

**Binghatti Holding Limited
and its Subsidiaries**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BINGHATTI HOLDING LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
BINGHATTI HOLDING LIMITED (continued)**

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Revenue recognition on sale of development properties ("properties")	
Key Audit Matter	How the Key Audit Matter was addressed in our Audit
<p>The Group recognizes revenue on sale of properties in accordance with IFRS 15 "Revenue from Contracts with Customers". The Group recognises revenue on sale of properties either at point in time or over time depending on the terms of contracts with its customer and the relevant laws and regulations of the jurisdiction. Specifically, where revenue is recognised over time, the Group estimates total development and infrastructure costs required to satisfy the performance obligations under the contract and recognises proportionate revenue to the extent of satisfaction of performance obligations as at the end of each reporting period.</p> <p>The Group recognised 6,290 million of property development revenue and 3,439 million of property development costs for the year ended 31 December 2024.</p> <p>Revenue recognition on the sale of properties has been identified as a key audit matter due to the inherent complexity and judgment involved in:</p> <ul style="list-style-type: none"> ▪ Assessing whether the Group's performance obligations, as stipulated in property sales contracts, are satisfied over time or at a point in time in accordance with IFRS 15; and ▪ Estimating the total costs to complete the projects, which impacts the value and timing of revenue and profit recognition throughout the project lifecycle, requires significant judgment. 	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> - We gained an understanding of the Group's revenue recognition process, evaluating its compliance with the principles outlined in IFRS 15; - We selected a sample of property sales contracts to determine the Group's performance obligations and assessed whether these obligations are satisfied over time or at a point in time, in accordance with the criteria established by IFRS 15; - We obtained an understanding of design and implementation of relevant controls to revenue recognition process; - Where the Group's performance obligations are satisfied over time, we examined a sample of construction projects to assess the appropriateness of the percentage of completion. This assessment was based on the comparison of costs incurred to date against the total estimated costs; - For a sample of projects, we assessed the adequacy of total estimated costs to complete construction projects, drawing on reports from management's appointed cost consultants, supporting contractual agreements, retrospective budget evaluations, and other pertinent data; - For costs recognized to date, we performed tests on a sample basis for significant cost components. This involved verifying the existence and accuracy of the costs by comparing them to relevant supporting documentation, such as payment certificates and invoices; and - We assessed the adequacy of disclosures made in the consolidated financial statements is in accordance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BINGHATTI HOLDING LIMITED (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018, 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.

Auditors' 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 skepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
BINGHATTI HOLDING LIMITED (continued)**

Report on the Audit of the Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 the 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 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.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Law pursuant to DIFC Law No. 5 of 2018. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Companies Law pursuant to DIFC Law No. 5 of 2018 have occurred during the year which would have had a material effect on the business of the Group or on its financial position.



15 February 2025

Dubai, United Arab Emirates

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 AED	2023 AED
Revenue from contracts with customers	3	6,345,161,650	2,132,226,698
Cost of sales	4	(3,479,519,723)	(1,181,109,963)
GROSS PROFIT		2,865,641,927	951,116,735
Gain on bargain purchase	5	41,336,169	-
Other income	6	47,967,585	16,907,664
Finance income	7	62,925,519	-
Selling, general and administrative expenses	8	(627,569,445)	(194,499,873)
EIR amortisation on payable to investors	23	(152,130,059)	-
Finance costs	9	(228,040,119)	(47,225,309)
PROFIT BEFORE TAX FOR THE YEAR		2,010,131,577	726,299,217
Income tax expense	30	(182,105,619)	-
PROFIT FOR THE YEAR		1,828,025,958	726,299,217
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		40,294	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,828,066,252	726,299,217

The attached notes 1 to 32 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 AED	2023 AED
ASSETS			
Non-current assets			
Property, plant and equipment	10	474,962,552	262,120,305
Investment property	11	274,899,200	-
Intangible assets	12	17,742,631	1,218,678
Right of use assets	13	86,325,089	48,316,672
		853,929,472	311,655,655
Current assets			
Development properties	14	5,383,598,791	1,502,864,753
Inventories	15	41,282,677	23,307,999
Trade and other receivables	16	2,655,864,684	731,742,497
Wakala deposits	17	3,382,647	-
Bank balances and cash	18	3,765,768,928	1,635,021,780
		11,849,897,727	3,892,937,029
TOTAL ASSETS		12,703,827,199	4,204,592,684
EQUITY AND LIABILITIES			
Equity			
Share capital	19	3,675,000	3,675,000
Statutory reserves	21	10,012,641	10,012,641
Retained earnings		3,164,860,414	1,336,834,456
Foreign currency translation reserve		40,294	-
Total equity		3,178,588,349	1,350,522,097
Non-current liabilities			
Employees' end of service benefits	22	27,333,254	12,972,195
Long term portion of loans and borrowings	25	2,357,487,197	744,038,787
Accounts payable and accruals	23	1,053,296,940	-
Lease liabilities	13	52,347,518	32,232,499
		3,490,464,909	789,243,481

The attached notes 1 to 32 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

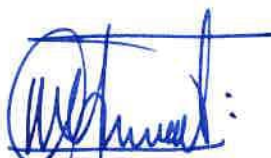
As at 31 December 2024

	Notes	2024 AED	2023 AED
Current liabilities			
Short term portion of loans and borrowings	25	992,426,963	321,682,418
Accounts payable and accruals	23	2,618,855,622	622,757,893
Contract liabilities	24	2,171,740,153	1,087,661,338
Due to related parties	27	35,040,605	3,200,000
Lease liabilities	13	34,604,979	17,782,946
Income tax payable	30	182,105,619	-
Bank overdraft	18	-	11,742,511
		<u>6,034,773,941</u>	<u>2,064,827,106</u>
Total liabilities		<u>9,525,238,850</u>	<u>2,854,070,587</u>
TOTAL EQUITY AND LIABILITIES		<u>12,703,827,199</u>	<u>4,204,592,684</u>

The consolidated financial statements were approved and authorised by the Board of Directors on 14 February 2025 and were signed on its behalf by:



Katralnada Hussain Al Jbori
Chief Executive Officer



Shehzad Janab
Chief Financial Officer

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2024

	<i>Share capital AED</i>	<i>Retained earnings AED</i>	<i>Additional contribution AED</i>	<i>Statutory reserve AED</i>	<i>Foreign currency translation reserve AED</i>	<i>Total AED</i>
Balance at 1 January 2023	3,675,000	783,001,317	92,604,255	10,012,641	-	889,293,213
Profit for the year	-	726,299,217	-	-	-	726,299,217
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	726,299,217	-	-	-	726,299,217
Write off of balances among related parties under common control	-	-	(92,604,255)	-	-	(92,604,255)
Dividends (note 20)	-	(172,466,078)	-	-	-	(172,466,078)
Balance at 31 December 2023	3,675,000	1,336,834,456	-	10,012,641	-	1,350,522,097
Profit for the year	-	1,828,025,958	-	-	-	1,828,025,958
Other comprehensive income	-	-	-	-	40,294	40,294
Total comprehensive income for the year	-	1,828,025,958	-	-	40,294	1,828,066,252
Balance at 31 December 2024	3,675,000	3,164,860,414	-	10,012,641	40,294	3,178,588,349

