Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Directors' report and consolidated financial statements for the year ended 31 December 2024

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Directors' report
for the year ended 31 December 2024

The Board of Directors submit their report together with the audited consolidated financial statements of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC ("the Department"), and its subsidiaries (together, "the Group") for the year ended 31 December 2024.

Principal activities

The Group operates mainly in the fields of hospitality and real estate lease.

Results for the year

The results of the Group for the year ended 31 December 2024 are set out on page 9 of the consolidated financial statements.

Board Members

Members who served in the Board during the year were:

Sh. Khalifa bin Mohammed bin Khalid Al Nahyan - Chairman
Sh. Sultan bin Mohammed bin Khalid Al Nahyan - Vice Chairman
Sh. Hamdan bin Mohammed bin Khalid Al Nahyan - Board Member
Mr. Abdul Jalil Abdul Rehman Mohammed Al Blouki - Managing Director

Auditors

The consolidated financial statements have been audited by PricewaterhouseCoopers Limited Partnership – Abu Dhabi, who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board

....

Sh. Khalifa bin Mohammed bin Khalid Al Nahyan
Chairman

Independent auditor's report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (the "Department") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Material Uncertainty Relating to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that as of 31 December 2024, the Group's current liabilities exceeded its current assets by AED 923 million. As stated in Note 2, this event or condition, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (continued)

Our audit approach

Overview

Key Audit Matter	•	Valuation of investment properties

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Relating to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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Independent auditor's report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
The Group's investment property portfolio amounted to AED 5.4 billion as at 31 December 2024 (2023: AED 5.1 billion) and the net fair value gain recorded in the consolidated statement of comprehensive income amounted to AED 185 million (2023: AED 257 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 Group's determination of fair value for the investment properties requires management to make critical estimates and assumptions related to future rental rates, capitalisation rates and discount rates. The valuation of the portfolio involves critical accounting estimates and is based on a number of assumptions. The existence of critical accounting estimates 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 critical accounting estimates and judgments in determining the fair value of investment property. Refer to notes 4 and 7 for disclosures relating to this matter.	Our audit procedures performed in relation to valuation of investment properties included: • 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 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. • We agreed additions to supporting documentation to verify ownership, initial recognition at cost, and whether they qualify as investment property. • We determined whether the method selected by management for establishing the fair value is appropriate in the circumstances given the nature of the accounting estimate. • We tested significant assumptions, data and calculation of fair value and gain or loss arising from a change in the fair value of investment properties. • We evaluated whether management have taken appropriate steps to understand the critical accounting estimates. • We assessed the disclosures made in relation to this matter against the requirement of IFRS Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but 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 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 identified above 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.

Independent auditor's report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (continued)

Other information (continued)

If, based on the work we have performed, 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.

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 their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.

Independent auditor's report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (continued)

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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, actions taken to eliminate threats or safeguards applied.

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

Independent auditor's report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that:

(i) we have obtained all the information we considered necessary for the purposes of our audit;

(ii) 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;

(iii) the Group has maintained proper books of account;

(iv) the financial information included in the Directors' report is consistent with the books of account of the Group;

(v) as disclosed in note 1 to the consolidated financial statements the Group has not purchased or invested in any shares during the year ended 31 December 2024;

(vi) note 19 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted; and

(vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2024 any of the applicable provisions of the UAE Federal Law No. 32 of 2021, or in respect of the Department's Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

PricewaterhouseCoopers Limited Partnership – Abu Dhabi

16 April 2025

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

برايس ووترهاوس كوبرز شراكة محدودة - ابوظبي
P.O.Box: 45263
ABU DHABI - U.A.E.
PRICEWATERHOUSECOOPERS LIMITED PARTNERSHIP - ABU DHABI

Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Consolidated statement of financial position

	Note	As at 31 December 2024 AED	2023 AED
ASSETS			
Non-current assets			
Property and equipment	6	897,368,962	845,055,105
Investment properties	7	5,357,581,819	5,072,545,455
		6,254,950,781	5,917,600,560
Current assets			
Inventories		1,470,858	1,486,592
Financial assets at fair value through profit or loss	8	51,177,558	52,252,704
Trade and other receivables	9	35,077,384	78,581,953
Due from related parties	19	394,163,076	373,543,520
Cash and cash equivalents	10	135,436,280	109,558,342
Derivative financial assets	28	929,893	-
Term deposits		220,000	141,500
		618,475,049	615,564,611
Total assets		6,873,425,830	6,533,165,171
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital	11	11,800,000	11,800,000
Legal reserve	12	5,900,000	5,900,000
General reserve	13	868,641,817	868,641,817
Retained earnings		2,730,623,377	2,512,001,823
Revaluation reserve	14	108,799,122	69,544,992
Total equity		3,725,764,316	3,467,888,632
LIABILITIES			
Non-current liabilities			
Bank borrowings	15	1,578,395,760	1,543,837,451
Sukuk Instruments	16	-	1,284,850,000
Deferred tax liability	27	18,199,250	-
Provision for employees' end of service benefits	17	9,869,812	9,394,881
		1,606,464,822	2,838,082,332
Current liabilities			
Bank borrowings	15	31,685,098	32,153,226
Sukuk instruments	16	1,315,404,567	30,500,973
Income tax provision	27	7,314,990	-
Derivative financial liabilities	28	14,636,186	143,538
Trade and other payables	18	138,098,940	129,847,714
Due to related parties	19	34,056,911	34,548,756
		1,541,196,692	227,194,207
Total liabilities		3,147,661,514	3,065,276,539
Total equity and liabilities		6,873,425,830	6,533,165,171

These consolidated financial statements were approved and authorised for issuance by the Board of Directors on 16 April 2025..... and signed on its behalf by:

....
Sh. Khalifa bin Mohammed
bin Khalid Al Nahyan
Chairman

....
Abdul Jalil Abdul Rehman
Mohammed Al Blouki
Managing Director

Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Consolidated statement of comprehensive income

	Note	Year ended 31 December 2024 AED	2023 AED
Revenue from contracts with customers	20	429,898,065	379,699,587
Direct costs	21	(104,335,661)	(79,195,375)
Gross profit		325,562,404	300,504,212
General and administrative expenses	22	(71,301,125)	(59,590,578)
Marketing and selling expenses	24	(12,132,304)	(8,813,578)
Management incentive fee	19	(4,157,045)	(2,385,308)
Net impairment loss on financial assets	9	(5,013,976)	(6,423,982)
Unrealised gain on revaluation of investment properties	7	185,319,845	256,506,530
Unrealised gain/ (loss) on revaluation of property and equipment	6	23,986,014	(9,561,613)
Other income		338,588	11,365,807
Operating profit		442,602,401	481,601,490
Finance costs	25	(201,268,795)	(176,019,621)
Finance income	26	18,367,505	15,705,575
Loss on disposal of investments in debt securities		(2,801,085)	-
Loss from changes in fair values of derivative financial instruments	28	(13,562,755)	(143,538)
Unrealised (loss)/gain from change in fair values of financial assets at fair value through profit or loss	8	(2,687,240)	3,269,232
Profit before tax		240,650,031	324,413,138
Income tax expense	27	(22,028,477)	-
Profit for the year		218,621,554	324,413,138
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property and equipment	6	42,739,893	23,564,679
Deferred tax liability	27	(3,485,763)	-
Other comprehensive income		39,254,130	23,564,679
Total comprehensive income for the year		257,875,684	347,977,817
Earnings per share for profit attributable to the ordinary equity holders of the Parent Company			
Basic earnings per share	29	18.53	27.49

Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Consolidated statement of changes in equity

	Share capital AED	Legal reserve AED	General reserve AED	Retained earnings AED	Revaluation reserve AED	Total equity AED
At 1 January 2023	11,800,000	5,900,000	868,641,817	2,187,588,685	45,980,313	3,119,910,815
Profit for the year	-	-	-	324,413,138	-	324,413,138
Other comprehensive income	-	-	-	-	23,564,679	23,564,679
Total comprehensive income for the year	-	-	-	324,413,138	23,564,679	347,977,817
At 31 December 2023	11,800,000	5,900,000	868,641,817	2,512,001,823	69,544,992	3,467,888,632
Profit for the year	-	-	-	218,621,554	-	218,621,554
Other comprehensive income	-	-	-	-	39,254,130	39,254,130
Total comprehensive income for the year	-	-	-	218,621,554	39,254,130	257,875,684
At 31 December 2024	11,800,000	5,900,000	868,641,817	2,730,623,377	108,799,122	3,725,764,316

The notes on pages 13 to 76 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 December 2024 AED	2023 AED
Cash flows from operating activities			
Profit before income tax		240,650,031	324,413,138
Adjustments for:			
Depreciation of property and equipment	6	33,846,305	19,755,864
Unrealised gain on revaluation of investment properties	7	(185,319,845)	(256,506,530)
Unrealised (gain)/loss on revaluation of property and equipment	6	(23,986,014)	9,561,613
Unrealised loss from changes in fair values of financial assets at fair value through profit or loss	8	2,687,240	-
Loss from changes in fair values of derivative financial instruments	28	13,562,755	143,538
Provision for employees' end of service benefits	17	1,109,768	1,438,527
Net impairment loss on financial assets	9	5,013,976	6,423,982
Gain from transfer of property and equipment to investment properties	6	-	(7,833,333)
Finance costs	25	201,268,795	176,019,621
Finance income	26	(18,367,505)	(15,705,575)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		270,465,506	257,710,845
Payment of employees' end of service benefits	17	(634,837)	(991,705)
Changes in working capital:			
Inventories		15,734	209,899
Trade and other receivables		38,490,593	(21,190,599)
Due from related parties		(20,619,556)	(240,387,722)
Trade and other payables		8,225,515	(6,920,386)
Due to related parties		(491,845)	19,799,789
Net cash generated from operating activities		295,451,110	8,230,121
Cash flows from investing activities			
Purchases of property and equipment	6	(19,434,255)	(22,650,121)
Acquisition of investment properties	7	(59,084,026)	(91,414,436)
Term deposits placed		(78,500)	(141,500)
Proceeds from disposal of financial assets at fair value through profit or loss	8	237,325,795	-
Investment in financial assets at fair value through profit or loss	8	(238,715,392)	(52,252,704)
Interest received on fixed deposits	26	-	141,169
Interest received from investments in debt securities	26	9,248,872	7,970,161
Interest received on other financial instruments	26	9,118,633	7,594,245
Net cash used in investing activities		(61,618,873)	(150,753,186)

The notes on pages 13 to 76 form an integral part of these consolidated financial statements.

Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Consolidated statement of cash flows (continued)

	Note	Year ended 31 December 2024 AED	2023 AED
Cash flows from financing activities			
Proceeds from bank borrowings	15	44,118,000	249,696,503
Proceeds from Sukuk Instruments	16	-	183,550,000
Repayment of bank borrowings		(11,100,000)	-
Finance cost paid		(240,972,299)	(246,508,643)
Net cash (used in)/generated from financing activities		(207,954,299)	186,737,860
Net increase in cash and cash equivalents		25,877,938	44,214,795
Cash and cash equivalents at beginning of the year		109,558,342	65,343,547
Cash and cash equivalents at end of the year	10	135,436,280	109,558,342
Non-cash transactions			
Transfer of Property and equipment to Investment properties	6,7	-	35,000,000
Modification of bank borrowings	15	-	1,273,357,000

1 General information

Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (the "Department") is a limited liability company incorporated in the United Arab Emirates under the UAE Federal Law No. (32) of 2021 and operates under a commercial license number CN-1020235 dated 5 May 1998 issued by Department of Economic Development.

Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (the "Department") and its subsidiaries (together referred to as the "Group") operates mainly in the fields of hospitality and real estate lease.

The registered address of the Department is PO Box 305, Corniche Street, Abu Dhabi, UAE.

The details of the Group's subsidiaries is as follows:

Name of subsidiaries	Principal activity	Year of incorporation	Country of incorporation	% interest held	
				2024	2023
Khalidia Real Estate Management L.L.C.	Real estate management	2016	UAE	99.99%	99.99%
Khalidia Palace Hotel & Resorts Investments Group L.L.C.	Hospitality	2020	UAE	100.00%	100.00%
Khalidia Palace Dubai Hotel L.L.C.	Hospitality	2002	UAE	100.00%	100.00%
PD Sukuk Ltd*	Special Purpose Vehicle (SPV)	2021	Cayman Islands	-	-

During the years ended 31 December 2024 and 2023, the subsidiaries ("Khalidia Real Estate Management L.L.C" and Khalidia Palace Hotel & Resorts Investments Group L.L.C) are dormant and no transaction occurred during the year.

* PD Sukuk Limited, as trustee for and on behalf of the Certificateholders and as issuer of the Certificates, an exempted company with limited liability incorporated on 6 April 2021 under, formed and registered in the Cayman Islands with company registration number 373981 with its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands. The Trustee has been incorporated solely for the purpose of participating in the issuance of Sukuk Certificates (Note 16).

The Group has not made any investment in shares or any social contributions during the year ended 31 December 2024.

2 Going concern

As at 31 December 2024, the Group had a net current liability position of AED 922,721,643 (2023: net current asset position of AED 388,370,404). This is a direct result of the scheduled dissolution of the Sukuk Certificates of AED 1.32 billion which are due on 23 September 2025 being classified as a current liability. The Group's shareholders have confirmed that they will provide financial support to the Group to enable it both to meet its liabilities as they fall due and to carry on its business without a significant curtailment of operations. In adopting the going concern basis, the Group have also considered the business activities of the Group, the financial position of the Group, its cash flows, liquidity position and borrowing facilities as set out in the consolidated financial statements.

2 Going concern (continued)

In response to the liquidity risks posed by the Group's current position, subsequent to the year end, the Group is in the process of updating the Sukuk Programme to issue new Trust Certificates which will be used to settle the current portion of Sukuk Instruments before the due date of the current Sukuk Programme.

As at the date of the approval of the consolidated financial statements, the new Sukuk Certificates have not yet been issued, which creates a material uncertainty relating to going concern. However, in addition to the support provided by the shareholders, management anticipates the successful issuance of the new trust certificates, and on this basis, management is of the view that the Group would continue to have sufficient liquidity to satisfy the commitments and financial covenants for the next 12 months. Additionally, the Group will have sufficient headroom to meets its due liabilities in the next 12 months under the above scenarios.

As a result, the Group believes that it is well placed to manage its financing and other significant risks and that the Group will be able to continue to operate within the level of its facilities for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. For this reason, the Group believes that it is appropriate to prepare these consolidated financial statements on a going concern basis.

3 Material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

3.1.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards

Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations)

The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB), and applicable requirements of UAE Federal Decree Law No. 32 of 2021. They have been prepared under the historical cost convention except for investment properties and buildings and properties which are classified as property and equipment, these are at fair value and the defined benefit pension plans that have been measured at the present value of future obligations using the projected unit credit method.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The consolidated financial statement are prepared in United Arab Emirates Dirhams (AED) which is the functional and reporting currency of the Group.

3 Material accounting policies (continued)

3.2 Changes in accounting policies

New and revised IFRS accounting standards applied in the preparation of the consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these consolidated financial statements. The application of these revised IFRS, except where stated, have not had any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendment to IAS 1 - Non-current liabilities with covenants	These amendments clarify how conditions which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these amendments.
Amendment to IFRS 16 - Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendment to IAS 7 and IFRS 7 - Supplier finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

New and revised IFRSs Accounting Standards in issue but not yet effective

The Group has not yet applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IAS 21 - Lack of Exchangeability	1 January 2025

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

3 Material accounting policies (continued)

3.2 Changes in accounting policies (continued)

New and revised IFRSs Accounting Standards in issue but not yet effective (continued)

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	1 January 2026
Annual improvements to IFRS – Volume 11 Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash Flows.	1 January 2026

3 Material accounting policies (continued)

3.2 Changes in accounting policies (continued)

New and revised IFRSs Accounting Standards in issue but not yet effective (continued)

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
IFRS 18, 'Presentation and Disclosure in Financial Statements'	1 January 2027
This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: • the structure of the statement of profit or loss; • required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.	
IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027
This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if: • it does not have public accountability; and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.	

The above stated new standards and amendments are not expected to have any significant impact on the consolidated financial statements of the Group.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the consolidated financial statements of the Group.

3 Material accounting policies (continued)

3.3 Basis of consolidation

Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A subsidiary is fully consolidated from the date on which control is transferred to the Group and is deconsolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Transaction costs attributable to the acquisition are directly expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

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

3.4 Property and equipment

Buildings and properties, which mainly consist of Group's hotel properties, are recognised at fair value based on periodic, but at least yearly, valuations by external independent valuers, less subsequent depreciation for buildings and properties.

Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Buildings and properties category consist of the building and the land which the building is constructed upon.

All other property and equipment are stated at historical cost less depreciation and impairment losses, if any. The historical cost consists of expenses related directly 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

3 Material accounting policies (continued)

3.4 Property and equipment (continued)

Depreciation is calculated so as to write off the cost of property and equipment over the useful lives of these assets as follows:

	Years
Buildings and properties	35
Furniture and fixtures	2 to 5
Office equipment	2 to 5
Motor vehicles	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

The repair and maintenance expenses are included in the consolidated statement of comprehensive income when incurred.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.5 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment properties also includes properties that are being constructed or developed for future use as investment properties.

Investment properties are measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value.

Investment properties under construction are measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset.

3 Material accounting policies (continued)

3.5 Investment properties (continued)

If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of the reporting date by independent professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Investment properties that are being redeveloped for continuing use as investment properties or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, operating lease income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditures are capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditures will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Changes in fair values are recognised in the consolidated statement of comprehensive income. Investment properties are derecognised when they have been disposed of.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Investment properties under development

Properties acquired or properties being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as development properties and are measured at the lower of cost or net realisable value.

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and

Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer fee, construction overheads and other related direct costs.

3 Material accounting policies (continued)

3.5 Investment properties (continued)

Cost includes the cost of land, selling transactions cost, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when activities that are necessary to get the assets ready for the intended use are in progress.

Direct costs from the start of the project up to completion of the project are capitalised. Completion is defined as the earlier of issuance of a certificate of practical completion, or when management considers the project to be completed. Upon completion, unsold properties, if any are transferred at cost to properties held for sale.

Management reviews the carrying values of the development properties on an annual basis.

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are carried at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.6 Capitalised borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

3 Material accounting policies (continued)

3.7 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.8 Financial instruments

Financial assets and liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a part of the contractual provision of the instruments.

(a) Financial assets

Classification

The Group classifies its financial assets in accordance with IFRS 9. The Group financial assets consist of trade and other receivables less prepayments, due from related parties, cash and cash equivalents, bank deposits, and investment in debt securities. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Management determines the classification of its financial assets at initial recognition.

(i) Trade and other receivables and accrued operating lease income

Trade and other receivables are amounts due from customers and related parties for goods sold or services performed in the ordinary course of business. They are generally due for settlement in one year or less and therefore are all classified as current. If not, they are classified as non-current assets.

(ii) Cash and cash equivalents, and bank deposits

Cash and cash equivalents comprise cash on hand, current accounts and bank deposits with original maturities of three months or less, net of bank overdrafts, if any.

(iii) Investment in financial assets at fair value through profit or loss (FVTPL)

The Group classifies investments in debt securities in the following measurement categories: fair value through profit or loss, fair value through other comprehensive income, and amortised cost.

3 Material accounting policies (continued)

3.8 Financial instruments (continued)

(a) Financial assets (continued)

Initial Recognition and subsequent measurement

Financial assets at amortised cost are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Investments in financial assets at FVTPL are initially recorded at fair value. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. All other investments in debt securities are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Impairment of financial assets

(i) Trade and other receivables and accrued operating lease income

The Group applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments per case by case basis.

If, in a subsequent period, the amount of the impaired loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised such as an improvement in the debtor's credit rating. Reversal of the previously recognised impairment loss is recognised in the consolidated statement of financial position.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3 Material accounting policies (continued)

3.8 Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)

(i) Trade and other receivables and accrued operating lease income (continued)

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group's trade receivables are subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Cash and cash equivalents, and bank deposits

Cash and bank balances, and bank deposits are also subject to the impairment requirements of IFRS 9.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- 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.

(b) Financial liabilities

Financial liabilities mainly comprise borrowings, Sukuk instruments, trade and other payables (excluding unearned rental income) and due to related parties. Financial liabilities are initially measured at fair value net of any transaction costs directly attributable to the issue of the instrument, and subsequently carried at amortised cost using the effective interest method. The Group's financial liabilities are classified as financial liabilities at amortised costs.

3 Material accounting policies (continued)

3.8 Financial instruments (continued)

(b) Financial liabilities (continued)

Classification as debt

Debt instruments are classified as financial liabilities in accordance with the substance of the contractual arrangement and the definitions of a financial liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised costs

After initial recognition, interest bearing loans and borrowings and amounts due to a related party are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

An exchange between the Group and its original lenders of borrowings with substantially different terms, as well as substantial modifications of the terms and conditions of existing borrowings, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the changes in the type of interest rate, change in loan term, and change in loan covenants are also considered. If an exchange of borrowings or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

3 Material accounting policies (continued)

3.9 Offsetting of financial instruments

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

3.10 Cash and cash equivalents, and bank deposits

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, cash on hand, short-term deposits with a maturity of three months or less and long term deposits with maturity of more than three months which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

3.11 Inventories

Inventories relate to food and beverage, tobacco, and other scrap parts related to the hotel and real estate divisions. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes all costs incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less variable selling expenses.

3.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if the payments' due date is within one year or less. If not, they will be classified as non-current liabilities.

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

3.13 Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

3 Material accounting policies (continued)

3.14 Provision for employees' end of service benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations within 'trade and other payables'.

