continued

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with receivables related to property development is mitigated because they are secured over the underlying property units. The Group is not permitted to sell or repledge the underlying properties in the absence of default by the counterparty. There have not been any significant changes in the quality of the underlying properties.

40.7 Liquidity risk

The responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2023 and 2022.

	<1 month AED '000	1 to 3 months AED '000	3 months to 1 year AED '000	1 to 5 years AED '000	>5 years AED '000	Total AED '000
31 December 2023						
Financial liabilities						
Non-interest bearing instruments (i)	**261,277**	**3,639,531**	**5,661,548**	**4,378,388**	**–**	**13,940,744**
Non-convertible sukuk	**–**	**–**	**46,098**	**1,783,856**	**3,673,000**	**5,502,954**
Variable interest rate instruments	**16,450**	**654,939**	**416,265**	**5,381,208**	**107,350**	**6,576,212**
Lease liability	**10,461**	**5,830**	**80,382**	**330,346**	**1,057,813**	**1,484,832**
Total	**288,188**	**4,300,300**	**6,204,293**	**11,873,798**	**4,838,163**	**27,504,742**

	<1 month AED '000	1 to 3 months AED '000	3 months to 1 year AED '000	1 to 5 years AED '000	>5 years AED '000	Total AED '000
31 December 2022						
Financial liabilities						
Non-interest bearing instruments (i)	602,124	3,290,995	6,391,062	1,573,812	–	11,857,993
Non-convertible sukuk	–	–	37,105	1,808,062	1,836,750	3,681,917
Variable interest rate instruments	12,751	4,792	590,161	6,005,937	–	6,613,641
Lease liabilities	5,747	33,602	21,747	209,494	493,213	763,803
Total	620,622	3,329,389	7,040,075	9,597,305	2,329,963	22,917,354

(i) Including security deposits from customers.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as disclosed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

	2023		2022	
	Gross carrying amount AED '000	**Fair value AED '000**	Gross carrying amount AED '000	Fair value AED '000
Financial liabilities at amortised cost				
Sukuk No. 1 (note 19)	**1,852,145**	**1,820,844**	1,847,445	1,803,119
Sukuk No. 2 (note 19)	**1,839,101**	**1,722,890**	1,834,473	1,683,694
Sukuk No. 3 (note 19)	**1,811,708**	**1,782,319**	–	–

The non-convertible sukuk are categorised under Level 1 in the fair value hierarchy.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

41 Fair value of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about the fair values of these financial assets as at 31 December 2023 and 31 December 2022:

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
31 December 2023				
Investments in financial assets at FVTOCI Equities (note 9)	**23,315**	**–**	**2**	**23,317**
Investments in financial assets at FVTPL Funds (note 9)	**–**	**–**	**695,652**	**695,652**
31 December 2022				
Investments in financial assets at FVTOCI Equities (note 9)	29,795	–	2	29,797
Investments in financial assets at FVTPL Funds (note 9)	–	–	68,837	68,837

There were no transfers between level 1, level 2 or level 3 during the current or prior year.

ALDAR

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

42 Segment information

42.1 Operating segments continued

Segment information about the Group's continuing operations is presented below:

Year ended 31 December 2023

	Aldar Development			Aldar Investment						
	Property development and sales AED '000	Project management services AED '000	International AED '000	Investment properties AED '000	Hospitality and leisure AED '000	Education AED '000	Estates AED '000	Others AED '000	Unallocated/ eliminations AED '000	Consolidated AED '000
Revenue and rental income from external customers										
Over a period of time	**4,695,793**	**1,002,900**	**91,657**	**–**	**592,087**	**686,579**	**1,469,902**	**793,849**	**–**	**9,332,767**
At a point in time	**872,739**	**205,505**	**1,163,955**	**–**	**524,102**	**–**	**–**	**–**	**–**	**2,766,301**
Leasing	**–**	**–**	**7,625**	**2,054,245**	**–**	**–**	**–**	**–**	**–**	**2,061,870**
Inter-segments	**221,174**	**–**	**–**	**84,435**	**–**	**–**	**270,974**	**–**	**(576,583)**	**–**
Gross revenue	**5,789,706**	**1,208,405**	**1,263,237**	**2,138,680**	**1,116,189**	**686,579**	**1,740,876**	**793,849**	**(576,583)**	**14,160,938**
Cost of revenue excluding service charge	**(3,612,175)**	**(695,900)**	**(919,720)**	**(363,173)**	**(730,702)**	**(395,625)**	**(1,370,664)**	**(742,391)**	**373,764**	**(8,456,586)**
Service charge expenses	**–**	**–**	**–**	**(130,979)**	**–**	**–**	**–**	**–**	**–**	**(130,979)**
Gross profit	**2,177,531**	**512,505**	**343,517**	**1,644,528**	**385,487**	**290,954**	**370,212**	**51,458**	**(202,819)**	**5,573,373**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

42 Segment information continued

42.1 Operating segments continued

Segment information about the Group's continuing operations is presented below: continued

	Aldar Development			Aldar Investment						
	Property development and sales AED '000	Project management services AED '000	International AED '000	Investment properties AED '000	Hospitality and leisure AED '000	Education AED '000	Estates AED '000	Others AED '000	Unallocated/ eliminations AED '000	Consolidated AED '000
Gross profit	**2,177,531**	**512,505**	**343,517**	**1,644,528**	**385,487**	**290,954**	**370,212**	**51,458**	**(202,819)**	**5,573,373**
Selling and marketing expenses	**(70,824)**	**(1,157)**	**(10,820)**	**(10,994)**	**(2,041)**	**(4,867)**	**(4,180)**	**(5,909)**	**(4,094)**	**(114,886)**
Depreciation and amortisation	**(64,176)**	**(15,831)**	**(4,068)**	**(30,420)**	**(244,267)**	**(75,037)**	**(63,376)**	**(11,718)**	**61,268**	**(447,625)**
Provisions, impairments and write -downs, net	**(153,387)**	**–**	**(33,120)**	**(21,661)**	**–**	**(5,341)**	**(4,076)**	**(2,286)**	**(6,074)**	**(225,945)**
General and administrative expenses	**(310,312)**	**(57,825)**	**(109,633)**	**(128,902)**	**(19,696)**	**(101,395)**	**(166,180)**	**(90,068)**	**(50,084)**	**(1,034,095)**
Gain on revaluation investment properties, net	**–**	**–**	**27,944**	**567,913**	**4,300**	**–**			**–**	**600,157**
Gain on disposal of investment property	**–**	**–**	**–**	**23,962**	**–**	**–**			**–**	**23,962**
Share of loss from associates and joint ventures	**–**	**–**	**(1)**	**–**	**–**	**–**	**–**	**(7,415)**	**–**	**(7,416)**
Fair value gain on revaluation of financial assets at FVTPL	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,405**	**(6,861)**	**(2,456)**
Finance income	**212,852**	**86,619**	**104,201**	**91,146**	**24,745**	**15,960**	**17,649**	**2,659**	**(57,058)**	**498,773**
Finance costs	**(20,189)**	**(1,069)**	**(68,136)**	**(478,625)**	**(51,906)**	**(6,275)**	**(1,769)**	**(9,597)**	**16,400**	**(621,166)**
Other income	**134,622**	**9,232**	**17,474**	**58,045**	**18,843**	**15,894**	**3,543**	**8**	**28,036**	**285,697**
Income tax expense	**–**	**–**	**(53,166)**	**(31,454)**	**–**	**(912)**	**(9,460)**	**–**	**(16,975)**	**(111,967)**
Profit for the year	**1,906,117**	**532,474**	**214,192**	**1,683,538**	**115,465**	**128,981**	**142,363**	**(68,463)**	**(238,261)**	**4,416,406**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