The attached notes 1 to 32 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

		2024 AED	2023 AED
	Notes		
OPERATING ACTIVITIES			
Profit for the year		2,010,131,577	726,299,217
Adjustments for:			
Depreciation of property and equipment	10	69,648,869	25,909,067
Depreciation of right-of-use-assets	13	29,235,078	18,049,355
Interest on lease liabilities	9 & 13	5,611,321	3,021,982
Finance costs excluding interest on lease liabilities	9	222,428,798	44,203,327
Provision for employees' end of service benefits	22	15,287,396	6,071,052
Amortisation of intangible assets	12	421,588	267,525
Finance income	7	(62,925,519)	-
Gain on bargain purchase	5	(41,336,169)	-
EIR amortisation on payable to investors	23	152,130,059	-
		2,400,632,998	823,821,525
Working capital changes:			
Development properties		(3,880,734,038)	(823,116,060)
Inventories		(16,373,806)	(15,241,616)
Trade and other receivables		(1,867,281,378)	(102,440,558)
Construction work-in-progress		-	837,506
Amounts due from related parties		-	63,861,746
Accounts payable and accruals		1,963,512,037	268,779,242
Contract liabilities		974,366,778	597,680,611
Amounts due to related parties*		(9,394,271)	(265,070,332)
Cash flows (used in) / from operations		(435,271,680)	549,112,064
Finance cost paid		(222,428,798)	(44,203,327)
Employees' end of service benefits paid	22	(2,201,232)	(1,162,297)
Net cash flows (used in) / from operating activities		(659,901,710)	503,746,440
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(229,511,407)	(223,688,889)
Acquisition of a subsidiary, net of cash acquired		(11,795,510)	-
Purchase of investment property*	11	(68,724,800)	-
Acquisition of intangible assets	12	(16,945,541)	(4,286)
Movement in restricted escrow account	18	(1,553,871,013)	(411,122,094)
Interest received		62,842,872	-
Changes in Wakala Deposits	17	(3,300,000)	-
Net cash flows used in investing activities		(1,821,305,399)	(634,815,269)

The attached notes 1 to 32 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2024

	<i>Notes</i>	2024 AED	2023 AED
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	25	2,853,306,548	955,883,737
Proceeds from payable to investors	23	821,209,505	109,712,037
Repayment of loans and borrowings	25	(569,113,593)	(254,401,772)
Repayment of lease liabilities		(35,616,999)	(19,069,069)
Net cash flows from financing activities		3,069,785,461	792,124,933
NET INCREASE IN CASH AND CASH EQUIVALENTS		588,578,352	661,056,104
Net foreign exchange difference		40,294	-
Cash and cash equivalents at 1 January		950,234,583	289,178,479
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	18	1,538,853,229	950,234,583

Non-cash transactions:

* Due to related party amounting to AED 41,234,880, includes direct purchase of investment property by a related party on behalf of the Group. This being non-cash transaction has been adjusted against the related account in the condensed consolidated statement of cash flows.

In the prior year, amount due from related party amounting to AED 63,861,747 and amount due to related party amounting to AED 265,070,332 being non-cash item has not been disclosed in the consolidated statement of cash flows with the corresponding impact on retained earnings.

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

1 BACKGROUND

1.1 Corporate information

Binghatti Holding Limited (“BHL”) (the “Company” or “Parent Company”) is a limited liability company registered and incorporated in the Dubai International Financial Centre (“DIFC”). The Parent Company has the status of a company limited by shares in and under the laws promulgated by the DIFC. The shares are 100% owned by Dr. Hussain Ghati Ghaib Al Jbori, shareholder of the Company.

The principal activities of the Parent Company are to consolidate the family businesses of the Al Jbori family, create an institution through which correct family business governance can be exercised. The address of the Parent Company's registered office is Unit L19-04A, Level 19, ICD Brookfield Place, DIFC, Dubai, UAE.

The Parent Company through its subsidiaries (collectively the “Group”) are under common management and control of Parent Company.

The consolidated financial statements of the Group as of and for the year ended 31 December 2024 comprise of the following:

<i>Company Name</i>	<i>Incorporated year</i>	<i>Place of incorporation</i>	<i>Ownership</i>		<i>Principal activity</i>
			<i>2024</i>	<i>2023</i>	
Binghatti Developers FZE	2014	Dubai Silicon Oasis Authority	100%	100%	Real Estate Development & Management
Binghatti Brands Holding Ltd (formerly known as Raubi of London Holdings)	2016	Dubai International Financial Center	100%	100%	Holding Company
Binghatti Hospitality FZCO	2017	Dubai Silicon Oasis Authority (note (d))	100%	100%	Catering Services, Facilities Management Services and Restaurants Management
Advanced Innovative Industries FZE (formerly known as Binghatti Industries FZE)	2017	Dubai Silicon Oasis Authority	100%	100%	Civil Works & Fit Out
Binghatti Beverage Manufacturing LLC	2018	Abu Dhabi Free Zone (note (c))	-	100%	Beverage Manufacturing
Binghatti Investments LLC	2017	Dubai Dept. of Economic Development	100%	100%	Investment in Commercial Enterprise & Management
Granada Europe Engineering Construction LLC	2004	Dubai Dept. of Economic Development	100%	100%	Construction & Engineering
Masaken Luxury Services LLC	2022	Dubai Dept. of Economic Development	100%	100%	Facilities Management Services
Binghatti Properties Investment Limited	2021	Dubai International Financial Center	100%	100%	Investment in Real Estate
Binghatti Properties Investment 2 Limited	2022	Dubai International Financial Center	100%	100%	Investment in Real Estate