A provision is made for the 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. The provision relating to annual leave and leave passage is considered as a current liability included within 'trade and other payables'.

(ii) Other long-term employee benefit obligations

In the UAE, the Group also has liabilities for long service end of service benefits that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The provision for employees' end of service benefits, disclosed as a long-term liability, where their respective labour laws require providing indemnity payments upon termination of relationship with their employees. The provision relating to end of service benefits is disclosed as a non-current liability.

3.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the loans using the effective interest method.

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

3 Material accounting policies (continued)

3.15 Borrowings (continued)

Modifications of borrowings that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognised in the consolidated statement of comprehensive income, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

3.16 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

Cash flow hedges that qualify for hedge accounting

Derivative financial instruments represents two interest rate swap arrangements entered with a counter-party bank for a notional amount that mirrors the draw down and repayment schedule of a term loan held by the Group. However, the Group does not apply hedge accounting in accordance with IFRS 9 and gains or losses on derivatives are recognised in the consolidated statement of comprehensive income in "changes in fair value of derivative financial instruments" at Fair Value through Profit or Loss (FVPL). Please refer to Note 28 for further details.

3.17 Leases

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

3 Material accounting policies (continued)

3.17 Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group used the rate applicable on their active banking contracts for a loan of equivalent amount.

Lease payments are allocated between principal and finance cost. The finance costs incurred during construction are capitalised in the construction work in progress during the construction period, finance costs incurred after the construction period are charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis and is charged to the consolidated statement of comprehensive income. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Operating lease income is recognised on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are derived.

3 Material accounting policies (continued)

3.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

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

(i) Identify the 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.
(ii) Identify the 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.
(iii) 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.
(iv) Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
(v) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The standards require that revenue be recognised as a Group satisfies a performance obligation by transferring control of a good or service. A performance obligation can be satisfied over time or at a point in time.

Revenue is measured based on the consideration to which the Group expects to be entitled in 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.

(i) Operating lease income

Operating lease income is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of operating lease income.

(ii) Income from hotel operations

Income from hotel operations comprises revenue from rooms, food and beverages and other associated services provided, and is recognised at the point when the goods are sold or services are rendered. All revenue pertain to hotel operations (room and F&B revenues) are recorded net of discounts and promotions.

3 Material accounting policies (continued)

3.18 Revenue recognition (continued)

Room revenues

Room revenue pertains to income generated by renting rooms to their customers, and it is recognised over time when the goods services are rendered (over the period of the customer's stay in the hotel).

F&B revenue

F&B (food and beverage) comprises of revenue recognised from sales of F&B from the food outlets and room service in the hotel, and it is recognised at a point in time when the goods are sold.

3.19 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in UAE Dirham, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

3.20 Dividend distribution

Dividend distribution to the Group shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders. A corresponding amount is recognised directly in equity.

3.21 Taxation

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period in respective jurisdiction where entities are located. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

3 Material accounting policies (continued)

3.21 Taxation (continued)

Current tax

Current tax is the amount expected to be paid, or recovered, in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses. The consolidated Group is made up of a single tax Group and it follows a realised or an unrealised basis and can elect to transfer tax losses if any to other commonly controlled entities within the provisions of the UAE tax law.

Deferred income tax

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

Uncertain tax positions

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

3 Material accounting policies (continued)

3.21 Taxation (continued)

Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within finance costs and other gains/(losses), net, respectively.

3.22 Development properties

Properties acquired, constructed or in the course of construction for sale are classified as development properties. These are stated at the lower of cost and net realisable value.

Cost principally includes the cost of the land, infrastructure costs, design and construction costs, finance charges capitalised, staff costs and all other costs which are necessary to get the properties ready for sale.

Net realisable value represents the estimated selling price, based on sales relevant in the year, less costs to be incurred in selling the properties.

4 Financial risk management

4.1 Financial risk factors

The Group's risk management is predominantly controlled by the Group treasury department under policies approved by the board. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's activities expose it to a variety of financial risks: market risk (including price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) *Market risk*

(i) Foreign exchange risk

The Group has an insignificant exposure to foreign currency risks as the majority of transactions are denominated in UAE dirhams.

(ii) Price risk

The Group's exposure to securities price risk arises from investments held by the Group and classified in the statement of financial position as at fair value through profit or loss (FVTPL). To manage its price risk arising from investments in securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board. The majority of the Group's investments are publicly traded (refer to Note 8). Moreover, the Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk. Please see Note 5 for more details.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) *Market risk* (continued)

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk 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 on its interest-bearing liabilities which carry variable interest rates (bank overdrafts and bank borrowings).

The exposure of the group's borrowings to interest rate changes and the contractual repricing dates of the borrowings at the end of the reporting period are as follows

	2024 AED	% of total loans	2023 AED	% of total loans
Variable rate borrowings	1,610,080,857	55%	1,575,990,677	55%
Fixed rate borrowings – maturity dates:				
Less than 1 year	1,315,404,567	45%	30,500,973	1%
1-5 years	-	-	1,284,850,000	44%
Over 5 years	-			
	2,925,485,424	100%	2,891,341,650	100%

The sensitivity analysis calculates the effect of a reasonably possible movement in the interest rate on the consolidated statement of comprehensive income:

	Impact on the consolidated statement of comprehensive income	
	2024 AED	2023 AED
Interest rates – increase by 100 basis points	(28,946,288)	(28,106,102)
Interest rates – decrease by 100 basis points	28,946,288	28,106,102

IBOR transition (Interest rate benchmark reforms)

As at 31 December 2024, for the 3-months AED EIBOR is the applicable interest rate benchmarks in the Group agreement. As a result, the change in the IBOR reform as at 31 December 2023 did not have an impact on the consolidated financial statements.

Management will continue to monitor the relevant developments and will evaluate the impact on the IBOR amendments on the consolidated financial statements.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) *Credit risk*

Credit risk arises from cash, deposits with banks and financial institutions, contractual cash flows of debt instruments carried at FVTPL, as well as credit exposures to customers, including outstanding receivables and committed transactions. Individual risk limits are based on management's assessment on a case-by-case basis. The utilisation of credit limits is regularly monitored.

Risk management

Credit risk is managed on a Group basis. The Group's policy is to place cash and bank balances with reputable banks and financial institutions.

The Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result to minimise the exposure to bad debts. Credit risks are limited to the carrying values of financial assets in the consolidated statement of financial position. The Group earns its revenues from a large number of customers operating from the United Arab Emirates.

The Group has no significant concentration of credit risk as explained in Note 9.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables; and accrued operating lease income;
- due from related parties; and
- cash and bank balances (including cash and cash equivalents, and bank deposits).

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Trade receivables and accrued operating lease income

The Group structures the levels of credit risk it undertakes by placing limits on the amount of credit risk accepted in relation to a customer. Limits on the level of credit risk are approved regularly by management. Such limits are monitored on a revolving basis and are subject to frequent review. Additionally, on a monthly basis, on a monthly basis, the Group's debt collection department reviews the aging analysis and follows up on all outstanding payments.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) *Credit risk* (continued)

Trade receivables and accrued operating lease income (continued)

As mentioned in Note 3.8, the Group's trade receivables and accrued operating lease income are subject to the expected credit loss model. To measure the expected credit losses, trade receivables and due from related parties have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance for trade receivables and due from related parties is based on assumptions about risk of default and expected loss rates.

The expected loss rates are based on the roll rates of receivables over a period of 36 months before 31 December 2024 or 31 December 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and credit rating to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group considers information developed internally or obtained from external sources that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group) as constituting as an event of default for internal credit risk management purposes as historical experience indicating that are generally not recoverable.

Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that potential default may occur when a financial asset is more than 365 days after invoice issuance date unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Trade receivables are provided for when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

Due from related parties

While due from related parties are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Cash and cash equivalents, and bank deposits

All banks accounts, derivatives and deposits are held with reputable financial institutions with an appropriate credit rating acceptable to the Group.

While cash and bank balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. All banks are investment grade rated ranging from prime 1 to prime 3 categories.

The credit quality of cash and cash equivalents based on credit risk grades estimated by external international rating agencies (Standard & Poor's – "S&P", Fitch, Moody's) at 31 December 2024 is A1 to Aa3, representing strong credit quality with low expected credit risk. Cash and cash equivalents are held with local banks.

No significant deterioration in credit risk since origination and the expected credit loss is immaterial. The Group considers cash and bank equivalents to have low credit risk since these balances are held with reputable banking institutions.

Financial assets at fair value through profit or loss
As at 31 December 2024, the Group is also exposed to credit risk in relation to debt instruments that are measured at FVTPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments AED 51,177,558 (2023: 52,252,704 AED).

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by the Investment Committee of the Group. Management monitors monthly rolling forecasts of the Group's cash flows.

The Group seeks to maintain a stable funding base primarily consisting of borrowings, trade and other payables and debt securities. The Group invests the funds in diversified portfolio of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Group's liquidity portfolio comprises of cash and cash equivalents (Note 10) and investments in financial assets at fair value through profit or loss ("FVTPL") (Note 8). Management estimates that the liquidity portfolio cash and investments in financial assets at FVTPL can be realised in cash within a short period of time in order to meet unforeseen liquidity requirements.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a short-term period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below shows liabilities at 31 December 2024 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross loan commitments, gross Sukuk instruments and derivative financial liability. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the consolidated statement of financial position amount is based on discounted cash flows.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2024 AED	2023 AED
Floating rate		
Expiring beyond one year (bank borrowings)	59,045,000	103,163,000

The bank borrowing facilities may be drawn at any time and are subject to annual review.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) *Liquidity risk* (continued)

The following are the contractual principal maturities of financial liabilities presented on an undiscounted basis:

	Carrying value AED	Contractual cash out flows AED	1 year or less AED	Later than 1 year and not later than 2 years AED	Later than 2 years and not later than 5 years AED	Over 5 years AED
31 December 2024						
Trade and other payables	138,098,940	138,098,940	138,098,940	-	-	-
Due to related parties	34,056,911	34,056,911	34,056,911	-	-	-
Derivative financial liability	14,636,186	14,636,186	14,636,186	-	-	-
Bank borrowings	1,610,080,857	2,454,346,059	302,595,528	179,332,357	569,475,386	1,402,942,788
Sukuk Instruments	1,315,404,567	1,315,404,567	1,315,404,567	-	-	-
	3,112,277,461	3,956,542,663	1,804,792,132	179,332,357	569,475,386	1,402,942,788
31 December 2023						
Trade and other payables	129,847,714	129,847,714	129,847,714	-	-	-
Due to related parties	34,548,756	34,548,756	34,548,756	-	-	-
Derivative financial liability	143,538	143,538	143,538	-	-	-
Bank borrowings	1,575,990,677	2,536,173,405	309,198,547	131,017,884	574,798,489	1,521,158,485
Sukuk Instruments	1,315,350,973	1,462,855,260	93,686,979	1,369,168,281	-	-
	3,055,881,658	4,163,568,673	567,425,534	1,500,186,165	574,798,489	1,521,158,485

4 Financial risk management (continued)

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The policies are based on management's assessment of available options, in conjunction with the shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity plus net debt. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as total equity as shown in the consolidated statement of financial position plus net debt.