42 Segment information continued

42.1 Operating segments continued

Segment information about the Group's continuing operations is presented below: continued

Year ended 31 December 2022

	Aldar Development			Aldar Investment						
	Property development and sales AED '000	Project management services AED '000	International AED '000	Investment properties AED '000	Hospitality and leisure AED '000	Education AED '000	Estates AED '000	Others AED '000	Unallocated/ eliminations AED '000	Consolidated AED '000
Revenue and rental income from external customers										
Over a period of time	2,828,286	1,125,042	75,859	–	414,307	592,278	588,211	363,457	–	5,987,440
At a point in time	1,585,623	8,897	1,328,585	–	413,519	–	–	–	–	3,336,624
Leasing	–	–	10,055	1,839,210	–	–	–	26,698	–	1,875,963
Inter-segments	–	2,164	–	69,320	–	–	159,535	51	(231,070)	–
Gross revenue	4,413,909	1,136,103	1,414,499	1,908,530	827,826	592,278	747,746	390,2076	(231,070)	11,200,027
Cost of revenue excluding service charge	(3,071,050)	(620,298)	(892,690)	(267,274)	(593,982)	(352,198)	(563,685)	(328,767)	146,018	(6,543,926)
Service charge expenses	–	–	–	(144,590)	–	–	–	–	–	(144,590)
Gross profit	1,342,859	515,805	521,809	1,496,666	233,844	240,080	184,061	61,439	(85,052)	4,511,511

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

42 Segment information continued

42.1 Operating segments continued

Segment information about the Group's continuing operations is presented below: continued

Year ended 31 December 2022

	Aldar Development			Aldar Investment						
	Property development and sales AED '000	Project management services AED '000	International AED '000	Investment properties AED '000	Hospitality and leisure AED '000	Education AED '000	Estates AED '000	Others AED '000	Unallocated/ eliminations AED '000	Consolidated AED '000
Gross profit	1,342,859	515,805	521,809	1,496,666	233,844	240,080	184,061	61,439	(85,052)	4,511,511
Selling and marketing expenses	(114,614)	(9,222)	(65,513)	(6,065)	(4,162)	(5,262)	(3,496)	(4,287)	(7,700)	(220,321)
Depreciation and amortisation	(54,843)	(9,800)	(6,228)	(35,828)	(192,658)	(49,305)	(27,980)	(10,585)	44,437	(342,790)
Provisions, impairments and write -downs, net	(103,239)	–	(97,669)	(65,393)	311,356	(1,745)	(2,184)	(2,265)	(102,698)	(63,837)
General and administrative expenses	(343,122)	(55,933)	(170,571)	(164,716)	(21,011)	(84,913)	(95,308)	(89,323)	(67,013)	(1,091,910)
Gain on revaluation investment properties, net	–	–	69,877	372,920	–	–	–	–	–	442,797
Gain on disposal of investment property	–	–	–	28,992	–	–	–	–	–	28,992
Share of loss from associates and joint ventures	–	–	–	–	–	–	–	(7,765)	–	(7,765)
Gain on bargain purchase	–	–	–	9,104	–	–	–	–	–	9,104
Fair value gain on revaluation of financial assets at FVTPL	–	–	–	–	–	–	–	–	4,708	4,708
Finance income	90,469	14,822	72,908	25,848	3,461	2,375	870	26,607	(19,717)	217,643
Finance costs	(6,766)	(713)	(48,675)	(321,895)	(56,296)	(4,741)	(4,401)	(5,316)	51,455	(397,348)
Other income	11,669	682	41,944	12,848	–	5,804	8,925	5,284	5,027	92,183
Income tax expense	–	–	(39,234)	–	–	–	–	–	–	(39,234)
Profit for the year	822,413	455,641	278,648	1,352,481	274,534	102,293	60,487	(26,211)	(176,553)	3,143,733

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

42 Segment information continued

42.1 Operating segments continued

Segment information about the Group's continuing operations is presented below: continued

	Aldar Development			Aldar Investment						
	Property development and sales AED '000	Project management services AED '000	International AED '000	Investment properties AED '000	Hospitality and leisure AED '000	Education AED '000	Estates AED '000	Others AED '000	Unallocated AED '000	Consolidated AED '000
As at 31 December 2023										
Total assets	**23,334,070**	**2,801,555**	**6,020,300**	**28,845,459**	**4,362,778**	**2,065,190**	**3,461,347**	**1,483,501**	**483,865**	**72,858,068**
Capital expenditures	**4,039,680**	**3,509**	**21,481**	**41,392**	**102,279**	**980,790**	**52,797**	**111,287**	**2,298**	**5,355,513**
Project expenditures	**3,743,063**	**–**	**1,104,043**	**1,614,917**	**–**	**–**	**–**	**–**	**–**	**6,462,023**
As at 31 December 2022										
Total assets	7,592,656	5,744,487	4,627,620	26,490,881	4,306,817	869,854	806,771	468,569	10,368,329*	61,275,984
Capital expenditures	127,942	32,628	20,175	–	1,859,991	169,206	77,176	59,805	82,830	2,429,753
Project expenditures	2,461,462	–	788,063	6,278,247	–	–	–	–	–	9,527,772

*Unallocated total assets at 31 December 2022 mainly pertain to cash and bank balances held under the corporate amounting to AED 9,310,238 thousand. During the year 2023, these balances were transferred to the respective segments.

ALDAR

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

42 Segment information continued

42.1 Operating segments continued

The Group's operating segments are established on the basis of those components that are evaluated regularly by the Chief Executive Officer, considered to be the Chief Operating Decision Maker ("CODM"). The CODM monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, gross profit, net profit and a broad range of key performance indicators in addition to segment profitability and is measured consistently with profit or loss in the consolidated financial statements.

During the year 2023, the Group realigned its operating segments to reflect the changes made in the internal reporting as a result of the acquisition of Eltizam Asset Management LLC (Eltizam), organisation restructuring of Aldar Estates Holding Limited (note 47.1) and the acquisition of London Square Development (Holdings) Limited and LSQ Management Limited (note 47.7). Accordingly the following major changes were done to the operating segments:

- previously reported "Egypt subsidiaries" sub-segment under "Aldar Development" segment is changed to "International" sub-segment, which now comprises of the overseas development operations of the Group in Egypt and England & Wales; and
- previously reported "Principal Investments" sub-segment under "Aldar Investment" segment is reorganised as "Estates" sub-segment with the exclusion of Construction business and Cloud Spaces, which are moved to "Others" along with other operations under "Aldar Investment" segment.