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

1 BACKGROUND (continued)

1.1 Corporate information (continued)

<i>Company Name</i>	<i>Incorporated year</i>	<i>Place of incorporation</i>	<i>Ownership</i>		<i>Principal activity</i>
			<i>2024</i>	<i>2023</i>	
Binghatti Properties Investment 3 Limited	2022	Dubai International Financial Center	100%	100%	Investment in Real Estate
Binghatti Properties Investment 4 Ltd	2022	Dubai International Financial Center	100%	100%	Investment in Real Estate
Binghatti Properties Investment 5 Limited	2022	Dubai International Financial Center	100%	100%	Investment in Real Estate
Argenti Properties Investments Limited	2022	Dubai International Financial Center	100%	100%	Investment in Real Estate
Binghatti Development LLC	2021	Dubai Dept. of Economic Development	100%	100%	Real Estate Development
Express Quality Car Services LLC	2022	Dubai Dept. of Economic Development	100%	100%	Car polish, wash and cleaning services and auto fitting accessories
Binghatti Productions LLC	2022	Dubai Dept. of Economic Development	100%	100%	Aerial Photography Services
Masaken Luxury Real Estate Management LLC	2022	Dubai Dept. of Economic Development	100%	100%	Leasing Property brokerage agent, Real Estate Management supervision services and Real Estate buying and selling brokerage
Binghatti Hotels Management LLC	2022	Dubai Dept. of Economic Development	100%	100%	Hotel Management
Stealth Owner Association Management Services LLC	2022	Dubai Dept. of Economic Development	100%	100%	Jointly Owned Property Management Service
XBM Building Materials LLC (formerly known as Binghatti Building Materials LLC)	2022	Dubai Dept. of Economic Development	100%	100%	Building & Construction Materials Trading and general trading
Binghatti Properties Investment 6 Limited	2023	Dubai International Financial Center	100%	100%	Real Estate Development
Binghatti Properties Investment 7 Limited	2023	Dubai International Financial Center	100%	100%	Real Estate Development
Binghatti Properties Investment 8 Limited	2023	Dubai International Financial Center	100%	100%	Real Estate Development

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

1 BACKGROUND (continued)

1.1 Corporate information (continued)

<i>Company Name</i>	<i>Incorporated year</i>	<i>Place of incorporation</i>	<i>Ownership</i>		<i>Principal activity</i>
			<i>2024</i>	<i>2023</i>	
Binghatti Investments-(DIFC) Limited	2023	Dubai International Financial Center (note (b))	-	100%	Investment in Commercial Enterprises & Management Investment in Real Estate
Masaken Homes LLC	2023	Dubai Economy and Tourism	100%	100%	Vacation homes rentals
Masaken Holding Limited	2023	Dubai International Financial Center	100%	100%	Holding company
AlBaynah Gen. Tr. LLC Sole Proprietorship	2001	Sharjah Economic Development Department	100%	100%	General Trading
Binghatti Sukuk SPC Limited	2023	Dubai International Financial Center (note (a))	100%	100%	Qualifying purpose of structured Financing
BH Holding 1 Limited (formerly Binghatti Properties Investments 20 Limited)	2024	Dubai International Financial Center	100%	-	Holding Company
Binghatti Capital Limited	2024	Dubai International Financial Center	100%	-	Advising on Financial Products, Arranging Deals in Investments, Managing a collective Investment Fund Managing Assets
Binghatti Properties Investments 1 (UK) Limited	2024	London, United Kingdom	100%	-	Buying and Selling of own real estate Other letting and operating of own or leased real Estate
Binghatti Properties Investments 9 Limited	2024	Dubai International Financial Center	100%	-	Investment in Real Estate
Binghatti Properties Investments 10 Limited	2024	Dubai International Financial Center	100%	-	Investment in Real Estate
Binghatti Properties Investments 11 Limited	2024	Dubai International Financial Center	100%	-	Investment in Real Estate
Binghatti Properties Investments 12 Limited	2024	Dubai International Financial Center	100%	-	Investment in Real Estate
Binghatti Properties Investments 13 Limited	2024	Dubai International Financial Center	100%	-	Investment in Real Estate

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

1 BACKGROUND (continued)

1.1 Corporate information (continued)

<i>Company Name</i>	<i>Incorporated year</i>	<i>Place of incorporation</i>	<i>Ownership</i> 2024	2023	<i>Principal activity</i>
Binghatti Properties Investments 14 Limited	2024	Dubai International Financial Center	100%	-	Investment in Real Estate
Binghatti Properties Investments 15 Limited	2024	Dubai International Financial Center	100%	-	Investment in Real Estate
Binghatti Properties Investments 16 Limited	2024	Dubai International Financial Center	100%	-	Investment in Real Estate
Binghatti Properties Investments 17 Limited	2024	Dubai International Financial Center	100%	-	Investment in Real Estate
Binghatti Properties Investments 18 Limited	2024	Dubai International Financial Center	100%	-	Investment in Real Estate
Binghatti Properties Investments 19 Limited	2024	Dubai International Financial Center	100%	-	Investment in Real Estate
Binghatti Real Estate Consultancy (Shanghai) Co., Ltd	2024	Shanghai, China	100%	-	Real Estate Consulting services
Design Craft Decoration & Design Implementation L.L.C	2024	Dubai Economy and Tourism	100%	-	Fit-out and related services, Plumbing & Sanitary Installation, Carpentry & wood Flooring Works, Painting Contracting
Advanced Metal Works	2024	Jabel Ali Free Zone	100%	-	Building Metal Products Manufacturing Metal False Ceilings Manufacturing Metal Doors, Windows Making & Fixing Building Stainless Steel Products Manufacturing Steel Fabrication & Welding Workshop Lathe Workshop Expanded Metal Components Manufacturing

- The shares are beneficially held by Maples Fund Services (Middle East) Limited as Trustee Administrator.
- Binghatti Holding Limited transferred all its shares Binghatti Investments (DIFC) Limited to the Individual Al Jbori family members in 2024.
- Binghatti Beverage Manufacturing LLC was dissolved and de-registered on 7th May 2024.
- During the year, 1% interest beneficially held by Dr Hussain Ghati Ghaib Al Jbori is transferred to Binghatti Holding Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost convention.

The consolidated financial statements have been presented in United Arab Emirates Dirhams (“AED”) being the presentation and functional currency of the Parent Company.

The Group has prepared the consolidated financial statements on the basis that it will continue as a going concern.

2.2 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with IFRS accounting standards and the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018.

2.3 BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent’s share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2024 as mentioned below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These new standards and interpretations are disclosed below.

New and amended standards effective for annual period beginning on or after 1 January 2024

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These new and amended standards and interpretations did not have any material impact on the financial statements of the Company.

- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. Majority of the amendments below are not expected to have a material impact on the Company's consolidated financial statements.

- Lack of exchangeability – Amendments to IAS 21 (The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed.)
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later)
- Hedge Accounting by a First-time Adopter - IFRS 1 First-time Adoption of International Financial Reporting Standards (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)
- Gain or Loss on Derecognition - IFRS 7 Financial Instruments: Disclosures (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)
- Lessee Derecognition of Lease Liabilities - IFRS 9 Financial Instruments (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)
- Transaction Price - IFRS 9 Financial Instruments (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)
- Determination of a 'De Facto Agent' - IFRS 10 Consolidated Financial Statements (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)
- Cost Method – IAS 7 Statement of Cash Flows (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted)
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted, but will need to be disclosed)
- IFRS 18 Presentation and Disclosure in Financial Statements (The amendments will be effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (The amendments will be effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. The amendments must be applied prospectively. Early application is still permitted and must be disclosed)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Revenue recognition

a) *Revenue from contracts with customers*

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

- Step 1. Identify the contracts(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2. Identify 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.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group 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.
- Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligations is satisfied. When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of considerations received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assess its revenue arrangements against specific criteria to determine if it is acting a principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements. Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Sale of property

Revenue from construction of residential properties is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group assesses each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances, the Group recognises revenue over time. Where this is not the case, revenue is recognised at a point in time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

a) Revenue from contracts with customers (continued)

Sale of property (continued)

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

Sale of goods (food and beverage from restaurant and coffee shops)

Revenue from sale of goods is recognised at a point in time when the control of the goods is transferred to the customer, generally on delivery of the goods to the customer. Transactions are settled by cash, or in case of corporate, within the credit term of 90 days.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). The Group concluded that there was no other separate performance obligation.