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

	2024 AED	2023 AED
Bank borrowings	1,610,080,857	1,575,990,677
Sukuk instruments	1,315,404,567	1,315,350,973
Less: cash and bank balances	(135,436,280)	(109,558,342)
Net debt	2,790,049,144	2,781,783,308
Equity	3,725,764,316	3,467,888,632
	6,515,813,460	6,249,671,940
Gearing ratio	43%	45%

Loan covenants

Under the terms of Facility A commitment and Facility B commitment, the Group is required to comply with below financial covenants:

- Loan to Value ("LTV") ratio at no time shall exceed 60% total outstanding facilities.
- Debt Service Coverage Ratio ("DSCR") should not be less than 1.10x on a rolling 12 months look back basis based on actual performance.

For the above covenants, the below related definitions have been outlined in the loan agreements:

4 Financial risk management (continued)

4.2 Capital risk management (continued)

Loan covenants (continued)

(i) Debt service: means, in respect of any relevant period, the aggregate of the finance charges and all payments of principal under the facilities for that relevant period.
(ii) EBITDA: means in respect to any relevant period, the consolidated operating profit of the borrower before taxation, before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by the borrower in respect of that relevant period; not including any accrued interest owing to the borrower; after adding back any amount attributable to the amortisation, depreciation or impairment of non-current assets of the borrower; before taking into account any exceptional items; before taking into account any unrealised gains or losses on any derivative instrument.

In relation to the Group's major borrowing facilities A and B, the Group also have a cross-default clause, which implies that if any commitment for any financial indebtedness of the borrower is cancelled or suspended by a creditor of the borrower as a result of an event of default, then the full loan balances will be immediately due. Since there was no default as of 31 December 2024 and 2023 in any of the loans, the cross-default was not triggered.

Under the terms of the Sukuk issuance, the Group is required to comply with the certain financial covenants:

- Restriction on dividends paid by the Obligor: declare or pay any dividend, in cash or otherwise, or make any other payment or distribution in respect of its Capital Stock;

- limitation on Indebtedness (subsidiaries): provided that any Subsidiary shall be permitted to Incur such Financial Indebtedness if the aggregate amount of such Financial Indebtedness incurred by the Subsidiaries of the Obligor which remains outstanding at such time does not exceed 10 per cent. of the Consolidated Total Assets.

4 Financial risk management (continued)

4.2 Capital risk management (continued)

Loan covenants (continued)

For the above covenants, the below related definitions have been outlined under the terms of Sukuk issuance:

(i) Consolidated EBITDA: means, in respect of any Measurement Period, EBIT for that Measurement Period after adding back any amount attributable to the amortisation, depreciation or impairment of assets of any member of the Group, as determined by reference to the most recently available audited or auditor reviewed consolidated financial statements of the Obligor prepared in accordance with IFRS;
(ii) Consolidated Total Assets" means the aggregate value (less depreciation and amortization computed in accordance with international accounting standards) of all assets of the Group which are treated as assets determined in accordance with IFRS, as shown in the most recently available audited or auditor reviewed consolidated financial statements of the Obligor prepared in accordance with IFRS;
(iii) Capital Stock: means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any preferred stock of such Person, whether outstanding on the Issue Date of the first Tranche of the Certificates or issued after the date thereof, including without limitation, all series and classes of such Capital Stock.
(iv) Consolidated Total Assets: means the aggregate value (less depreciation and amortisation computed in accordance with international accounting standards) of all assets of the Group which are treated as assets determined in accordance with IFRS, as shown in the most recently available audited or auditor reviewed consolidated financial statements of the Obligor prepared in accordance with IFRS.

As of 31 December 2024, the Group has not breached any of the above covenants.

4.3 Fair value estimation

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.

Disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

4 Financial risk management (continued)

4.3 Fair value estimation (continued)

	Level 1 AED	**Level 2** AED	**Level 3** AED
At 31 December 2024			
Financial instruments:			
Investments in financial assets at fair value through profit or loss	51,177,558	-	-
Derivative financial assets	-	929,893	-
	51,177,558	929,893	-
Derivative financial liabilities	-	14,636,186	-
Non-financial assets:			
Investment properties	-	-	5,357,581,819
Buildings and properties	-	-	882,082,015
	51,177,558	13,706,293	6,239,663,834

	Level 1 AED	**Level 2** AED	**Level 3** AED
At 31 December 2023			
Financial instruments:			
Investment in debt securities	48,220,624	-	4,032,080
Derivative financial liabilities	-	143,538	-
Non-financial assets:			
Investment properties	-	-	5,072,545,455
Buildings and properties	-	-	839,287,878
	48,220,624	143,538	5,915,865,413

The fair value of financial instruments traded in active markets is based on quoted market regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis, the instrument is included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value the instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

4 Financial risk management (continued)

4.3 Fair value estimation (continued)

The carrying values of financial assets and financial liabilities of the Group approximate their fair values, as they are either short term in nature, or held at amortised cost or fair value. The nominal values less impairment provision of trade and other receivables and payables are assumed to approximate their fair values as they are recoverable within 12 months.

A quantitative sensitivity analysis for significant assumptions on the fair value of as at 31 December 2024 is, as shown below:

	Impact on fair value of financial assets at FVTPL	
	2024 AED	2023 AED
0.5% increase	255,888	563,791
0.5% decrease	(255,888)	(563,791)

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

4 Financial risk management (continued)

4.3 Fair value estimation (continued)

(a) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the unobservable inputs used in recurring level 3 fair value measurements:

Description	Fair value at 2024 AED	Fair value at 2023 AED	Unobservable inputs	Range of inputs (probability-weighted average) 2024	Range of inputs (probability-weighted average) 2023	Relationship of unobservable inputs to fair value
			Discount rate	9%	9.25%	The higher the discount rate, the lower the fair value
			Expected vacancy rate	5%	5%	The higher the capitalisation rate and expected vacancy rate,
Buildings, leased residential and commercial buildings	4,116,900,000	3,892,800,000	Capitalisation rate	5.5% to 6.5% (6%)	7% to 8% (7.5%)	the lower the fair value
Properties under development	1,255,057,500	1,193,257,500	Estimated cost to completion	AED 26,000,000	AED 74,755,000	The higher the estimated costs, the lower the fair value
			Rental growth rate	2%	2%	The higher the rental growth rate, the higher the fair value
			Capital expenditures rate	2.7%	10%	The higher the capitalisation rate and expected vacancy rate,
Hotels	860,000,000	818,000,000	Capitalisation rate	6%	7.50%	the lower the fair value

4 Financial risk management (continued)

4.3 Fair value estimation (continued)

(a) Valuation inputs and relationships to fair value (continued)

A quantitative sensitivity analysis for significant assumptions (which is the discount rate) on the fair value of investment properties as at 31 December 2024 and 31 December 2023 is, as shown below:

	Impact on fair value of investment properties	
	2024	2023
	AED	AED
0.5% increase	31,159,500	29,520,000
0.5% decrease	(31,159,500)	(29,520,000)

(b) Valuation techniques used to determine level 3 fair values

The Group obtains independent valuations for its investment properties annually by independent valuers certified by the Royal Institute of Chartered Surveyors. At the end of each reporting period, the management updates their assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Management considers information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3.

5 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

5 Critical accounting estimates and judgements in applying accounting policies (continued)

i) Accounting estimates

(a) Provision for impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation which are applied to the exposure at default to arrive at the expected credit losses at the reporting date. Management base their assumptions on the Group's historical data, existing market conditions as well as forward looking estimates.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(b) Impairment of investment properties

The Group assess impairment of its investment properties on a continuous basis by comparing the fair value of its investment properties based on the latest valuation performed by external valuers and internal Management experts. This value will be compared to the carrying amount of investment properties to ascertain any probable impairment in investment properties. Where investment properties are determined to have a significant decline in fair value that could indicate impairment, the Group adjusts the carrying amount of investment properties to its recoverable amount/fair value as of the reporting date. The Management of the Group believes that investment properties are neither impaired nor significantly below their fair value. The Group performs a valuation of its investment properties every year. For details, please refer to Note 6. Please refer to Note 4.3 for the sensitivity analysis.

(c) Fair value of property and equipment

The Group assess impairment of its property and equipment on a continuous basis by comparing the fair value of its property and equipment based on the latest valuation performed by independent external. This value will be compared to the carrying amount of buildings and properties under the property and equipment to ascertain any probable impairment in property and equipment. Please refer to Note 4.3 for the sensitivity analysis.

Where property and equipment are determined to have a significant decline in fair value that could indicate impairment, the Group adjusts the carrying amount of buildings and properties under property and equipment to its recoverable amount/fair value as of the reporting date. The Management of the Group believes that buildings and properties are neither impaired nor significantly below their fair value. The Group performs a valuation of its investment properties every year. For details, please refer to Note 4.

5 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

i) Accounting estimates (continued)

(d) Useful life of the property and equipment

The Group determines the estimated useful lives and related depreciation charges for its property and equipment. This estimate is determined after considering the expected usage of the asset and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Management believes that no reasonably possible change in the estimated useful lives would cause the carrying value of the unit to materially change from its current carrying value.

(e) Impairment of financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 8.

ii) Accounting judgements

(a) *Ownership of Khalidiya Center*

Management has recognised an investment property in the consolidated statement of financial position which is in the name of the shareholders on the basis of a nominee agreement. Under the nominee agreement between the Group and the shareholders, the shareholders have assigned the beneficial interest in this property to the Group. This property is mortgaged under the Group's Term Loan 1 (Note 15). The Group will transfer the legal title deed from the Shareholders to the Group when the loan is fully settled on maturity date. For more details of the assigned property, please refer to Note 7.

(b) *Consolidation of a structured entity under a transaction*

The Group does not hold any voting rights in a fully consolidated subsidiary "PD Sukuk Ltd". The Group has the power and exposure to affect the activities of this subsidiary through a Trustee Arrangement. The Group issued Islamic bonds through a consolidated structured entity incorporated in the Cayman Islands. This entity was consolidated as it was solely set up for the purposes of the issuance of Sukuk certificates, and the Group has exposure to substantially all risks and rewards through the Trustee Agreement of the entity's obligations.

5 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

ii) Accounting judgements (continued)

(c) Modification of borrowings

During 2023, the Group renegotiated the terms of certain borrowing facilities with a lender which resulted in the following changes to the terms of the facilities:

- Extension of the maturity date from 2028 to 2032.
- Reduction in interest margin by 25 basis points.
- Relaxation of certain debt covenants
- Amendment to the payment profile of the facilities, the bullet payment payable on maturity increased from 30% to 60%.