The comparative periods were accordingly restated to align with the current operating segments presentation.

For internal management reporting purposes, the Group's operations are aggregated into segments with similar economic characteristics. Management considers that this is best achieved with property development and sales, project management services, international subsidiaries under Aldar Development and investment properties, hospitality and leisure, education, estates and others under Aldar Investments as operating segments.

Consequently, the Group has presented 2 segments bifurcated into eight reportable sub-segments for the current and comparative year which are as follows:

Aldar Development

- property development and sales – develop and sell properties;
- project management services – dedicated project delivery arm and the manager of the Group project management businesses; and
- international – real estate development subsidiaries operating in Egypt and England and Wales that mainly develop and sell real estate properties.

Aldar Investment

- investment properties – acquires, manages and lease residential, commercial, logistics and retail properties;
- hospitality and leisure – owns, manage and operate hotels and leisure assets;
- education – own, manage and operates schools offering a wide range of curriculum and ancillary services;
- estates - includes mainly property and facilities management operations, landscaping and security services; and
- others – mainly includes Construction business and Cloud Space businesses.

Based on the information reported to the Group's senior management for the allocation of resources, marketing strategies, management reporting lines and measurement of performance of business, the reportable segments under IFRS 8 were identified according to the structure of investment activities and services to customer groups.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit or loss earned by each segment without allocation of central administration, selling and marketing costs and directors' salaries, share of results of associates and joint ventures, other gains and losses, finance income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

42 Segment information continued
42.1 Operating segments continued
Aldar Investment continued

For the purposes of monitoring segment performance and allocating resources between segments:
- all assets are allocated to reportable segments other than cash and bank balances, investment in associates and joint ventures, investment in financial assets and derivative financial instruments. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- finance costs, finance income, other gains and losses are allocated to the individual segments.

Capital expenditure consists of additions of property, plant and equipment, plots of land held for sale and intangible assets while project expenditure consists of additions to investment properties and properties under development. Inter-segment revenues are eliminated upon consolidation and reflected in the 'eliminations' column. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

42.2 Geographical segments
The Group operates in the UAE and a few countries outside the UAE (including Egypt and England and Wales). The domestic segment includes business activities and operations in the UAE and the international segment include business activities and operations outside the UAE.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

	31 December 2023			31 December 2022		
	UAE AED '000	**International AED '000**	**Total AED '000**	UAE AED '000	International AED '000	Total AED '000
Total assets	**66,809,799**	**6,048,269**	**72,858,068**	56,648,364	4,627,620	61,275,984
Consolidated statement of profit or loss						
Revenue and rental income from external customers						
Over a period of time	**9,222,726**	**110,041**	**9,332,767**	5,911,580	75,859	5,987,439
At a point in time	**1,602,346**	**1,163,955**	**2,766,301**	2,008,039	1,328,585	3,336,624
Leasing	**2,054,245**	**7,625**	**2,061,870**	1,865,909	10,055	1,875,964
Gross revenue	**12,879,317**	**1,281,621**	**14,160,938**	9,785,528	1,414,499	11,200,027
Cost of revenue excluding service charge	**(7,521,214)**	**(935,372)**	**(8,456,586)**	(5,651,236)	(892,690)	(6,543,926)
Service charge expenses	**(130,979)**	**–**	**(130,979)**	(144,590)	–	(144,590)
Gross profit	**5,227,124**	**346,249**	**5,573,373**	3,989,702	521,809	4,511,511
Selling and marketing expenses	**(104,066)**	**(10,820)**	**(114,886)**	(154,808)	(65,513)	(220,321)
Provision, impairments, and write downs, net	**(192,825)**	**(33,120)**	**(225,945)**	33,832	(97,669)	(63,837)
Depreciation and amortisation	**(443,557)**	**(4,068)**	**(447,625)**	(336,562)	(6,228)	(342,790)
General and administrative expenses	**(924,923)**	**(109,172)**	**(1,034,095)**	(921,339)	(170,571)	(1,091,910)
Gain on revaluation of investment properties, net	**572,213**	**27,944**	**600,157**	372,920	69,877	442,797
Gain on disposal of investment property	**23,962**	**-**	**23,962**	28,992	–	28,992
Fair value gain/(loss) on revaluation of financial assets at FVTPL	**(2,456)**	**-**	**(2,456)**	4,708	–	4,708
Gain on bargain purchase	**-**	**-**	**-**	9,104	–	9,104
Share of results of associates and joint ventures	**(7,415)**	**(1)**	**(7,416)**	(7,765)	–	(7,765)
Finance income	**394,572**	**104,201**	**498,773**	144,735	72,908	217,643
Finance costs	**(553,030)**	**(68,136)**	**(621,166)**	(348,673)	(48,675)	(397,348)
Other income	**268,209**	**17,488**	**285,697**	50,239	41,944	92,183
Income tax expense	**(57,346)**	**(54,621)**	**(111,967)**	–	(39,234)	(39,234)
Profit for the year	**4,200,462**	**215,944**	**4,416,406**	2,865,085	278,648	3,143,733

ALDAR

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

42 Segment information continued

42.2 Geographical segments

The major geographical areas of total assets and gross revenue under "International" sub-segment are given below:

	2023 AED '000	2022 AED '000
Egypt	**4,755,317**	4,627,620
England and Wales	**1,264,984**	-
Others	**27,968**	-
Total assets	**6,048,269**	4,627,620

	2023 AED '000	2022 AED '000
Egypt	**1,182,039**	1,414,499
England and Wales	**81,198**	-
Others	**18,384**	-
Gross revenue	**1,281,621**	1,414,499

43 Other general and administrative expenses

Other general and administrative expenses include social contributions amounting to AED 13,495 thousand (2022: AED 23,708 thousand).

44 Non-cash transactions

The following were significant non-cash transactions relating to investing and financing activities of consolidated statement cash flows:

	2023 AED '000	2022 AED '000
Transfer between investment properties and development work in progress (note 13)	**316,531**	411,757
Transfer between investment properties and property, plant and equipment (notes 5)	**26,477**	406,208
Exchange of investment in financial assets (note 9)	**–**	72,786

45 Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Balance at 1 January 2023 AED '000	Financing cash flows (i) AED '000	Fair value adjustments AED '000	Others (ii) AED '000	Balance at 31 December 2023 AED '000
Bank borrowings and sukuk (i)	**10,295,559**	**487,390**	**–**	**1,296,217**	**12,079,166**
Lease liabilities	**485,533**	**(74,765)**	**–**	**516,102**	**926,870**
	10,781,092	**412,625**	**–**	**1,812,319**	**13,006,036**

(i) The cash flows from bank borrowings and sukuk make up the net amount of proceeds from bank borrowings and sukuk and repayments of borrowings and sukuk (inclusive of finance cost paid) in the consolidated statement of cash flows.