Rental income

Rental income arising from operating leases on real estate property investments is accounted for on a straight-line basis over the lease term.

Service income

Revenue from rendering of services are recognised over the time upon provision of such services and the Group has persuasive evidence that the customer has accepted such services, and generally include income for the annual maintenance services.

b) Contract balances

Contract assets

When the Group satisfies a performance obligation by delivering the promised goods or services because the receipt of consideration is conditional on successful completion of the performance obligation. Upon completion and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense comprises current and deferred tax and is calculated in accordance with the income tax laws.

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. It is measured using tax rates enacted or substantively enacted at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Current tax

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associate, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Value-added tax (VAT)

Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Property, plant and equipment

Property, plant and equipment, except buildings is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over the estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of assets for the current and comparative years are as follows:

Building	25 years
Furniture	3 to 4 years
Fixtures, fittings and equipment	2 to 4 years
Crockery items	2 years
Vehicles	4 to 8 years
Leasehold improvements	4 years or lease term whichever is shorter

Land and capital work-in-progress is not depreciated.

An item of property and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

A summary of the policies applied to the Group's intangible assets is, as follows:

	Patents	License Plates
Useful lives	Finite (10 years)	Indefinite
Amortisation method	Amortised on a straight-	No amortisation
Used	line basis over the period	
	of the patent	
Internally generated	Acquired	Acquired
or acquired		

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as determined on a weight average basis.

Finished goods and work in progress includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset, as follows:

Restaurants and cafes	2 - 3 years
Lease buildings	3 - 4 years
Factory building and lands	10 - 30 years

If ownership of the leased assets is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

a) Group as a lessee (continued)

Right-of-use assets (continued)

The right-of-use asset is also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investment properties

Properties held for rental income or for capital appreciation purposes or both are classified as investment properties. The Group has adopted the cost model for accounting for its investment properties. Accordingly, investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Land is not depreciated.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Investment properties (continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or development properties, the net book value of the investment property at the date of transfer become the cost of the owner-occupied property/development properties on the date of the transfer.

Development properties

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as development properties and is measured at the lower of cost and net realisable value (NRV). Principally, this is residential property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Planning and design costs, costs of site preparation, professional fees for legal services, construction overheads and other related costs.

The carrying amount of development property recognised in consolidated statement of comprehensive income is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale. The cost of development properties recognised in the consolidated statement of comprehensive income on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. The management reviews the carrying values of the development properties on an annual basis.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to the other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Financial instruments

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

i. Financial assets

Initial recognition and measurement

The financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables and bank balance that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include bank balances, trade and other receivables and wakala deposits.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group does not have any financial assets subsequently measured at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i. Financial assets (continued)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised costs includes bank balances, trade and other receivables and wakala deposit.

Derecognition

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

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

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

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integrated to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i. Financial assets (continued)

Impairment of financial assets (continued)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the consolidated statement of comprehensive income.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, bank overdraft, accounts payables, accruals, lease liabilities and due to related parties.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- a) Financial liabilities at fair value through profit or loss
- b) Financial liabilities at amortised cost (loans and borrowings)

The subsequent measurement of financial liabilities depends on their classification as described above.

The Group does not have any financial liabilities at fair value through profit or loss as of the reporting date.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

This category applies to loans and borrowings, accounts payables and accruals, due to related parties and lease liabilities.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

iii) 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.

Fair value measurement

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

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable

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

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and short-term deposit as defined above, net of outstanding bank overdrafts, if any.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary, length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements. The Group will adjust the amounts recognised in its consolidated financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements, but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Business combinations and goodwill

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Foreign currencies

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

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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

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

Contract cost assets

The Group pays sales commission to its employees and agents for contracts that they obtain to sell certain units of property and capitalises the incremental costs of obtaining a contract that meet the criteria in IFRS 15. These costs are amortised on a straight-line basis over the period that the property is transferred (over time). Capitalised costs to obtain such contracts are presented under current asset in the consolidated statement of financial position and its amortisation is included in cost of sales in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Contract cost assets (continued)

The Group assesses, at each reporting date, whether the carrying amount exceeds the remaining amount of consideration that the entity expects to receive in exchange for the residential development less the costs that relate directly to completing the development and that have not been recognised as expenses.

Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

2.6 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – The Group as lessee

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

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.6 USE OF ESTIMATES AND JUDGEMENTS (continued)

Judgements (continued)

Revenue from contracts with customers (continued)

a) Determination of performance obligations

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

b) Consideration of significant financing component in a contract

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

c) Determining the timing of revenue recognition on the sale of property

The Group has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract and advice from the Group's internal legal counsel. The Group has generally concluded that based on factors contained in the contracts for the sale of property in that the control of a multi-unit property is transferred to the customer over time because:

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. That is, the Group has considered various factors that indicate that the customer controls the part constructed property as it is being constructed, e.g., the fact that the customer is able to pledge the property under development while it is being constructed (rather than the future right to the completed unit), and the customer's ability to change any specification of the property as it is being constructed or to another entity. However, none of the factors is determinative and therefore, the Group has carefully weighed all factors and used judgement to determine that it meets this over-time criterion.
- The Group's performance does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. It has considered the factors that indicate that it is restricted (contractually or practically) from readily directing the property under development for another use during its development. In addition, the Group is, at all times, entitled to an amount that at least compensates it for performances for performance completed to date (usually costs incurred to date plus a reasonable profit margin). In making this determination, the Group has carefully considered the contractual terms as well as any legislation or legal precedent that could supplement or override those contractual terms.

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

d) Consideration of warranties

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for as warranty provisions. Contracts for the sale of property contain certain warranties covering a period of up to one year after completion of the property, such as the property meeting specific operational performance requirements (e.g., insulation, energy efficiency, etc.). The Group assessed that these conditions represent 'assurance-type' warranties that are legally required to be provided as quality guarantees and are therefore accounted for under IAS 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.6 USE OF ESTIMATES AND JUDGEMENTS (continued)

Estimates and assumptions (continued)

Classification of properties

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

Consolidation of structured entity

The Group does not hold any direct ownership interest in Binghatti Sukuk SPC Limited which is a structured entity. However, based on the terms of the agreement under which this entity is established, the Group receives substantially all of the returns related to its operations and net assets and has the current ability to direct the entity's activities that most significantly affect these returns. Binghatti Sukuk SPC Limited has issued Sukuk Certificates which are listed on NASDAQ Dubai. Accordingly, the results and financial performance of the structured entity are consolidated in these financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories amounted to AED 41.3 million (2023: AED 23.3 million) and the provisions for slow-moving inventories amounted to Nil (2023: Nil) (note 15). Any difference between the amounts actually realised in a future period and the amounts expected, will be recognised in the consolidated statement of comprehensive income in that year.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and others, contract assets and due from related parties. In determining whether the ECL provisions should be recognised in the statement of consolidated comprehensive income, the Group uses provision matrix to measure the ECLs of due from a related party and trade and other receivables from individual customers.