Pursuant to the requirements of International Financial Reporting Standard 9, the Group assessed whether the present value of the new cash flows under the new terms is at least 10% different from the present value of the remaining cash flows of the original liability, using the original effective interest rate. Based on this quantitative test the difference was less than 10%, and as such the changes to the terms were not substantially different.

As disclosed in Note 3.15 to the financial statements, the Group has adopted as its accounting policy to perform a qualitative assessment in addition to the quantitative test when the 10% test is passed.

Management has considered the qualitative changes [e.g. extension of term, changes in interest] and judged that those changes are not substantial and do not significantly affect the economic risks of the liability, and as such the changes to the terms are qualitatively and quantitatively insignificant. Management has recalculated the gross carrying amount of the financial liability and recognized a modification loss of AED 905 thousand (2023: AED 634 thousand) in the consolidated statement of comprehensive".

If the changes in qualitative factors were considered substantial and a new financial liability recognized, a loss on extinguishment of AED 20.2 million would have been recognized in the consolidated statement of comprehensive income.

6 Property and equipment

	Buildings and properties AED	Furniture and fixtures AED	Office equipment AED	Motor vehicles AED	Total AED
Cost					
At 1 January 2023	908,382,295	43,298,996	22,922,338	3,956,296	978,559,925
Additions	18,996,872	2,975,869	677,380	-	22,650,121
Transfer to investment properties**	(35,000,000)	-	-	-	(35,000,000)
Capitalised borrowing costs	22,763,549	-	-	-	22,763,549
Revaluation*	14,003,066	-	-	-	14,003,066
At 31 December 2023	929,145,782	46,274,865	23,599,718	3,956,296	1,002,976,661
Additions	3,200,778	9,808,221	6,222,512	202,744	19,434,255
Revaluation*	66,725,907	-	-	-	66,725,907
At 31 December 2024	999,072,467	56,083,086	29,822,230	4,159,040	1,089,136,823
Accumulated depreciation					
At 1 January 2023	80,241,386	40,017,275	22,121,639	3,618,725	145,999,025
Charge for the year	17,449,851	1,702,173	417,456	186,384	19,755,864
Transfers	(7,833,333)	-	-	-	(7,833,333)
At 31 December 2023	89,857,904	41,719,448	22,539,095	3,805,109	157,921,556
Charge for the year	27,132,549	4,240,979	2,331,455	141,322	33,846,305
At 31 December 2024	116,990,453	45,960,427	24,870,550	3,946,431	191,767,861
Net book value					
At 31 December 2024	882,082,014	10,122,659	4,951,680	212,609	897,368,962
At 31 December 2023	839,287,878	4,555,417	1,060,623	151,187	845,055,105

6 Property and equipment (continued)

The depreciation charge has been allocated as follows:

	2024 AED	2023 AED
Direct costs (Note 21)	27,132,549	17,449,851
General and administrative expenses (Note 22)	6,713,756	2,306,013
	33,846,305	19,755,864

All buildings and properties valued by an independent valuer in accordance with valuation standards issued by the Royal Institute of Chartered Surveyors and International Valuation Standards as at 31 December 2024 and 2023. The valuation has been arrived at by using an income valuation approach for completed buildings and the residual value method for the buildings and properties under development.

The fair value of the buildings and properties as at 31 December 2024 provided by the valuer was AED 882,082,015 (2023: AED 839,287,878) which resulted in an increase in revaluation reserve by AED 42,739,893 (2023: increase by AED 23,564,679). Please refer to Note 14 for more details.

All key assumptions used in the valuation, reflect market conditions as at the date of valuation, using transactional evidence in addition to general market knowledge of such properties in the local market (Note 4).

The carrying value of the buildings and properties at 31 December 2024 under the cost model would have been AED 815,260,217 (2023: AED 830,229,603).

* During the year ended 31 December 2024, a gain of AED 23,986,014 (2023: loss of AED 9,561,613) was recognised in the consolidated statement of comprehensive income as the fair value of the asset exceeded its original carrying amount. During the same year, a gain of AED 42,739,893 (2023: gain of AED 23,564,679) was recognised on the consolidated statement of other comprehensive income.

** During 2023, the Group transferred an amount AED 27,166,667 within property and equipment to investment properties as it is being currently leased to other parties. However As of 31 December 2024, there are no transfer from property and equipment to investment properties.

At 31 December 2024, property and equipment with carrying value of AED 520,000,000 (2023: AED 493,000,000 are mortgaged in favour of lenders against Facility A commitment (refer to Note 15 for more details on the loans).

·7 Investment properties

During the year ended 31 December 2024, the fair value of the investment properties was based on an external independent valuer's report prepared in accordance with the valuation standards issued by the Royal Institute of Chartered Surveyors and International Valuation Standards. The future development costs as per consultants' report and management estimations were assessed and accrued to carrying amount in order to evaluate the change in the fair value. Management estimates that this fair valuation is reliable and has adopted the valuation conclusions which showed a gain in fair value recognised in the consolidated statement of comprehensive income of AED 185,319,845 (2023: gain of AED 256,506,530).

Movement of total investment properties at fair value:

	2024 AED	2023 AED
As at 1 January	5,072,545,455	4,655,359,092
Additions from property under development	59,084,026	91,414,436
Transferred from property and equipment (Note 6)	-	35,000,000
Capitalised borrowings costs	40,632,493	34,265,397
Revaluation	185,319,845	256,506,530
	5,357,581,819	5,072,545,455

The breakdown of the investment properties at fair value is divided between investment properties in use and investment properties under development as follows:

Investment properties in use at fair value

Movement of investment properties in use at fair value is shown below:

	2024 AED	2023 AED
As at 1 January	3,879,287,955	3,700,301,592
Additions	1,330,637	1,119,344
Transferred from property and equipment (Note 6)	-	35,000,000
Revaluation	221,905,727	142,867,019
	4,102,524,319	3,879,287,955

Investment properties under development at fair value

Movement of investment properties under development at fair value is shown below:

	2024 AED	2023 AED
As at 1 January	1,193,257,500	955,057,500
Additions	57,753,389	90,295,092
Capitalised borrowings cost*	40,632,493	34,265,397
Revaluation	(36,585,882)	113,639,511
	1,255,057,500	1,193,257,500

7 Investment properties (continued)

Investment properties under developments comprise of Waterfront Towers project and Khalidiya Gateway plots "A" and "B". Please refer to Note 30 for capital commitments against these properties under development. As at 31 December 2024, none of these properties under development have been completed and no transfers have been made into completed investment properties.

* As at 31 December 2024, 38% of the interest have been capitalised related to Facility A commitment (Note 15), which amounted to AED 32,175,611 (2023: AED 26,660,997).

Borrowing costs capitalised pertain to Facility A commitment for the construction of the Waterfront project. As of 31 December 2024, interest on the facility have been partially capitalised.

Operating lease income from investment properties for the year amounted to AED 294,126,179 (2023: AED 290,236,326). Related direct expenses amounted to AED 29,874,641 (2023: AED 30,820,226).

The future minimum lease payments receivable under operating leases of investment properties are as follows:

	2024 AED	2023 AED
1 year	284,761,535	282,595,000
2 year	321,525,000	310,003,000
3 year	341,902,500	352,474,000
4 year	348,187,550	362,219,000
5 year	354,598,301	372,256,000
Later than 5 years	361,137,267	379,701,000
Total undiscounted operating lease payments receivable at 31 December	2,012,112,153	2,059,248,000

At 31 December 2024, investment properties with carrying value of AED 3,756,900,000 (2023: AED 3,581,000,000 are mortgaged in favour of lenders against Facility A commitment (refer to Note 15 for more details on the loans).

As per the loan agreements, the Group shall not create or subsist any of its security interest over any of its assets, including its mortgaged properties.

Management has recognised an investment property in the consolidated statement of financial position which is in the name of the shareholders on the basis of a nominee agreement. Under the nominee agreement between the Group and the shareholders, the shareholders have assigned the beneficial interest in this property to the Group. Additionally, this property is mortgaged under Term Loan 1 (Note 15) in the name of the Group.

7 Investment properties (continued)

In relation to the Sukuk Certificates issuance, all rights, title, interests, benefits and entitlements in, of an investment property ("Saheel Tower") with carrying value of AED 674,000,000 (2023: AED 626,000,000) are transferred to the Trustee with effect from the date of issuance (refer to Note 16 for more details on Sukuk).

The Group has recognised accrued operating lease income related to the rental of the above residential and commercial investment properties:

	2024 AED	2023 AED
Accrued operating lease income (Note 9)	17,111,755	13,111,184
Less: loss allowance	(15,075,256)	(10,781,623)
	2,036,499	2,329,561

The accrued operating lease income primarily relates to the Group's rights to consideration for lease rental services provided but not billed at the reporting date. The amount is transferred to receivables when the rights become unconditional. Accrued operating lease income increased as the Group provided services that are not yet billed. The Group also recognised a loss allowance for accrued operating lease income in accordance with IFRS 9. See Note 9 for further information.

The Group has recognised the following unearned rental income to the rental of the above residential and commercial investment properties:

	2024 AED	2023 AED
Unearned rental income (Note 18)	72,204,267	78,862,650

The unearned rental income mainly relate to the advances received from customers in accordance with contract terms and conditions.

Investment properties with a carrying value of AED 4,102,524,319 (2023: AED 3,879,287,955) were fully completed and in use at the end of the reporting period. The properties are required to comply with the relevant health and safety and other environmental requirements, subject to ongoing self-certification and periodic inspections from independent oversight bodies, in order to continue in operation. Management considers that the Group's completed properties comply with substantially all the relevant requirements, and based on the Group's historical experience, all properties are expected to continue to be approved for ongoing use.

The properties under development require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, compliance with environmental regulations and other matters. Based on the Group's historical experience with similar developments in similar locations, all relevant permits and approvals are expected to be obtained, but the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals and any remedial action required by the Group.

7 Investment properties (continued)

The Group manages risks around the assets which it leases out to tenants by ensuring that vacancy rates are kept to a minimum and rentals are negotiated at optimal terms and conditions. The Group manages vacancy rates by adjusting rental rates according to market conditions. In addition, the Group manages the underlying operational condition of the assets to ensure that optimal rates can be obtained. These factors coupled together assist the Group in ensuring that the risks regarding the assets are managed appropriately.

8 Financial assets at fair value through profit or loss

During 2024, the Group invested in a segregated portfolio of assets. As of 31 December 2024, the percentage of ownership held is 3%. The segregated portfolio comprise the following:

	2024 AED	2023 AED
Investments in debt securities (a)	33,731,075	52,252,704
Other financial assets at FVTPL (b)	17,446,483	-
	51,177,558	52,252,704

(a) Investment in debt securities

On initial recognition, the Group has irrevocably designated its securities at FVTPL.

Debt securities at FVTPL are carried at fair value, which also reflects any credit risk related write-downs and best represents Group's maximum exposure to credit risk. The debt securities at FVTPL are not collateralised.