(ii) Others mainly include additions due to acquisitions of businesses, finance costs incurred, lease disposal/additions and exchange gain and losses.

	Balance at 1 January 2022 AED '000	Financing cash flows (i) AED '000	Fair value adjustments AED '000	Others (ii) AED '000	Balance at 31 December 2022 AED '000
Bank borrowings and sukuk (i)	8,376,890	1,655,207	–	263,462	10,295,559
Lease liabilities	333,260	(75,240)	–	227,513	485,533
Derivative financial instruments	(13,651)	–	13,651	–	–
	8,696,499	1,579,967	13,651	490,975	10,781,092

(i) The cash flows from bank borrowings and sukuk make up the net amount of proceeds from bank borrowings and sukuk and repayments of borrowings and sukuk (inclusive of finance cost paid) in the consolidated statement of cash flows.

(ii) Others mainly include additions due to acquisitions of businesses and finance costs incurred.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

46 Non-controlling interests

46.1 The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests 2023 (%)	2022 (%)	Profit/(loss) allocated to non-controlling interests for the year 2023 AED '000	2022 AED '000	Accumulated non-controlling interests 2023 AED '000	2022 AED '000;
Aldar Hansel SPV Restricted Limited (Hansel)	UAE	**49.00**	49.00	**123,942**	–	**1,808,396**	1,834,750
Aldar Investment Holding Restricted Limited (AIHR)	UAE	**11.87**	11.87	**196,972**	64,600	**1,712,096**	1,620,464
Six October for Development and Investment Co. S.A.E. (SODIC)	Egypt	**40.14**	40.14	**91,254**	111,845	**468,510**	479,428
Al Maryah Property Holdings Limited ("Al Maryah")	UAE	**47.14**	47.14	**27,685**	–	**236,285**	192,600
Twafq Projects Development Property – Sole Proprietorship L.L.C. (Twafq)	UAE	**38.30**	38.30	**6,241**	18,280	**166,391**	160,151
Pivot Engineering & General Contracting Co. (WLL) (PIVOT)	UAE	**34.80**	34.80	**790**	4,544	**93,542**	92,752
Seih Sdeirah Real Estate LLC (Seih Sdeirah)	UAE	**8.60**	8.60	**–**	–	**37**	37
Al Seih Real Estate Management LLC (Seih Sdeirah)	UAE	**8.60**	8.60	**–**	–	**37**	36
Mustard and Linen (M&L)	UAE	**25.00**	n/a	**2,850**	–	**4,929**	–
Aldar Estate Holding Limited (Estate)	UAE	**34.90**	n/a	**49,746**	–	**751,870**	–
Aurora Holding Company Limited (Aurora)	UAE	**49.00**		**(5,337)**	–	**(5,337)**	–
AMI Properties Holding Limited	UAE	**40.00**	n/a	**–**	–	**65,542**	–
Total				**494,143**	199,269	**5,302,298**	4,380,218

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

46 Non-controlling interests continued

46.2 The movement in the non-controlling interests is given below.

	2023 AED '000	2022 AED '000
Balance at the beginning of the year	**4,380,218**	715,213
Share of profit for the year	**494,143**	199,269
Share of other comprehensive loss for the year	**(104,811)**	(248,706)
Total comprehensive income for the year	**389,332**	(49,437)
Dividends paid by a subsidiary against preference equity (note 46.3)	**(101,957)**	(20,979)
Dividends paid by a subsidiary to non-controlling interests (note 46.4)	**(151,040)**	(973)
Non-controlling interest arising on business combination and assets acquisition (note 7 and 47)	**92,469**	334,471
Additional contribution from non-controlling interests	**18,000**	–
Change in equity attributable to owners of the company due to partial disposal of a subsidiary (note 47.1 and 46.3)	**675,276**	99,080
Movement from partial disposal of interests in subsidiaries (note 46.3 and 46.4)	**–**	3,302,843
Balance at the end of the year	**5,302,298**	4,380,218

46.3 During the year 2022, Aldar Investment Holding Restricted Limited ("AIHR" – a subsidiary of the Company and 100% shareholder of Aldar Investment Properties LLC "AIP") entered into a subscription agreement with Apollo Gretel Investor, L.P. ("Apollo") relating to AIHR, where Apollo subscribed to common equity of USD 100,000 thousand and preferred equity of USD 300,000 thousand of AIHR. The preferred equity will be mandatory convertible into fixed number of shares at the third anniversary of the closing date and will carry a fixed rate of interest. The above results in Aldar disposing 11.121% of its shareholding in AIHR for a total cash consideration of USD 400,000 thousand (AED 1,469,000 thousand). The above transaction does not result in the Group's loss of control over AIHR.

The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration received is recognised in equity.

The schedule below shows the effects on the equity attributable to owners that resulted from the transaction:

	AED '000
Carrying amount of the interest disposed	1,568,080
Consideration received	(1,469,000)
Change in equity attributable to owners of the Company	99,080

The difference of AED 99,000 thousand represents 0.75% ownership in AIHR (the "Additional Interest"). The ultimate beneficial owner of this 0.75% will be determined pursuant to terms of a side letter agreed with Apollo and based on the final status of Corporate Income tax in UAE when implemented. Consequently, this has resulted in the recognition of a financial asset and a financial liability which are reported net as the Company has a legally enforceable right to set off and it intends to settle the asset and liability simultaneously. During the year, the Group determined the fair value of Additional Interest as of the reporting date and determined that the fair value is equal to the fair value at initial recognition of the Additional Interest.

The Company has no contractual obligation relating to the above subscription and therefore classified as equity and recorded under "non-controlling interests" in the consolidated financial statements in accordance with the requirements of IAS 32 Financial Instruments: Presentation.

During the year, AIHR paid preference dividend amounted to AED 101,957 thousand (2022: AED 20,979 thousand).

46.4 During the year 2022, the Company established a 100% owned subsidiary Aldar Hansel SPV Restricted Limited ("Hansel"), a restricted scope company incorporated in Abu Dhabi Global Market, Abu Dhabi, UAE, comprising 51% of class A shares and 49% of class B shares. Subsequent to this, the Company entered into a 20 year Deferred Land Sale and Purchase Agreement ("DLSPA") with Hansel where the cash flow rights over 2.6 million sqm of land was transferred to Hansel. The Company further disposed of its class B shares in Hansel against consideration of USD 500,000 thousand (AED 1,836,000 thousand) to AP Hansel SPV LLC, a 100% owned company of Apollo Capital Management L.P ("Apollo Capital"). Apollo Capital's returns will not be predetermined and will be subject to movement in land valuations or gain from sale of land, if any, over the period of the DLSPA.