Provision for expected credit losses of trade receivables and contract assets (continued)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to note 29 for detail information about the ECLs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

2 MATERIAL ACCOUNTING POLICIES (continued)

2.6 USE OF ESTIMATES AND JUDGEMENTS (continued)

Estimates and assumptions (continued)

Useful lives and depreciation of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or 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 has not considered any residual value as it is deemed to be immaterial.

Estimation of net realisable value for development property

At year end, the Group holds development property with a carrying value of AED 5,383 million (2023: AED 1,503 million). Development property is stated at the lower of cost and net realisable value (NRV). NRV for completed development property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for property in the same geographical market serving the same real estate segment. NRV in respect of development property under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

Measurement of progress when revenue is recognised over time

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

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities.

The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) which received from bank and is required to make certain entity-specific estimates (where applicable).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

3 REVENUE FROM CONTRACTS WITH CUSTOMERS**3.1 Disaggregated revenue information**

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Sale of development properties	6,290,659,411	2,087,172,802
Sale of food and beverages from restaurants	36,184,312	38,959,238
Revenue from services	17,078,441	6,094,658
Sale of goods	1,239,486	-
	<u>6,345,161,650</u>	<u>2,132,226,698</u>
Period of recognition		
Revenue recognised at a point in time	37,423,798	38,959,238
Revenue recognised over time	6,307,737,852	2,093,267,460
	<u>6,345,161,650</u>	<u>2,132,226,698</u>
Geographical markets		
United Arab Emirates	<u>6,345,161,650</u>	<u>2,132,226,698</u>

3.2 Contract balances

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Trade receivables (note 16)	1,765,195,724	393,755,188
Contract assets (note 16)	239,509,766	40,726,198
Contract cost asset (note 16)	243,593,939	107,834,964
Contract liabilities (note 24)	<u>2,171,740,153</u>	<u>1,087,329,338</u>

The aggregate amount of the sale price allocated to the performance obligations of the Group that are unsatisfied/partially unsatisfied as at 31 December 2024 is AED 9.6 billion (2023: AED 3.4 billion). The Group estimates to recognise these unsatisfied performance obligations as revenue over a period of up to 1-2 years.

The Group bills and receives payments from customers based on the billing schedule and terms of payment agreed with the customers as mentioned in the contracts with the customers. Contract liabilities relates to payments received in advance of performance under the contract.

4 COST OF SALES

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Cost of sale from development properties (note below)	3,438,605,048	1,144,626,287
Cost of sale from food and beverages from restaurants	26,776,707	32,480,145
Cost of revenue from services	11,603,420	4,003,531
Cost of goods sold	2,534,548	-
	<u>3,479,519,723</u>	<u>1,181,109,963</u>

Cost of sale from development properties includes AED 305.3 million (2023: AED 93.9 million) in relation to the sales commission.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

5 BUSINESS COMBINATION

On 29 February 2024, the Group has acquired 100% of the state-of-the-art factory “Advanced Metal Works” for a purchase consideration of AED 12 million. The newly acquired factory will operate in tandem with Binghatti’s in-house manufacturing facilities for commercial façade and building steel structure and guided by its dedicated team of in-house engineers, interior designers and architects

The fair value of net assets acquired amounted to AED 53.3 million as on the date of acquisition, details of such net assets are as follows:

	<i>Fair value on acquisition AED</i>
Assets	
Property, plant and equipment	52,979,709
Right-of-use assets	19,826,412
Cash	204,490
Trade and other receivables	1,963,588
Inventories	1,600,872
	76,575,071
Liabilities	
Trade payables	2,438,364
Lease liabilities	19,525,643
Employees' end of service benefits (note 22)	1,274,895
	23,238,902
Total identifiable net assets at fair value	53,336,169
Purchase consideration transferred	(12,000,000)
Gain arising on acquisition	41,336,169

Transaction costs of AED 0.6 million have been expensed and are included in selling, general and administrative expenses in the consolidated statement of comprehensive income and are part of operating cash flows in the consolidated statement of cash flows.

During the year, the subsidiary has generated revenue of AED 27.2 million and reported a net loss of AED 1.5 million.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

6 OTHER INCOME

	<i>2024 AED</i>	<i>2023 AED</i>
Admin and facilitating fees	15,985,953	10,583,818
Scrap sales	5,547,230	289,534
Rental income	111,233	-
Sukuk premium income	1,574,143	-
Other income (note below)	24,749,026	6,034,312
	47,967,585	16,907,664

Other income mainly consists of penalty, no objection certificate and other fees charged to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

7 FINANCE INCOME

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Profit earned on escrow accounts	46,179,460	-
Profit earned on Wakala deposits	16,746,059	-
	62,925,519	-

8 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Selling and marketing expenses	192,578,666	44,886,637
Salaries and other benefits	177,059,206	64,105,305
Government, legal and professional fees	58,335,358	20,752,029
Visa, licensing and insurance expense	48,743,317	24,319,141
Royalty expense (note (a))	42,912,176	712,503
IT related expenses	17,363,056	2,464,717
Rent expense (note 13)	9,195,173	2,371,089
Utilities expenses	8,861,562	3,455,319
Depreciation on right of use assets (note 13)	8,181,914	4,428,710
Depreciation on property and equipment (note 10)	7,811,044	5,270,721
Bank charges	7,202,854	1,813,054
Audit and review fees	2,891,378	1,340,463
Travelling expense	2,768,587	41,247
Others (note (b))	43,665,154	18,538,938
	627,569,445	194,499,873

- a) The expense pertains to royalty accrued for the branded residential projects.
- b) Other includes AED 5 million annual charity contribution in Shaikh Mohamed Bin Rashed (1 billion meal project) (2023: AED 5 million).