Movement of total investment in debt securities at fair value through profit and loss:

	2024 AED	2023 AED
As at 1 January	52,252,704	-
Investments during the year	220,352,892	109,488,975
Disposed during the year	(297,608,801)	-
Change in fair value	(1,771,223)	3,269,232
Total investment in debt securities	(26,774,428)	112,758,207
Less: Leverage*	60,505,503	(60,505,503)
	33,731,075	52,252,704

* During 2023, the Group has made investments in debt securities that possess inherent financial leverage. These securities include instruments that amplify the returns and risks associated with the underlying assets.

During the year ended 31 December 2024, a loss on disposal of investment in debt securities of AED 2,8 was charged in the consolidated statement of comprehensive income as the carrying amount of the asset exceeded its fair value.

8 Financial assets at fair value through profit or loss (continued)

(a) Investment in debt securities (continued)

The table below discloses investments in debt securities at 31 December 2024 and 2023 by classes:

	Cost		Fair Value	
	2024	2023	2024	2023
	AED	AED	AED	AED
Corporate bonds	34,388,867	87,551,909	33,731,075	89,995,407
Government bonds	-	21,937,066	-	22,762,799
	34,388,867	109,488,975	33,731,075	112,758,206

(b) Other financial assets at fair value through profit or loss

Other financial assets at fair value through profit or loss comprise the following:

	2024	2023
	AED	AED
Mutual fund	10,575,236	-
Structured product	6,871,247	-
	17,446,483	-

Movement of total investment in other financial assets at fair value through profit and loss:

	2024	2023
	AED	AED
As at 1 January 2024	-	-
Investments during the period	18,362,500	-
Revaluation	(916,017)	-
Total investment in other financial assets	17,446,483	-

8 Financial assets at fair value through profit or loss (continued)

(b) Other financial assets at fair value through profit or loss (continued)

(i) Classification of financial assets at fair value through profit or loss

The Company classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost;
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets at fair value through profit or loss consist of investment in debt securities, structured products and mutual fund.

(ii) Amounts recognised in profit or loss

During the period, a loss amounting to AED 2,687,240 (2023: unrealised gain AED 3,269,232) gain was recognised in profit or loss as unrealised loss in relation with financial assets at fair value through profit or loss and an amount of AED 9,005,808 (2023: AED 7,970,161) (Note 26) as interest from investments in debt securities.

(iii) Risk exposure and fair value measurements

Information about the Company's exposure to price risk is provided in Note 4.1. For information about the methods and assumptions used in determining fair value see Note 4.3.

9 Trade and other receivables

	2024 AED	2023 AED
Trade receivables	45,961,701	48,872,803
Accrued operating lease income (Note 7)	17,111,755	13,111,184
Less: provision for impairment on trade receivables and accrued operating lease income	(47,173,730)	(42,163,922)
	15,899,726	19,820,065
Prepayments	10,627,761	25,167,455
Refundable deposits	1,850,452	1,824,102
Other receivables*	6,699,445	31,770,331
	35,077,384	78,581,953

* Other receivables primarily consist of VAT receivable balance of AED 1.2 million (2023: AED 22 million) pertaining to tax receivable on the capital expenditures incurred by the Group.

At 31 December 2024, the Group had no concentration of credit risk (2023: 1 customer accounting for 9%) of trade receivables and accrued operating lease income outstanding at that date. Management is confident that this concentration of credit risk will not result in any loss to the Group considering the credit history of this customer.

9 Trade and other receivables (continued)

As of 31 December 2024, trade receivables and accrued operating lease income of AED 15,899,726 (2023: AED 19,820,064) were fully performing which the Group has not provided for, as there has not been a significant change in the credit quality and the amounts are considered recoverable.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued operating lease income.

To measure the expected credit losses, trade receivables and accrued operating lease income have been grouped based on shared credit risk characteristics and the days past due. The accrued operating lease income relate to renewed contracts but not billed have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the accrued operating lease income.

The expected loss rates are based on the payment profiles of sales and services over a period of 12 months before 31 December 2024 or 1 January 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the Gross Domestic Product (GDP) and the unemployment rate of the UAE in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2024 was determined as follows for both trade receivables and accrued operating lease income:

		Past due not impaired			
	Total AED	**1 – 90 days** AED	**91 -180 days** AED	**181 -365 days** AED	**More than 365 days** AED
31 December 2024					
Expected credit loss rate		0.04%	18%	47%	95%
Estimated total gross carrying amount at default	63,073,456	11,750,823	1,189,855	1,462,121	48,670,657
Expected credit loss	(47,173,730)	(4,191)	(212,089)	(687,529)	(46,269,921)
	15,899,726	11,746,632	977,766	774,592	2,400,736
31 December 2023					
Expected credit loss rate		0.12%	12%	45%	89%
Estimated total gross carrying amount at default	61,983,987	10,465,637	1,601,259	5,984,763	43,932,328
Expected credit loss	(42,163,922)	(12,155)	(185,916)	(2,665,595)	(39,300,256)
	19,820,065	10,453,482	1,415,343	3,319,168	4,632,072

9 Trade and other receivables (continued)

Trade receivables and accrued operating lease income are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables and accrued operating lease income are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Movement in the provision for impairment of trade receivable:

	2024 AED	2023 AED
At 1 January	42,163,922	35,877,490
Addition during the year	5,013,976	6,438,584
Reversal during the year	-	(14,602)
Write off during the year	(4,168)	(137,550)
At 31 December	47,173,730	42,163,922

10 Cash and cash equivalents

	2024 AED	2023 AED
Cash on hand	482,262	413,892
Cash at banks	134,954,018	72,644,450
Term deposits with original maturity of less than three months	-	36,500,000
	135,436,280	109,558,342

For the purpose of the consolidated statement of cash flow, cash and cash equivalents comprise of:

	2024 AED	2023 AED
Cash and cash equivalents	135,436,280	109,558,342

11 Share capital

The share capital of the Group comprises 11,800,000 authorised, issued and fully paid shares of AED 1 each.

The share capital is allocated as follows:	**Number of shares**	**% of ownership**	**Value AED**
Sheikh Khalifa Bin Mohamed Bin Khalid Bin Sultan Alnehayan	1,700,000	15%	1,700,000
Sheikh Sultan Bin Mohd Bin Khalid Alnehayan	1,700,000	15%	1,700,000
Sheikh Hamdan Mohamed Khalid Alnehayan	1,700,000	15%	1,700,000
Sheikha Hamda Mohamed Khalifa Alnehayan	750,000	6%	750,000
Sheikha Shamma Mohammed Khalid Alnahayan	850,000	7%	850,000
Sheikha Rawdha Mohamed Khalid Alnahyan	850,000	7%	850,000
Sheikha Maryam Mohd Khaled Alnahyan	850,000	7%	850,000
Sheikha Salama Mohammed Khalid Alnahyan	850,000	7%	850,000
Sheikha Mouza Mohd K Al Nehayan	850,000	7%	850,000
Sheikha Shaikha Mohamed Khalid Sultan Al Nahyan	850,000	7%	850,000
Sheikha Maytha Mohd Khalid Alnahayan	850,000	7%	850,000
	11,800,000	100%	11,800,000

12 Legal reserve

In accordance with the UAE Federal Law No (32) of 2021, and the Group's Articles of Association, the Group has established a statutory reserve in the consolidated financial statements of the Group by transferring 5% of net profit for each year until the reserve equals 50% of the issued share capital. This reserve is not available for distribution except as stipulated by the Law. This is discontinued since the reserve has accumulated to 50% of the paid-up capital.

13 General reserve

The general reserve represents the value of all asset net of its attached liabilities inherited in prior years by the shareholders from the estates of the late H.E. Sheikh Mohammed Bin Khalid Al Nahyan and the late H.E. Sheikha Mouza Bint Buti Bin Khalifa Al Kubeisi and transferred to the Department. This reserve is not available for distribution.

14 Revaluation reserve

	2024 AED	2023 AED
At 1 January	69,544,992	45,980,313
Revaluation of property and equipment (Note 6)	42,739,893	23,564,679
Deferred tax liability (Note 27)	(3,485,763)	-
At 31 December	108,799,122	69,544,992

As at 31 December 2024 and 2023, the above revaluation reserve is not available for distribution to shareholders.

15 Bank borrowings

	2024 AED	2023 AED
At 1 January	1,575,990,677	1,344,290,546
Additions	44,118,000	246,696,503
Loan modification	-	3,000,000
Restructuring fees amortised/ (capitalised)	905,454	(19,553,293)
Interest charged during the year	122,097,205	112,618,919
Repayment during the year	(133,030,478)	(111,061,998)
At 31 December	1,610,080,858	1,575,990,677
Current	31,685,098	32,153,226
Non-current	1,578,395,760	1,543,837,451
	1,610,080,858	1,575,990,677

The Group currently has borrowing arrangements with local banks that comprise of:

	Total	**1 year or less** AED	**More than 1 year** AED
At 31 December 2024			
Facility A commitment	1,377,570,208	263,047	1,377,307,161
Facility B commitment	160,039,038	39,038	160,000,000
Term Loan 1	72,471,612	31,383,013	41,088,599
	1,610,080,858	31,685,098	1,578,395,760
At 31 December 2023			
Facility A commitment	1,333,175,918	892,211	1,332,283,707
Facility B commitment	160,132,267	132,267	160,000,000
Term Loan 1	82,682,492	31,128,748	51,553,744
	1,575,990,677	32,153,226	1,543,837,451

During 2023, the Group entered into a facility restructuring agreement, which modifies Ijarah Facility I and Ijarah Facility II into Facility A and B commitments. In addition to the modification of repayment due dates for the due borrowings with the first principal payment being on 31 March 2026 and the first interest payment date being 31 March 2023 with the final settlement of the loan being on 31 December 2032.

15 Bank borrowings (continued)

Facility A commitment represents a senior secured term facility amounting to AED 1,455 million which was modified by the Department during the year ended 31 December 2023 and is repayable over 10 years (including 3 years' moratorium) in quarterly instalments with the first principal payment being on 31 March 2026 and the first interest payment being on 31 March 2023 with the final settlement of the loan being on 31 December 2032. The profit rate is 3M EIBOR plus 2.50% per annum. Investment properties and property and equipment are pledged as collateral for this facility.

Facility B commitment represents a revolving credit facility amounting to AED 160 million which was obtained by the Department during the year ended 31 December 2023 repayable in bullet. The profit rate 3M EIBOR plus 4.50% per annum with annual clean-up of facility or 3M EIBOR plus 2.50% per annum with 6 monthly clean-up of facility with event of default and penal interest of 2%.

An amount of AED 40,632,493 (2023: AED 57,028,946) represents interest that have been fully capitalised into investment properties and properties under development in Note 6 and Note 7.

Term loan 1: represents a loan amounting to AED 202 million which was obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2002 and is repayable through annual fixed instalments of AED 11,100,000 inclusive of interest with the final settlement being on 31 August 2029.

There were several financial covenants attached to Facility A and B commitments. Please refer to Note 4.2 for more details.