ALDAR

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

46 Non-controlling interests continued

46.4 continued

The Company has no contractual obligation attached to class B shares and therefore classified as equity and recorded under "non-controlling interests" in the consolidated financial statements in accordance with the requirements of IAS 32 Financial Instruments: Presentation.

During the year, Hansel paid dividend of AED 150,299 thousand (2022: Nil).

46.5 The summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intergroup eliminations.

2023	Hansel AED '000	AIHR AED '000	Estates AED '000	SODIC AED '000	Al Maryah AED '000	Pivot AED '000	Twafq AED '000	M&L AED '000	Aurora AED '000
Total assets	2,835,246	27,708,662	3,461,347	4,782,808	599,015	787,233	582,629	45,779	2,311,151
Total liabilities	(2,784,502)	(10,646,735)	(1,344,283)	(3,609,646)	(8,303)	(707,425)	(359,024)	(1,299)	(2,325,280)
Net assets	50,744	17,061,927	2,117,064	1,173,162	590,712	79,808	223,605	44,480	(14,129)
Revenue		2,128,511	1,740,875	1,182,039	77,763	717,272	74,046	18,741	–
Profit/(loss) for the year	194,560	1,659,270	142,363	226,332	69,212	2,269	20,802	11,401	(10,890)
Other comprehensive income/(loss) for the year	–	(28,501)	–	(252,741)	–	–	–	–	–
Total comprehensive income/(loss) for the year	194,560	1,630,769	142,363	(26,409)	69,212	2,269	20,802	11,401	(10,890)
Attributable to the owners of the company	70,618	1,437,180	92,617	(16,236)	41,527	1,479	14,561	8,551	(5,554)
Attributable to the non-controlling interests	123,942	193,589	49,746	(10,173)	27,685	790	6,241	2,850	(5,336)
Dividends paid to non-controlling interest	(150,299)	(101,957)	–	(741)	–	–	–	–	–
Net cash inflows/(outflows) from operating activities	(11)	1,750,970	1,218,533	(52,956)	19,431	(12,569)	60,847	7,277	464,473
Net cash inflows/(outflows) from investing activities	–	(354,416)	(340,963)	72,748	(34,020)	(27,233)	(118,274)	(118)	–
Net cash inflows/(outflows) from financing activities	3,665	(708,435)	(5,568)	2,562	62,500	(1,038)	18,403	7,573	–
Commitments and contingencies	–	–	208,379	791,177	–	558,211	–	–	–

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

46 Non-controlling interests continued

46.5 continued

2022	Hansel AED '000	AIHR AED '000	SODIC AED '000	Pivot AED '000	Twafq AED '000
Total assets	2,872,876	1,463,752	4,627,620	372,947	452,638
Total liabilities	(2,824,153)	(74,758)	(3,039,391)	(295,409)	(249,835)
Net assets	48,723	1,388,994	1,588,229	77,538	202,803
Revenue	–	792,742	1,414,499	346,641	56,757
Profit for the year	–	544,180	278,648	13,058	60,932
Other comprehensive income for the year	–	81,462	(643,689)	–	–
Total comprehensive income for the year	–	625,642	(365,041)	13,058	60,932
Attributable to the owners of the company	–	551,372	(218,968)	8,514	42,652
Attributable to the non-controlling interests	–	74,270	(146,073)	4,544	18,280
Dividends paid to non-controlling interest	–	(20,979)	(973)	–	–
Net cash inflows/(outflows) from operating activities	–	1,179,129	113,109	26,505	39,756
Net cash inflows/(outflows) from investing activities	–	(5,007,448)	(209,631)	22,514	(975)
Net cash inflows/(outflows) from financing activities	–	4,424,598	115,956	999	(11,938)
Commitments and contingencies	–	–	679,497	364,019	–

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

47 Business combinations

Acquisitions in 2023

The summary of major additions from the acquisitions in the year ended 31 December 2023 are given below:

	Merger AED '000	Kent School AED '000	Virginia School AED '000	Basatin AED '000	Mustard & Linen AED '000	Fab Properties AED '000	LSQ AED '000	Total
Note	47.1	47.2	47.3	47.5	47.6	47.4	47.7	
Property, plant, and equipment	15,683	411,044	152,007	8,336	137	30	14,436	601,673
Intangible assets and goodwill	872,497	129,021	62,165	109,244	24,763	318,625	14,643	1,530,958
Lease liabilities	3,860	411,006	5,314	–	–	–	8,334	428,514
Non-controlling interest	4,230	–	–	22,618	79	–	–	26,927
Cash out flow, net of cash acquired	75,075	(112,745)	(183,595)	(101,862)	(23,219)	(144,299)	(201,489)	(692,134)

47.1 Merger of property and facilities management businesses

On 4 July 2023, the Group entered into a shareholders' agreement and contribution agreement (the "Agreement") to consolidate and merge the facilities management ("FM") and the property management ("PM") platform of Aldar, IHC Real Estate Holding LLC (IHC) and Abu Dhabi National Exhibitions Company PJSC (ADNEC) (together, the "Stakeholders") into Aldar Estates Holding Limited ("Aldar Estates"), a subsidiary of Aldar (the "Transaction").

As part of the Transaction, Eltizam Asset Management LLC (Eltizam), a property and facilities management services company, previously jointly owned by IHC and ADNEC Group, acquired by Aldar Estates. The Transaction was undertaken via a share transfer mechanism whereby Aldar Estates has acquired entire shares in Eltizam in exchange of 17.45% shares each issued to IHC and ADNEC.

At the date of the Transaction, Aldar Estates issued 4,854 number of shares to IHC and ADNEC that represented 34.9% of the number of shares of Aldar Estates. The fair value of Aldar Estates at the date of the Transaction was AED 2,902,579 thousand (AED 208,684 thousand per share).

The following table summarizes the acquisition date fair value of the consideration transferred:

	AED '000
Fair value of Aldar Estates (pre-Transaction)	1,889,579
Fair value of Eltizam	1,013,000
Fair value of Aldar Estates (post-Transaction)	**2,902,579**
Consideration transferred for the Transaction (34.9% of Aldar Estates post-Transaction)	**1,013,000**

The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional fair values. The amounts recognised in respect of the provisional fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

47 Business combinations continued
Acquisitions in 2023 continued
47.1 Merger of property and facilities management businesses continued

	AED '000
Assets	
Property, plant and equipment	**15,683**
Intangible assets (i)	**167,810**
Contract assets	**12,700**
Trade and other receivables (ii)	**316,658**
Inventories	**5,813**
Cash and bank balances	**75,075**
Total assets	**593,739**
Liabilities	
Employees benefits	**28,096**
Lease liabilities	**3,860**
Advances from customers	**552**
Trade and other payables	**248,688**
Total liabilities	**281,196**
Total identifiable net assets at fair value	**312,543**
Non-controlling interest	**(4,230)**
Group's share of net assets acquired	**308,313**
Less: purchase consideration	**(1,013,000)**
Goodwill (iii)	**(704,687)**