9 FINANCE COSTS

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Sukuk interest expense	122,637,272	-
Interest on borrowings	99,791,526	44,203,327
Interest on lease liabilities (note 13)	5,611,321	3,021,982
	228,040,119	47,225,309

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

10 PROPERTY, PLANT AND EQUIPMENT

	<i>Capital Work-in-progress AED</i>	<i>Land and Building AED</i>	<i>Furniture AED</i>	<i>Fixtures fittings and equipment AED</i>	<i>Crockery items AED</i>	<i>Vehicles AED</i>	<i>Leasehold improvements AED</i>	<i>Total AED</i>
Cost:								
At 1 January 2024	-	206,382,039	4,263,117	103,829,008	1,891,381	24,634,256	12,426,222	353,426,023
Acquisition of a subsidiary (note 5)	-	13,800,000	146,834	38,741,308	-	291,567	-	52,979,709
Addition	99,134,896	31,250	989,920	113,686,720	7,045	14,207,156	1,454,420	229,511,407
At 31 December 2024	99,134,896	220,213,289	5,399,871	256,257,036	1,898,426	39,132,979	13,880,642	635,917,139
Depreciation:								
At 1 January 2024	-	8,585,792	2,444,517	55,419,095	1,784,556	11,256,637	11,815,121	91,305,718
Charge for the year	-	4,168,576	1,246,974	54,276,663	23,724	8,842,570	1,090,362	69,648,869
At 31 December 2024	-	12,754,368	3,691,491	109,695,758	1,808,280	20,099,207	12,905,483	160,954,587
Net carrying amount:								
At 31 December 2024	99,134,896	207,458,921	1,708,380	146,561,278	90,146	19,033,772	975,159	474,962,552

- a) These includes land with net book value amounting to AED 127.5 million (2023: AED 127.5 million).
- b) Capital work-in-progress mainly represented construction of a new head office on plot no (845 & 827) at Manara Dubai and construction in KSA and China offices. The construction of the building is expected to be completed by 2025.
- c) Depreciation is allocated as below:

	<i>2024 AED</i>	<i>2023 AED</i>
Cost of sales	61,837,825	20,638,346
Selling, general and administrative expenses (note 8)	7,811,044	5,270,721
	69,648,869	25,909,067

Binghatti Holding Limited and its Subsidiaries

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At 31 December 2024

10 PROPERTY, PLANT AND EQUIPMENT (continued)

- d) As at December 31, 2023, the Group has obtained a loan from a bank of AED: 87.5 million (2023 AED 87.5 million): to finance the purchase of vacant plots (# 845 & # 827) at Manara Dubai valued at AED 125 million (2023 AED 125 million), secured by the following:
- 1) Mortgage over land located on plot # 827 in Al Manara Dubai for AED 105 million (2023: AED 105 million).
 - 2) Assignment of all contractors all risk Islamic insurance policy (Takaful) in favour of the bank upon the start of construction.
 - 3) The vehicles are mortgaged against vehicle loan having outstanding balance of AED 8.9 million (2023 AED 11.7 million) as at December 31, 2024.

	<i>Capital Work-in-progress AED</i>	<i>Land and Building AED</i>	<i>Furniture AED</i>	<i>Fixtures fittings and equipment AED</i>	<i>Crockery items AED</i>	<i>Vehicles AED</i>	<i>Leasehold improvements AED</i>	<i>Total AED</i>
Cost:								
At 1 January 2023	12,404,954	31,108,333	2,621,473	52,564,854	1,829,389	16,817,719	12,390,412	129,737,134
Addition	-	162,868,752	1,641,644	51,264,154	61,992	7,816,537	35,810	223,688,889
Transfer during the year	(12,404,954)	12,404,954	-	-	-	-	-	-
At 31 December 2023	-	206,382,039	4,263,117	103,829,008	1,891,381	24,634,256	12,426,222	353,426,023
Depreciation:								
At 1 January 2023	-	6,808,333	1,678,278	38,327,469	1,772,371	5,878,879	10,931,321	65,396,651
Charge for the year	-	1,777,459	766,239	17,091,626	12,185	5,377,758	883,800	25,909,067
At 31 December 2023	-	8,585,792	2,444,517	55,419,095	1,784,556	11,256,637	11,815,121	91,305,718
Net carrying amount:								
At 31 December 2023	-	197,796,247	1,818,600	48,409,913	106,825	13,377,619	611,101	262,120,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

11 INVESTMENT PROPERTY

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Cost:		
Additions	274,899,200	-
At 31 December	274,899,200	-

- a) The Group's investment property consist of a land parcel located at Palm Jumeirah, Dubai, UAE. During the year, the land parcel was purchased on a deferred installment basis with the last installment due in 2025. The sale purchase agreement was executed in the name of the Shareholder and the Shareholder has transferred all right beneficially through a deed of trust executed between the Group and the Shareholder.
- b) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.
- c) Management has assessed that the fair value of investment properties as at 31 December 2024 is equal to its carrying value.

12 INTANGIBLE ASSETS

Intangible assets represent trademark registration of the following brands: (a) Cupaghawa; (b) Aghatti; (c) Milkster; (d) Fruitastic; and (e) Raubi and vehicles number plates acquired through auction.

	<i>Trademarks</i> <i>AED</i>	<i>License plates</i> <i>AED</i>	<i>Total</i> <i>AED</i>
Cost:			
At 1 January 2023	2,352,894	-	2,352,894
Additions	4,286	-	4,286
At 31 December 2023	2,357,180	-	2,357,180
Additions	-	16,945,541	16,945,541
At 31 December 2024	2,357,180	16,945,541	19,302,721
Accumulated amortisation:			
At 1 January 2023	870,977	-	870,977
Amortisation	267,525	-	267,525
At 31 December 2023	1,138,502	-	1,138,502
Amortisation	421,588	-	421,588
At 31 December 2024	1,560,090	-	1,560,090
Net carrying value:			
At 31 December 2023	1,218,678	-	1,218,678
At 31 December 2024	797,090	16,945,541	17,742,631

- a) Finite life, intangible assets are amortised on a straight line over a period of 10 years.
- b) License plates have been acquired during the year and have indefinite useful life. As at 31 December 2024, these assets were tested for impairment based on their fair value less cost to sale and management concluded that there was no impairment identified. The fair value was determined with reference to the recent market transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES*Right of use assets*

	<i>Factory building and lands AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2024	44,449,117	3,867,555	48,316,672
Modification	-	4,508,925	4,508,925
Additions	62,734,570	-	62,734,570
Depreciation	(24,465,692)	(4,769,386)	(29,235,078)
At 31 December 2024	82,717,995	3,607,094	86,325,089
	<i>Factory building AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2023	28,540,599	10,581,710	39,122,309
Modification	(6,416,467)	-	(6,416,467)
Additions	33,660,185	-	33,660,185
Depreciation	(11,335,200)	(6,714,155)	(18,049,355)
At 31 December 2023	44,449,117	3,867,555	48,316,672

Lease Liabilities

	<i>Factory building and lands AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2024	46,537,012	3,478,433	50,015,445
Modification	-	4,508,925	4,508,925
Additions	62,734,570	-	62,734,570
Accretion of interest	5,184,774	426,547	5,611,321
Payments	(30,884,268)	(5,033,496)	(35,917,764)
At 31 December 2024	83,572,088	3,380,409	86,952,497
	<i>Factory building AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2023	29,081,852	9,736,962	38,818,814
Modification	(6,416,467)	-	(6,416,467)
Additions	33,660,185	-	33,660,185
Accretion of interest	2,096,763	925,219	3,021,982
Payments	(11,885,321)	(7,183,748)	(19,069,069)
At 31 December 2023	46,537,012	3,478,433	50,015,445