16 Sukuk instruments

	2024 AED	2023 AED
At 1 January	1,315,350,973	1,127,264,677
Issuance during the year	-	183,550,000
Interest charged during the year	112,531,563	116,960,671
Repayments of interest during the year	(112,477,969)	(112,424,375)
At 31 December	1,315,404,567	1,315,350,973
Current	1,315,404,567	30,500,973
Non-current	-	1,284,850,000
	1,315,404,567	1,315,350,973

On 23 September 2022, the Group listed a USD 300 million Islamic bonds sale in London's stock exchange through PD Sukuk Ltd. (a Trustee of the certificates). The Trustee has been incorporated solely for the purpose of participating in the issuance of Certificates up to USD 1,000,000,000 trust certificates held in trust by MaplesFS Ltd. for Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC. The bonds are at a fixed profit rate of 8.75% distributed semi-annually on 23 March and 23 September of each year, with a scheduled dissolution date on 23 September 2025.

16 Sukuk instruments (continued)

On 2 January 2023, the Group issued USD 50 million Trust Certificates through PD Sukuk Ltd.. The bonds are to be consolidated and form a single series with the existing USD 300 million Trust Certificates due 2025 issued on 23 September 2022 under the USD 1,000,000,000 Trust Certificate Issuance Programme.

There were several financial covenants attached to the Sukuk. Please refer to Note 4.2 for more details.

17 Provision for employees' end of service benefits

	2024 AED	2023 AED
At 1 January	9,394,881	8,795,604
Charge for the year (Note 23)	1,109,768	1,438,527
Payments	(634,837)	(991,705)
Transfer from related parties	-	152,455
At 31 December	9,869,812	9,394,881

18 Trade and other payables

	2024 AED	2023 AED
Unearned rental income	72,204,267	78,862,650
Trade payables	21,812,622	14,000,577
Staff payables	18,775,173	14,900,749
Refundable deposits	11,239,593	10,494,081
Advances from clients	5,680,225	4,680,188
Accrued expenses	5,413,864	4,506,551
Other payables	2,973,196	2,402,918
	138,098,940	129,847,714

19 Related party balances and transactions

Related parties represent major shareholders, directors, key management personnel of the Group, and entities owned by the shareholders of the Group. All transactions with related parties are at arm's length.

Balances with related parties included in the consolidated statement of financial position are as follows:

	2024 AED	2023 AED
Due from related parties:		
Advance to shareholders* - *shareholders*	296,969,870	235,827,314
KSH Investment LLC** - *entity under common control*	96,986,915	137,650,147
Rotana affiliate companies – *Hotel operator*	205,949	66,059
Al Khalidia Airconditioning & Refrigeration LLC	342	-
	394,163,076	373,543,520
Due to related parties – current:		
Entities under common control		
Square General Contracting Co LLC	19,211,575	22,297,162
Khalidia International Group	14,059,917	11,826,537
Al Khalidia Airconditioning & Refrigeration LLC	-	6,710
Al Samadi Sweets	7,143	34,707
Hotel operators		
Rotana Hotel Management Corporation (operator of Al Khalidiya Palace Rayhaan Hotel)***	708,169	379,800
Mourouj Gloria Hotel Management Co., (operator of Al Khalidiya Palace Dubai Hotel)	70,107	3,840
	34,056,911	34,548,756

* Advance to shareholders represents the amounts paid to shareholders on the purchase of plot No. 1 (land area: 3,836,636.69 sqm) located in Taweelah area, in Abu Dhabi, UAE. The Island is in the process of being transferred from the name of the shareholders to the Group. Upon completion of the transfer, the land will be recorded under development properties as inventory in the consolidated statement of financial position.

** KSH investments LLC is a limited liability company incorporated in the United Arab Emirates during 2023 and the transactions disclosed relate to advances paid as funding of its operations.

19 Related party balances and transactions (continued)

*** Rotana Hotel Management Corporation ("the Operator") is the managing operator of Al Khalidiya Palace Rayhaan Hotel and the transactions disclosed relate to management fees and other related costs charged from/to the operator.

During the year ended 31 December 2024, a management incentive fee amounting to 4,157,045 AED (2023: AED 2,385,308) was paid to the Operators. In accordance with the terms of the Management Agreement, the Operators are entitled to base and incentive management fees.

Al Khalidiya Palace Rayhaan Hotel is entitled to incentive management fee based on the Gross Operating Profit ("GOPu"):

- 7.5% of GOP if the GOP of the property is below 35% of gross revenues; or
- 8.5% of GOP if the GOP of the property is from 35% but below 45% gross revenues; or
- 9.5% of GOP if the GOP of the property is from and above 45% gross revenues.

Mourouj Gloria Hotel Management Co. is entitled to incentive management fee based on the Gross Operating Profit ("GOP"):

- 6% of GOP if the GOP is below 40% or below AED 20 million AED; or
- 8% of GOP if the GOP is below 45% or below AED 25 million; or
- 9% of GOP if the GOP is from and above 50% or from and above AED 32 million; or
- 10% of GOP if the GOP is from and above 52% or from above AED 35 million.

Compensation of key management personnel

	2024 AED	2023 AED
Salaries	8,443,524	5,684,732
Short term benefits*	1,371,761	9,794,003
Other benefits**	154,508	221,221
Number of key management personnel	5	4

* For the purpose of the consolidated financial statements, short term benefits consist of leave salaries and incentives.
** For the purpose of the consolidated financial statements, other benefits consist of end of service benefits and pension fund.

Terms and conditions of transactions with related parties

The services rendered to and received from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2023: nil). This assessment is undertaken on each financial year through examining the financial position of the related parties and the markets in which those related parties operate.

20 Revenue from contracts with customers

	2024 AED	2023 AED
Operating lease income	294,126,179	290,236,326
Room revenue	92,266,157	59,134,518
F&B revenue	37,148,484	25,841,970
Recreation revenue	2,524,076	2,340,042
Other revenue	3,833,169	2,146,731
	429,898,065	379,699,587

Disaggregation of revenue from contracts with customers

The Group derives revenue from performance obligations over time except for F&B revenue which is at a point in time.

21 Direct costs

	2024 AED	2023 AED
Depreciation of property and equipment (Note 6)	27,132,549	17,449,851
Staff costs (Note 23)	25,010,416	16,218,788
Utilities expenses	17,417,361	16,817,758
F&B cost	13,037,554	8,863,049
Service costs	5,872,052	4,252,482
Security expenses	2,484,426	2,453,459
Maintenance expenses	1,842,972	2,408,184
Cleaning expenses	2,116,085	1,828,543
Building works expenses	1,857,762	2,094,576
Insurance expenses	1,454,354	1,460,593
Other expenses	6,110,130	5,348,092
	104,335,661	79,195,375

22 General and administrative expenses

	2024 AED	2023 AED
Staff costs (Note 23)	28,329,533	23,465,827
Utility expenses	10,393,732	6,106,990
Professional fees*	7,536,575	10,202,159
Depreciation of property and equipment (Note 6)	6,713,756	2,306,013
Maintenance and repairs	2,563,285	2,043,562
Supplies	2,308,383	2,260,126
IT expenses	1,828,079	1,466,970
Insurance expenses	1,656,500	1,539,380
Credit card commissions	1,577,879	1,006,169
Bank charges	1,440,390	1,371,574
Legal expenses	1,411,667	1,237,920
Government fees	546,721	409,061
Communication expenses	142,163	149,093
Other	4,852,462	6,025,734
	71,301,125	59,590,578

* Professional fees include audit fees for the year ended 31 December 2024 amounting to AED 420,000 (2023: AED 500,000).

23 Staff costs

	2024 AED	2023 AED
Salaries and allowances	30,815,213	25,285,508
End of service benefits (Note 17)	1,109,768	1,438,527
Other employees' benefits	23,605,757	14,421,345
	55,530,738	41,145,380

Staff costs are allocated as follows:

	2024 AED	2023 AED
Direct costs (Note 21)	25,010,416	16,218,788
General and administrative expenses (Note 22)	28,329,533	23,465,827
Marketing & selling expenses (Note 24)	2,190,789	1,460,765
	55,530,738	41,145,380

24 Marketing and selling expenses

	2024 AED	2023 AED
Commissions	6,194,567	4,670,840
Staff costs (Note 23)	2,190,789	1,460,765
Franchise fees	1,316,528	970,623
Representation expenses	739,528	721,196
Media expenses	540,224	371,992
Loyalty program	527,821	566,859
Others	622,847	51,303
	12,132,304	8,813,578

25 Finance costs

	2024 AED	2023 AED
Interest on bank borrowings and sukuk instruments	196,832,201	168,089,359
Interest on leverage	3,531,140	3,196,508
Amortisation of capitalised restructuring fees	905,454	634,207
Early settlement fees	-	3,504,688
Interest on bank overdraft	-	594,859
	201,268,795	176,019,621

26 Finance income

	2024 AED	2023 AED
Interest received from investments in debt securities	9,248,872	7,970,161
Interest from derivative instruments	8,104,606	7,594,245
Other	1,014,027	141,169
	18,367,505	15,705,575

27 Income tax

The major components of income tax expense for the year ended 31 December 2024 are:

	2024 AED	2023 AED
Consolidated statement of comprehensive income		
Current income tax:		
Current income tax charge	(7,314,990)	-
Deferred income tax:		
Deferred tax asset on revaluation of investments in securities and derivatives	1,475,418	-
Deferred tax liability on revaluation of property and equipment	(3,485,763)	-
Deferred tax liability on revaluation of investment properties	(16,756,425)	-
Net interest expenditure disallowed	567,520	-
Deferred tax liabilities, net	(18,199,250)	-
Income tax expense reported in		
The consolidated statement of comprehensive income	(25,514,240)	-

Deferred income tax

Deferred income tax reflected in the consolidated statement of financial position at 31 December relates to the following:

	Revaluation of investments in securities and derivatives	**Revaluation of property and equipment**	**Revaluation of investment properties**	**Net interest expenditure disallowed**	**Total**
At 1 January 2024	-	-	-	-	-
Charged to profit or loss	1,475,418	-	(16,756,425)	567,520	(14,713,487)
Charged to other comprehensive income	-	(3,485,763)	-	-	(3,485,763)
At 31 December 2024	1,475,418	(3,485,763)	(16,756,425)	567,520	(18,199,250)

27 Income tax (continued)

Current income tax

The total income tax recognised in the consolidated statement of comprehensive income for the year can be reconciled to the profit for the year before tax as follows:

	2024 AED	2023 AED
Profit for the year before income tax	283,474,144	-
Tax adjustments		
Interest deduction limitation	6,305,778	-
Entertainment expenses disallowance	42,685	-
Non-deductible expenses for tax purposes	349,730	-
Loss on revaluation of investments in securities and derivatives	16,393,533	-
Unrealised gain on revaluation of property and equipment	(38,730,707)	-
Change in fair value of investment properties	(186,182,496)	-
Taxable profit	81,652,667	-
Tax expense using the UAE corporate tax rate (9%)	7,341,990	-

Movements on income tax provision were as follows:

	2024 AED	2023 AED
At 1 January	-	-
Current Income tax expense for the year	7,314,990	-
At 31 December	7,314,990	-

28 Derivative financial instruments

The group has recognised the following derivative financial instruments in the statement of financial position:

	2024 AED	2023 AED
Current assets		
Leveraged interest rate cap spread	929,893	-
Total current derivative financial instruments asset	929,893	-

28 Derivative financial instruments (continued)

	2024 AED	2023 AED
Current liabilities		
Interest rate swap callable	(14,636,186)	(143,538)
Total current derivative financial instruments liability	(14,636,186)	(143,538)

Derivative financial instruments consist of an interest rate swap arrangement entered with a counter-party bank for a notional amount that mirrors the draw down and repayment schedule of Facility A commitment (please refer to Note 15). However, the Group does not apply hedge accounting in accordance with IFRS 9 and gains or losses on derivatives are recognised in the consolidated statement of comprehensive income in net change in fair value of financial instruments at FVPL.