Analysis of cashflow on acquisition	**AED '000**
Cash paid for the acquisition	**–**
Cash acquired on business combination	**75,075**
Net cash inflows on acquisition (included in cash flows from investing activities)	**75,075**
Transaction costs of the acquisition (included in cash flows from operating activities) (iv)	**(2,257)**
Net cash inflow on acquisition	**72,818**

i) Intangible assets includes "Brands" and "Customer relationships" which are valued using "relief from royalty" technique and "multi-period excess earnings method" respectively.

ii) The fair value of the receivables is AED 316,658 thousand and it is comprised gross contractual amount due of AED 392,158 thousand, of which AED 75,500 thousand was expected to be uncollectable at the date of the acquisition.

iii) The goodwill recognised is primarily attributed to:
- Operational efficiencies which are expected to be bought from the integration, resulting in the potential for greater market presence and a wider customer demographic
- Achievement of strategic growth goals
- Strategic expansion of Aldar Estates market presence beyond its original geography through knowledge exchange and leveraging capabilities
- Expected intrinsic synergies such as economies of scale that can lead Aldar Estates to secure new opportunities, compete and invest in technology that complements the existing property management and facility management businesses
- Other intangible assets that do not qualify for separate recognition under IAS 38 (e.g., assembled work-force, processes)

iv) Acquisition related costs amounted to AED 2,257 thousand were expensed during the year and are included in general and administrative expenses.

v) From the date of acquisition, Eltizam contributed revenue of AED 311,495 thousand and net loss of AED 4,605 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 345,006 thousand and net profit would have been higher by AED 25,178 thousand.

vi) The transfer of Group's interest in Aldar Estates resulted in net gain amounted to AED 337,726 thousand which represents gain on change of interest without a loss of control and hence accounted for under statement of changes in equity. The transaction also results in non-controlling interest amounted to AED 675,276 thousand.

47.2 Kent College and Nursery

On 3 May 2023, Aldar Education - Sole Proprietorship LLC ("Aldar Education" a subsidiary of the Company) signed an agreement to purchase Kent College LLC – FZ and Kent Nursery LLC – FZ ("Kent"), registered with Meydan Freezone Authority, Dubai, UAE for a total consideration of AED 120,000 thousand. On 1 September 2023, all the major conditions precedent to completion were completed and the Group acquired control over Kent. Kent's principal activity is to provide education services under British curriculum. Kent was acquired as part of the growth and expansion of Aldar Education business in the education field along with expansion to outside Abu Dhabi. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

47 Business combinations continued

Acquisitions in 2023 continued

47.2 Kent College and Nursery continued

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED '000
Assets	
Property, plant and equipment*	411,044
Intangible assets	39,904
Trade and other receivables	12,500
Cash and bank balances	5,037
Total assets	**468,485**
Liabilities	
Employees benefits	3,474
Lease liabilities	411,006
Advances from customers	14,650
Trade and other payables	8,472
Total liabilities	**437,602**

	AED '000
Total identifiable net assets at fair value	**30,883**
Non-controlling interest	–
Group's share of net assets acquired	**30,883**
Less: purchase consideration	(120,000)
Goodwill	**(89,117)**

	AED '000
Analysis of cashflow on acquisition	
Cash paid for the acquisition**	(117,782)
Net cash acquired on business combination	5,037
Net cash outflows on acquisition (included in cash flows from investing activities)	(112,745)
Transaction costs of the acquisition (included in cash flows from operating activities)	(1,668)
Net cash outflow on acquisition	**(114,413)**

* Remaining consideration of AED 2,218 thousand will be paid to the seller post reconciliation of actual adjustment amount calculation.

** Include Right of Use Asset of AED 410,174 thousand.

Acquisition related costs amounted to AED 1,668 thousand and were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Kent contributed revenue of AED 28,099 thousand and net loss of AED 1,036 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 46,111 thousand and net profit would have been higher by AED 2,162 thousand. The net assets recognised in these consolidated financial statements were based on assessment of their fair values.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of KENT with Aldar Education group, as Abu Dhabi's largest and leading education provider. Intangible assets acquired as part of business combination is in the form of mainly student relationship & customer relationship. The existing student body is expected to generate revenue over a period of 15 years of full grade cycle.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

47 Business combinations continued
Acquisitions in 2023 continued
47.3 Virginia International Private School LLC

On 2 August 2023, Aldar Education acquired 100% shares of Virginia International Private School – Sole Proprietorship LLC, a limited liability company ("Virginia") registered in Abu Dhabi, UAE for a total consideration of AED 210,509 thousand. The Company is licensed to operate Nurseries, Kindergartens, Public Elementary Education, Preliminary (Intermediate) Education and Secondary Education. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired, and liabilities assumed, have been recognised at their respective fair values. Virginia was acquired as part of growth and expansion of Aldar Education business in the education industry.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED '000
Assets	
Property, plant and equipment	152,007
Intangible assets	13,244
Trade and other receivables	10,609
Inventories	1,003
Cash and bank balances	4,991
Total assets	181,854
Liabilities	
Employees benefits	1,142
Lease liabilities	5,314
Advances from customers	7,467
Trade and other payables	6,342
Total liabilities	20,265

	AED '000
Total identifiable net assets at fair value	161,589
Less: purchase consideration	(210,509)
Goodwill	(48,920)

	AED '000
Cash paid for the acquisition*	(188,586)
Net cash acquired on business combination	4,991
Net cash outflows on acquisition (included in cash flows from investing activities)	(183,595)
Transaction costs of the acquisition (included in cash flows from operating activities)	(923)
Net cash outflow on acquisition	(184,518)

* Remaining consideration of AED 21,923 thousand will be paid to the seller in line with SPA terms and condition.

Acquisition related costs amounted to AED 923 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Virginia contributed revenue of AED 19,031 thousand and net profit of AED 6,653 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 27,417 thousand and net profit would have been higher by AED 8,260 thousand.

The net assets recognised in these consolidated financial statements were based on their fair values.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Virginia with Aldar Education group, as Abu Dhabi's largest and leading education provider.

Intangible assets acquired as part of business combination in the form of student relationship where the school has a high retention rate, whereby the existing student body is expected to generate revenues over a long period. As such, student relationship is a key revenue driver and are expected to be of value.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

47 Business combinations continued

Acquisitions in 2023 continued

47.4 FAB Properties LLC

On 9 September 2023, Provis Real Estate Management – Sole Proprietorship LLC ("Provis" a subsidiary of the Company) signed an agreement to acquire 100% of the issued share capital of FAB Properties – Sole Proprietorship LLC ("FAB Properties"), a limited liability company registered in Abu Dhabi, UAE for a total consideration of AED 334,960 thousand. On 1 December 2023, all the substantive conditions precedent to completion were met and therefore 1 December 2023 is the date on which the Group acquired control over FAB Properties. FAB Properties was acquired to emerge as the largest player in property management market in Abu Dhabi. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional fair values.