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Set out below is classification of lease liabilities:

	<i>Factory building AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
2024			
Non-current	51,406,153	941,365	52,347,518
Current	32,165,933	2,439,046	34,604,979
	83,572,086	3,380,411	86,952,497
	<i>Factory building AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
2023			
Non-current	31,839,443	393,056	32,232,499
Current	14,697,569	3,085,377	17,782,946
	46,537,012	3,478,433	50,015,445

The following are the amounts recognised in the consolidated statement of comprehensive income:

	2024 AED	2023 AED
Depreciation expense of right-of-use assets (note (c))	29,235,078	13,620,645
Interest expense on lease liabilities (note 9)	5,611,321	3,021,982
Expenses relating to short term leases and variable lease payments (note (b))	23,076,813	13,929,139
Loss on remeasurement of lease	-	1,311,192
	57,923,212	31,882,958

b) Expenses relating to short term leases and variable lease payment are included in consolidated statement of comprehensive income as follows:

	2024 AED	2023 AED
Cost of sales	13,881,640	11,558,050
Selling, general and administrative expenses (note 8)	9,195,173	2,371,089
	23,076,813	13,929,139

c) Depreciation expense of right-of-use-assets are included in consolidated statement of comprehensive income as follows:

	2024 AED	2023 AED
Cost of sales	21,053,165	9,191,935
Selling, general and administrative expenses (note 8)	8,181,914	4,428,710
	29,235,079	13,620,645

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

14 DEVELOPMENT PROPERTIES

Movement in development properties is as follows:

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Balance at the beginning	1,502,864,753	679,748,693
Add: costs incurred during the year	6,919,352,069	1,530,951,954
(Less): costs transferred to cost of sales during the year	(3,038,618,031)	(707,835,894)
Balance at the end of the year	<u>5,383,598,791</u>	<u>1,502,864,753</u>

- a) Development properties include land parcels for development projects amounting to AED 4.7 billion (2023: AED 0.6 billion). These land parcels are carried at cost.
- b) Certain land parcels are mortgaged against loans taken amounting to AED 1.4 billion (2023: AED 0.74 billion) (note 25).
- c) Development properties includes cost of properties under development that have been designated for investors against which total amount received as at 31 December is AED 0.9 billion.

15 INVENTORIES

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Raw materials	40,421,206	14,647,225
Supplies	757,031	562,423
Finished goods	84,681	8,068,212
Consumables	19,759	30,139
	<u>41,282,677</u>	<u>23,307,999</u>

During the year inventory amounting to AED 391,325,123 (2023: AED 51,316,650) has been charged to cost of sales on account of materials used for the manufacture of aluminum, glass works and steel facade.

16 TRADE AND OTHER RECEIVABLES

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Trade receivables	1,765,195,724	393,755,188
Advances to suppliers	267,843,314	118,721,794
Contract cost assets (note (c))	243,593,939	107,834,964
Contract assets	239,509,766	40,726,198
VAT receivables	64,065,618	40,899,794
Prepaid expenses	31,138,274	12,981,366
Refundable deposits	30,675,815	14,700,486
Other receivables	13,842,234	2,122,707
	<u>2,655,864,684</u>	<u>731,742,497</u>

- a) The Group has not recognised any expected credit losses on trade receivables in 2024 and 2023. This is because the Group receives advance payments in the form of post-dated cheques on all projects and title deeds to the properties are not released until the full amount has been recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

16 TRADE AND OTHER RECEIVABLES (continued)

- b) Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.
- c) This represents sales commission paid to sales agents and staff, which will be recognised “in cost of sales” over the period of time when benefits relating to the transactions will flow to the Group in proportion to the recognition of the revenue. No impairment was considered necessary as the remaining amount of consideration exceeded to a significant extent the remaining budgeted costs and the carrying amount of the contract cost assets.

17 WAKALA DEPOSITS

	2024 AED	2023 AED
Wakala deposits	201,173,262	-
(Less): Wakala deposits – original maturity less than 3 months	(197,790,615)	-
	3,382,647	-

Wakala deposits were placed with a financial institution in the UAE with an original maturity period between 1 week - 12 months and bearing interest at commercial rates. During the year ended 31 December 2024, the Group has earned an interest income amounting to AED 16.7 million from Wakala deposits (2023: Nil).

Wakala deposits amounting to AED 3.3 million is pledged against bank guarantee given to Ministry of Housing (KSA) (note 26). Accrued interest income on the Wakala deposits amounts to AED 0.08 million.

18 BANK BALANCES AND CASH

	2024 AED	2023 AED
Cash in banks	71,255,747	5,233,430
Escrow account (note below)	3,496,337,421	1,628,442,235
Wakala deposits	197,790,615	-
Cash on hand	385,145	1,346,115
	3,765,768,928	1,635,021,780
Less: Balance held in escrow account (note below)	(2,226,915,699)	(673,044,686)
Less: Bank overdrafts	-	(11,742,511)
Cash and cash equivalents for the purpose of consolidated financial statement of cash flows	1,538,853,229	950,234,583

Balance held in escrow account represents advance collections from customers that are held with banks authorised by the Real Estate Regulatory Authority (“RERA”), Dubai, United Arab Emirates. The use of this balance is subject to the development progress of the specific projects by the Group to which such amounts relate. The advance collection relates to projects completed less than 30% has been considered as restricted cash for the purposes of cash and cash equivalents in cashflows statement. The balances in the escrow account are deposits in the saving account and earns profit in the range of 2% to 2.5% (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

19 SHARE CAPITAL

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
<i>Authorised capital:</i>		
USD 100,000,000 (1 USD: AED 3.675)	367,500,000	367,500,000
<i>Issued and fully paid:</i>		
USD 1,000,000 represented by 100 shares	3,675,000	3,675,000

20 DIVIDENDS

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Dividend declared on ordinary shares:		
Final dividend: AED Nil per share (2023: AED per share)	-	1,724,661

During 2023, dividends totalling AED 172.5 million were distributed. This amount reflects the net dividends after offsetting an additional contribution from shareholder of AED 92.6 million and a net payable balance to shareholder amounting to AED 79.9 million.

21 STATUTORY RESERVE

This represents the legal reserve held per U.A.E legislation in Granada Europe Eng. Const. LLC comprising AED 10 million (2023: AED 10 million) and Masaken Luxury Services LLC AED 0.01 million (2023: AED 0.01 million).