Current assets

The notional amounts outstanding for the derivative contract as at 31 December 2024 was AED 367 million (31 December 2023: nil).

At 31 December 2024, the fixed interest rate was 3.1% per annum. The floating interest is USD-SOFR-OIS compound. The derivative instrument had a positive fair value amounting to AED 929,893 (31 December 2023: nil).

The movement in derivative financial instruments liability is as follows:

	2024 AED	2023 AED
At 1 January	-	-
Gain recognised during the year	929,893	-
At 31 December	929,893	-

Current liabilities

The notional amounts outstanding for the derivative contract as at 31 December 2024 was AED 1,500 million (31 December 2023: AED 1,276 million).

At 31 December 2024, the cap rate ranged between 4.4% to 4.9% per annum. The floating interest is USD-SOFR. The derivative instrument had a negative fair value amounting to AED 14,636,186 (31 December 2023: AED 143,538).

The movement in derivative financial instruments liability is as follows:

	2024 AED	2023 AED
At 1 January	(143,538)	-
Loss recognised during the year	(14,636,186)	(143,538)
Terminated during the year	143,538	-
At 31 December	(14,636,186)	(143,538)

29 Basic earnings per share

Basic earnings per share for the year are calculated by dividing profit for the year by the number of ordinary shares during the year.

The following reflects the income and share data used in the earnings per share computations:

	2024	2023
Profit for the year attributable to the ordinary equity holders of the Group (AED)	215,126,121	324,413,138
Weighted average number of ordinary shares in issue	11,800,000	11,800,000
Basic earnings per share (AED)	18.23	27.49

30 Segmental information

Management has determined the operating segments based on the reports reviewed by the Board of Directors (Chief Operating Decision Makers) in making strategic decisions.

The Board of Directors consider the business based on the following operating segments:

- UAE - Real estate: includes management of real estate, land purchase, sale and rental housing units, and investments in financial assets.
- UAE - Hospitality: includes basic hotel services.

The operating segments derive their revenue primarily from operating lease income from lessees. All of the Group's business activities and operating segments are reported within the above segments.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross profit.

The segment information provided to the Board of Directors for the operating segments, (which also represent the reportable segments) for the years ended 31 December 2024 and 2023 is as follows:

30 Segmental information (continued)

The segment information provided to the Board of Directors for the operating segments, (which also represent the reportable segments) for the years ended 31 December 2024 and 2023 is as follows:

Year ended 31 December 2024	**UAE – Real Estate** AED	**UAE – Hospitality** AED	**Total** AED
Revenue*	283,480,692	146,417,373	429,898,065
Direct costs	(39,995,422)	(64,340,239)	(104,335,661)
Gross profit	243,485,270	82,077,134	325,562,404
General and administrative expenses	(36,840,684)	(34,460,441)	(71,301,125)
Marketing and selling expenses	-	(12,132,304)	(12,132,304)
Management incentive fee	-	(4,157,045)	(4,157,045)
Net impairment loss on financial assets	(4,993,976)	(20,000)	(5,013,976)
Unrealised gain on revaluation of investment properties	185,319,845	-	185,319,845
Unrealised loss on revaluation of property and equipment	23,986,014	-	23,986,014
Other income	338,588	-	338,588
Operating profit	411,295,057	31,307,344	442,602,401
Finance cost	(201,268,795)	-	(201,268,795)
Finance income	17,741,476	626,029	18,367,505
Loss from changes in fair values of derivative financial instruments	(13,562,755)	-	(13,562,755)
Loss on disposal of investments in debt securities	(2,801,085)	-	(2,801,085)
Unrealised loss from changes in fair values of financial assets at fair value through profit or loss	(2,687,240)	-	(2,687,240)
Profit before tax	208,716,658	31,933,373	240,650,031
Income tax expense	(17,685,325)	(4,343,152)	(22,028,477)
Profit for the year	191,031,333	27,590,221	218,621,554
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property and equipment	42,739,893	-	42,739,893
Deferred tax liability	(3,485,763)	-	(3,485,763)
Other comprehensive income	39,254,130		39,254,130
Total comprehensive income for the year	230,285,463	27,590,221	257,875,684

* Total revenue includes revenue from contracts with customers and rental income.

30 Segmental information (continued)

Year ended 31 December 2023	UAE – Real Estate AED	UAE – Hospitality AED	Total AED
Revenue*	281,633,517	98,066,070	379,699,587
Direct costs	(31,112,955)	(48,082,420)	(79,195,375)
Gross profit	250,520,562	49,983,650	300,504,212
General and administrative expenses	(36,898,936)	(22,691,642)	(59,590,578)
Marketing and selling expenses	-	(8,813,578)	(8,813,578)
Management incentive fee	-	(2,385,308)	(2,385,308)
Net impairment loss on financial assets	(6,413,128)	(10,854)	(6,423,982)
Unrealised loss on revaluation of investment properties	256,506,530	-	256,506,530
Unrealised loss on revaluation of property and equipment	(9,561,613)	-	(9,561,613)
Other income	11,365,807	-	11,365,807
Operating profit	465,519,222	16,082,268	481,601,490
Finance cost	(176,019,621)	-	(176,019,621)
Finance income	15,705,575	-	15,705,575
Gain from changes in fair values of derivative financial instruments	(143,538)	-	(143,538)
Unrealised gain from changes in fair values of investment in debt instruments	3,269,232	-	3,269,232
Profit before tax	308,330,870	16,082,268	324,413,138
Income tax expense	-	-	-
Profit for the year	308,330,870	16,082,268	324,413,138
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property and equipment	23,564,679	-	23,564,679
Deferred tax liability	-	-	-
Other comprehensive income	23,564,679	-	23,564,679
Total comprehensive income for the year	331,895,549	16,082,268	347,977,817

* Total revenue includes revenue from contracts with customers and rental income.

30 Segmental information (continued)

The segment assets and liabilities were as follows:

	UAE – Real Estate AED	UAE – Hospitality AED	Total AED
Year ended 31 December 2024			
Non-current assets	5,394,950,781	860,000,000	6,254,950,781
Current assets	540,692,647	77,782,402	618,475,049
	5,935,643,428	937,782,402	6,873,425,830
Liabilities	3,111,532,340	36,129,174	3,147,661,514
Year ended 31 December 2023			
Non-current assets	5,099,600,560	818,000,000	5,917,600,560
Current assets	540,811,563	74,753,048	615,564,611
	5,640,412,123	892,753,048	6,533,165,171
Liabilities	3,039,617,973	25,658,566	3,065,276,539

The Group operates from its base in the United Arab Emirates and accordingly no further geographical analysis of revenues, profit, fair value gains, assets and liabilities is given.

31 Contingencies and commitments

	2024 AED	2023 AED
Letters of guarantee	11,800,000	11,800,000

As at 31 December 2024, the Group has capital commitments of AED 59 million (2023: AED 103 million) towards construction of investment properties (Note 7), in addition to a commitment to the shareholders for the purchase of Al Taweelah Island for a remaining consideration of AED 303,030,130 (2023: AED 364,172,685).

32 Financial instruments by category

	2024 AED	2023 AED
Financial assets at amortised cost		
Due from related parties	394,163,076	373,543,520
Trade and other receivables*	24,449,623	53,414,498
Cash and bank balances	135,436,280	109,558,342
	554,048,979	536,516,360
Financial assets at FVTPL		
Investments in financial assets at fair value through profit or loss	51,177,558	52,252,704
Derivative financial instruments:		
Derivative financial assets	929,893	-
	606,156,430	588,769,064
Financial liabilities at amortised cost		
Borrowings	1,610,080,858	1,575,990,677
Sukuk Instruments	1,315,404,567	1,315,350,973
Due to related parties	34,056,911	34,548,756
Trade and other payables*	65,894,673	50,985,064
	3,025,437,009	2,976,875,470
Derivative financial instruments:		
Derivative financial liabilities	14,636,186	143,538
	3,040,073,195	2,977,019,008

* For the purpose of financial instruments disclosure, non-financial assets amounting to AED 10,627,761 (2023: AED 25,167,455) have been excluded from trade and other receivables and non-financial liabilities amounting to AED 72,204,267 (2023: AED 78,862,650) have been excluded from trade and other payables.

33 Net debt reconciliation

The sections set out an analysis of net debt and the movements in net debt for the year ended 31 December 2024 and 2023:

	2024 AED	2023 AED
Cash and cash equivalents, and bank deposits	135,436,280	109,558,342
Bank borrowings	(1,610,080,858)	(1,575,990,677)
Sukuk Instruments	(1,315,404,567)	(1,315,350,973)
Net debt	(2,790,049,145)	(2,781,783,308)
Cash and cash equivalents, and bank deposits	135,436,280	109,558,342
Gross debt – variable interest rates	(1,537,609,247)	(1,493,308,185)
Gross debt – fixed interest rates	(1,387,876,178)	(1,398,033,465)
Net debt	(2,790,049,145)	(2,781,783,308)

33 Net debt reconciliation (continued)

	Cash and cash equivalents, and bank deposits AED	Bank borrowings AED	Sukuk instruments AED	Total AED
Net debt as at 1 January 2023	93,018,391	(1,344,290,546)	(1,127,264,677)	(2,378,536,832)
Additions	-	(249,696,503)	(183,550,000)	(433,246,503)
Interest	-	(112,618,919)	(116,960,671)	(229,579,590)
Cash flows	16,539,951	111,061,998	112,424,375	240,026,324
Other movements	-	19,553,293	-	19,553,293
Net debt as at 31 December 2023	109,558,342	(1,575,990,677)	(1,315,350,973)	(2,781,783,308)
Additions	-	(44,118,000)	-	(44,118,000)
Interest		(122,097,204)	(112,531,563)	(234,628,767)
Cash flows	25,877,938	133,030,478	112,477,969	271,386,385
Other movements	-	(905,454)	-	(905,454)
Net debt as at 31 December 2024	135,436,280	(1,610,080,857)	(1,315,404,567)	(2,790,049,144)