The amounts recognised in respect of the provisional fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED '000
Assets	
Property, plant and equipment	30
Intangible assets	203,031
Trade and other receivables	10,416
Cash and bank balances	190,661
Total assets	**404,138**
Liabilities	
Employees benefits	3,555
Trade and other payables	181,217
Total liabilities	**184,772**

	AED '000
Total identifiable net assets at fair value	**219,366**
Non-controlling interest	–
Group's share of net assets acquired	**219,366**
Less: purchase consideration	(334,960)
Goodwill	**(115,594)**

	AED '000
Analysis of cashflow on acquisition	
Cash paid for the acquisition	(334,960)
Net cash acquired on business combination	190,661
Net cash outflows on acquisition (included in cash flows from investing activities)	(144,299)
Transaction costs of the acquisition (included in cash flows from operating activities)	(2,565)
Net cash outflow on acquisition	**(146,864)**

Acquisition related costs amounted to AED 2,565 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, FAB Properties contributed revenue of AED 4,812 thousand and net profit of AED 2,758 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 68,238 thousand and net profit would have been higher by AED 34,801 thousand.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from the acquisition. Intangible assets acquired as part of business combination is in the form of framework agreement, which governs referral relationship with the seller, and is valued using the multi-period excess earnings method and is amortised over a period of 10 years.

47.5 Basatin Landscaping

On 28 May 2023, Aldar Estates Investment - Sole Proprietorship LLC ("Aldar Estates" a subsidiary of the Company) signed an agreement to acquire 75% of the issued share capital of Basatin Holding SPV Ltd. ("Basatin"), a limited liability company registered in Abu Dhabi, UAE for a total consideration of AED 138,822 thousand. Basatin was acquired as part of Aldar plan to further scale up and broaden its integrated property and facilities management platform, Aldar Estates. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values.

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

47 Business combinations continued
Acquisitions in 2023 continued
47.5 Basatin Landscaping continued

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED '000
Assets	
Property, plant and equipment	8,336
Intangible assets	38,275
Contract assets	20,638
Trade and other receivables	65,197
Inventories	1,377
Cash and bank balances	36,960
Total assets	**170,783**
Liabilities	
Employees benefits	5,245
Retentions payable	3,709
Advances from customers	1,842
Trade and other payables	69,516
Total liabilities	**80,312**

	AED '000
Total identifiable net assets at fair value	90,471
Non-controlling interest	(22,618)
Group's share of net assets acquired	67,853
Less: purchase consideration	(138,822)
Goodwill	(70,969)

	AED '000
Cash paid for the acquisition	(138,822)
Net cash acquired on business combination	36,960
Net cash outflows on acquisition (included in cash flows from investing activities)	(101,862)
Transaction costs of the acquisition (included in cash flows from operating activities)	(3,017)
Net cash outflow on acquisition	**(104,879)**

Acquisition related costs amounted to AED 3,017 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Basatin contributed revenue of AED 237,550 thousand and net profit of AED 37,173 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 104,654 thousand and net profit would have been higher by AED 8,610 thousand.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from the acquisition. Intangible assets acquired as part of business combination in the form of customers contracts and customers relationships, were identified as Basatin has entered in certain fixed contracts with customers to provide services for periods that exceed 1 year, in addition to generating revenue from several customers which have a long term relationship and the likelihood of clients to renew the contracts is highly probable as the majority of the client base of Basatin are long-standing client relationships.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

47 Business combinations continued

Acquisitions in 2023 continued

47.6 Mustard and Linen

On 27 December 2022, the Group signed an agreement to acquire 75% shares of Mustard & Linen Interior Design Holdings Limited ("M&L") for a consideration of AED 25,000 thousand. M&L is incorporated in ADGM Abu Dhabi, UAE and is involved in the operation of premium interior design business services in UAE. M&L was acquired to complement the Aldar model of development, sales, construction, management and associated services for real estate in the region. The acquisition has been accounted for effective 14 February 2023 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values.

The acquisition has resulted in recognition of non-controlling interest of AED 79 thousand and goodwill amounting to AED 24,763 thousand which is attributable to robust business model, vertical integration benefits, synergies, and cost optimisation. The non-controlling interest shareholder has also contributed AED 2,000 thousand to the equity of M&L. As of 31 December 2023, the full amount has been paid. Cash acquired on acquisition amounted to AED 1,781 thousand.

47.7 London Square Development (Holdings) Limited and LSQ Management Limited

On 30 November 2023, Aldar Development (LSQ) Limited, a private limited company incorporated in England and Wales (a subsidiary of the Company) entered into a sale and purchase agreement ("SPA") to acquire 100% of the shares in London Square Development (Holdings) Limited and LSQ Management Limited ("London Square"), private companies limited by shares incorporated in England and Wales for a total consideration of GBP 120 thousand (AED 557,382 thousand). London Square was acquired as part of Aldar's growth and diversification strategy to bolster scale, broaden market reach, and diversify revenue streams. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed have been recognised at their respective provisional fair values.

The amounts recognised in respect of the provisional fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED '000
Assets	
Property, plant and equipment	**14,436**
Intangible assets	**10,436**
Development work in progress	**1,152,558**
Investment in joint ventures	**107,232**
Contract assets	**127,144**
Trade and other receivables	**160,778**
Derivates financial assets	**12,093**
Cash and bank balances	**215,525**
Total assets	**1,800,202**
Liabilities	
Lease liabilities	**8,334**
Retentions payable	**41,893**
Bank borrowings	**634,558**
Contract liabilities	**80,302**
Advances from customers	**54,970**
Trade and other payables	**486,667**
Total liabilities	**1,306,724**

	AED '000
Total identifiable net assets at fair value	**493,478**
Less: purchase consideration	**(497,685)**
Goodwill	**(4,207)**

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

47 Business combinations continued
Acquisitions in 2023 continued

47.7 London Square Development (Holdings) Limited and LSQ Management Limited continued

Analysis of cashflow on acquisition

	AED '000
Cash paid for the acquisition*	**(417,014)**
Net cash acquired on business combination	**215,525**
Net cash outflows on acquisition (included in cash flows from investing activities)	**(201,489)**
Transaction costs of the acquisition (included in cash flows from operating activities)	**(23,023)**
Net cash outflow on acquisition	**(224,511)**

* Net consideration represents the fair value of the total consideration of GBP 120,000 thousand (AED 557,382 thousand). As at 31 December 2023, GBP 90,000 thousand has been paid and the balance is payable in December 2025 and December 2026 amounting to GBP 10,000 thousand and GBP 20,000 thousand respectively.

Acquisition related costs amounted to AED 23,023 thousand were expensed during the year and are included in general and administrative expenses. From the date of acquisition, London Square contributed revenue of AED 81,220 thousand and net loss of AED 12,146 thousand towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 915,543 thousand and net profit would have been higher by AED 526,846 thousand.

The goodwill recognised is primarily attributed to the expected benefits associated with access to the London housing market. These include increased revenue growth from cross selling between Europe and Middle East investors and utilising London Square's established relationships with regional municipalities and diverse project portfolio. Intangible assets recognised on acquisition mainly represent contracted customer sales of undelivered units and have been valued using the income approach method.

Acquisitions in 2022

47.8 Al Shohub Private School LLC

On 20 January 2022, Aldar Education – Sole Proprietorship LLC ("Aldar Education" a subsidiary of the Company) signed an agreement to purchase Al Shohub Private School LLC ("Al Shohub"), a limited liability company registered in Abu Dhabi, UAE for a total consideration of AED 72,210 thousand. On 1 June 2022, all the major conditions precedent to completion were completed and therefore 1 June 2022 is the date on which the Group acquired control over Al Shohub. Al Shohub was acquired as part of the growth and expansion of Aldar Education business in the education field. The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED '000
Assets	
Property, plant and equipment	74,054
Intangible assets	1,483
Trade and other receivables	2,158
Cash and bank balances	1,821
Total assets	79,516
Liabilities	
Employee benefits	1,246
Trade and other payables	12,660
Lease liabilities	2,521
Total liabilities	16,427
Total identifiable net assets at fair value	63,089
Satisfied by:	
Cash	(65,084)
Deferred consideration	(7,126)
	(72,210)
Goodwill	(9,121)

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023 continued

47 Business combinations continued
Acquisitions in 2022 continued
47.8 Al Shohub Private School LLC continued

Analysis of cashflow on acquisition

	AED '000
Cash paid for the acquisition	(65,084)
Net cash acquired on business combination	1,821
Net cash outflows on acquisition (included in cash flows from investing activities)	(63,263)
Transaction costs of the acquisition (included in cash flows from operating activities)	(1,098)
Net cash outflow on acquisition	(64,361)

47.9 Twafq Projects Development Property LLC

On 18 April 2022, Aldar Logistics Holding Limited ("ALH" a subsidiary of the Company) signed an agreement for the sale and purchase of 70% share of Twafq Projects Development Property LLC ("Twafq") for a consideration of AED 331,033 thousand. Twafq is incorporated in Abu Dhabi, UAE and is involved in the development, investment and management of industrial real estate. Twafq was acquired as part of the plan of Aldar Investment to diversify its portfolio and sector into industrial and logistics vertical. The acquisition has been accounted for effective 1 April 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED '000
Assets	
Investment properties	697,529
Property, plant and equipment	2,447
Trade and other receivables	5,403
Cash and bank balances	31,946
Total assets	737,325
Liabilities	
Employees benefits	1,411
Lease liabilities	133,439
Bank borrowings	102,355
Advances from customers	8,576
Trade and other payables	9,536
Total liabilities	255,317

	AED '000
Total identifiable net assets at fair value	482,008
Non-controlling interest	(141,871)
Group's share of net assets acquired	340,137
Less: purchase consideration	(331,033)
Bargain purchase gain	9,104

	AED '000
Cash paid for the acquisition	(331,033)
Net cash acquired on business combination	31,946
Net cash outflows on acquisition (included in cash flows from investing activities)	(299,087)
Transaction costs of the acquisition (included in cash flows from operating activities)	(1,807)
Net cash outflow on acquisition	(300,894)

ALDAR

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

47 Business combinations continued

Acquisitions in 2022 continued

47.10 Mace Macro Technical Services LLC

On 1 August 2022, Khidmah – Sole Proprietorship LLC ("Khidmah" a subsidiary of the Group) acquired 100% shares of Mace Macro Technical Services LLC ("Mace") for a consideration of AED 4,400 thousand. Mace is incorporated in Dubai, UAE and is involved in facilities management services. Mace was acquired as part Khidmah plan to grow the facilities management business. The acquisition has been accounted for effective 1 August 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. The acquisition has resulted in recognition of Gain on bargain purchase of AED 628 thousand and intangible assets (customer contracts, relationships and exclusivity contracts) of AED 4,343 thousand. Cash acquired on acquisition amounted to AED 1,132 thousand.

47.11 Pactive Sustainable Solutions LLC

On 1 August 2022, Khidmah acquired 100% shares of Pactive Sustainable Solutions LLC ("Pactive") for a consideration of AED 10,000 thousand. Pactive is incorporated in Abu Dhabi, UAE and specializes in energy management, Energy performance contracts and buildings automation and control systems. Pactive was acquired as part of the Aldar Group plan and vision to work in and expand into the energy management services. The acquisition has been accounted for effective 1 August 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. The acquisition has resulted in recognition of goodwill amounting to AED 2,345 thousand and intangible assets (customer contracts and licensees) of AED 6,206 thousand. Cash acquired on acquisition amounted to AED 185 thousand.

47.12 Spark Security Services

On 1 September 2022, Khidmah acquired 100% shares of Spark Securities Services-Sole Proprietorship LLC, Abu Dhabi and Spark Securities Services-LLC, Dubai (together referred as "Spark") for a consideration of AED 120,000 thousand. Spark provides a comprehensive range of security solutions to both commercial and residential clients in the UAE. Spark was acquired to further strengthen Aldar's property and integrated facilities management platform and complement the existing services providers withing the Aldar's portfolio. The acquisition has been accounted for effective 1 September 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed are set out in the table below:

	AED '000
Assets	
Property, plant and equipment	12,756
Intangible assets	27,948
Inventories	485
Trade and other receivables	99,126
Cash and bank balances	17,072
Total assets	157,387
Liabilities	
Lease liabilities	1,426
Employee benefits	36,977
Trade and other payables	36,622
Total liabilities	75,025
Total identifiable net assets at fair value	82,362
Less: purchase consideration	(120,019)
Goodwill	(37,657)

	AED '000
Cash paid for the acquisition	(104,132)
Net cash acquired on business combination	17,072
Net cash outflow on acquisition (included in cash flows from investing activities)	(87,060)
Transaction costs of the acquisition (included in cash flows from operating activities)	(2,459)
Net cash outflow on acquisition	(89,519)

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023 continued

47 Business combinations continued

Acquisitions in 2022 continued

47.13 SAGA OA DMCC

On 19 October 2022, Provis Owners Association Management Services LLC ("Provis OA" a subsidiary of the Group) acquired 100% of the issued share capital of SAGA International Owners Association Management Services LLC and SAGA OA DMCC ("SAGA OAs"), entities incorporated in Dubai, UAE for a consideration of AED 37,000 thousand. SAGA OAs are involved in property management services and was acquired as part of the plan of Provis to complement and expand its Owners Association portfolio. The acquisition has been accounted for effective 19 October 2022 using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. The acquisition has resulted in recognition of goodwill amounting to AED 4,944 thousand and intangible assets (customer relationship) of AED 31,396 thousand.

48 Reclassification of prior year balances

Certain comparative figures have been reclassified/regrouped, wherever necessary, as to conform to the presentation adopted in these consolidated financial statements. These reclassifications do not materially change the presentation of the consolidated financial statements.

49 Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 9 February 2024.