22 EMPLOYEES' END OF SERVICE BENEFITS

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Provision as at 1 January	12,972,195	8,063,440
Acquisition of a subsidiary (note 5)	1,274,895	-
Provision during the year	15,287,396	6,071,052
End of service benefits paid	(2,201,232)	(1,162,297)
Provision as at 31 December	27,333,254	12,972,195

23 ACCOUNTS PAYABLE AND ACCRUALS

	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
Trade payables (note (a))	1,345,966,646	296,232,145
Payable to investors (note (b) and note (c))	1,083,051,601	109,712,037
Payable for unit registration	163,792,419	105,751,490
VAT payable	58,088	-
Accrued expenses and other payables (note (d))	1,079,283,808	111,062,221
	3,672,152,562	622,757,893
(Less): non-current portion	(1,053,296,940)	-
	2,618,855,622	622,757,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

23 ACCOUNTS PAYABLE AND ACCRUALS (continued)

a) Movement of payable to investors balance is as below:

	2024 AED	2023 AED
Opening as at 1 January	109,712,037	-
Received during the year	821,209,505	109,712,037
EIR amortisation on payable to investors	152,130,059	-
Closing as at 31 December	<u>1,083,051,601</u>	<u>109,712,037</u>

a) Includes payable for the land under investment properties amounting to AED 165 million.

b) The Group has entered into contracts with certain investors which fall under the definition of financial liabilities as per the requirements of IFRS 9. Accordingly, these arrangements are classified as a financial liability and measured at amortised cost subsequent to initial recognition.

Under these arrangements, certain units of properties under development (note 14) are allocated to the investors. Investor agreements stipulate that the units will be sold and handed over to the investors in the event they are not sold to third parties. As at 31 December 2024, AED 212.02 million are held under escrow accounts in relation to the payable to investor balances as the units are sold to third parties.

c) Includes interest accrual amounting to AED 76.8 million on the borrowings disclosed in note 25 (2023: AED 6.1 million).

d) Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled by the Group on with 60 to 90 days (2023 60 to 90 days)
- Other payables are non-interest bearing and have an average term of six months (2023: six months)
- Interest payable is normally settled quarterly throughout the financial year

24 CONTRACT LIABILITIES

	2024 AED	2023 AED
Deferred liabilities	2,171,740,153	1,087,329,338
Advance rent collected	-	332,000
	<u>2,171,740,153</u>	<u>1,087,661,338</u>

25 LOANS AND BORROWINGS

	2024 AED	2023 AED
Letter of credit Murabaha (25.1)	67,207,864	70,201,461
Vehicle loans (25.2)	8,917,747	11,692,793
Mortgage loan (25.3)	1,406,073,959	735,126,951
Working capital facility	-	200,000,000
Sukuk payable (25.4)	1,819,014,590	-
Loan from others (25.5)	48,700,000	48,700,000
	<u>3,349,914,160</u>	<u>1,065,721,205</u>
Less: due within one year	<u>(992,426,963)</u>	<u>(321,682,418)</u>
Due after one year	<u>2,357,487,197</u>	<u>744,038,787</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

25 LOANS AND BORROWINGS (continued)

	2024 AED	2023 AED
Balance at the beginning of the year	1,065,721,205	364,239,240
Add: Borrowings drawdown during the year	2,853,306,548	955,883,737
Less: Borrowings repaid during the year	(569,113,593)	(254,401,772)
Balance at the end of the year	<u>3,349,914,160</u>	<u>1,065,721,205</u>

25.1 Letter of credit Murabaha

- a) The facility Letter of credit Murabaha is secured by the following:
- 1) Undertaking to deposit rental income of one plot owned by the Shareholder with the bank and undertaking not to release this plot registered in the name of the bank, until the full and final settlement of all the liabilities.
 - 2) Debit authority letter from the shareholder to recover any shortfall in instalment amounts from his personal account with the bank.
 - 3) Personal guarantee from the shareholder.
 - 4) Mortgage over light vehicles for AED 129,392 (2023: AED 254,101).
- b) At 31 December 2024, the facility is repayable through monthly payments within six months from drawdown and carries minimum interest at 2.5% or EIBOR plus 2.25% to 3% per annum (2023: minimum 2.5% or EIBOR plus 2.5% to 3% per annum)

25.2 Vehicle loans

Vehicle loans were used to acquire vehicles and are subject to effective interest rate of 4% per annum payable in 60 monthly instalments. These are secured by mortgage of vehicles.

25.3 Mortgage loan

- a) The borrowing obtained in the prior year amounting to AED 735 million is carry forwarded in the current year. The outstanding loan amount are mortgage over land located on plot # 83 (Municipality no. 346-6814), plot # 319 (Municipality no. 345-387), plot # 298 (Municipality no. 345-734) & plot # 272 (Municipality no. 346-507) located in Downtown and Business Bay Community and plot no (# 845 & # 827) at Manara Dubai located.
- b) During the year ended, the Group has repaid AED 245.4 million (2023: nil) out of which AED 20.3 million pertains to loan obtained in 2023.
- c) During the year, the Group has obtained a loan from a bank of AED 147 million to finance the purchase of vacant plots (14 & 15) at Science Park, secured by the following:
- 1) Mortgage over land located on plot 14&15 in Science Park, Dubai.
 - 2) Corporate guarantee of AED 147 million from M/S Argenti Properties Investment Limited.
 - 3) Corporate guarantee of AED 192 million from M/S Binghatti Holding Limited and Binghatti Properties Investment Limited.
 - 4) The facility is repayable through monthly/quarterly payments and carries interest at 3 Months EIBOR plus 2.25% payable quarterly. The final instalment is due on March 2025.
- d) During the year, the Group has obtained a loan from a bank of AED 179.3 million to finance the purchase of vacant plots (1603 & 19) at Al Khawaneej First and Nad Al Shiba First respectively, secured by the following:
- 1) Mortgage over land located on plot 1603 & 19 in Al Khawaneej First and Nad Al Shiba First respectively, Dubai.
 - 2) Corporate guarantee from M/S Binghatti Holding Limited

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At 31 December 2024

25 LOANS AND BORROWINGS (continued)

25.3 Mortgage loan (continued)

- 3) The facility is repayable through monthly/quarterly payments from the date of loan and carries interest at 3 Months EIBOR plus 2.75% payable quarterly. The final instalment is due on September 2026.
- e) During the year, the Group has obtained a loan from a bank of AED 390 million out of which it repaid 25 million to finance the purchase of vacant plot no. (# 14 & # 15) located at Dubai science park (Municipality no. 672-3163) and plot no. (# 346-417, 346-418 & # PJTR 18A&B) located at Business Bay and Palm Jumeirah, secured by the following:
- 1) Mortgage over land located on plot no. (# 14 & # 15) located at Dubai science park (Municipality no. 672-3163) and plot no. (# 346-417, 346-418 & # PJTR 18A&B) located at Business Bay and Palm Jumeirah.
 - 2) Corporate guarantee of AED 390 million from M/s. Binghatti Properties Investment 4 Ltd
 - 3) The facility was repayable through monthly/quarterly payments from the date of loan and carries interest at 3 Months EIBOR plus 2.5% payable quarterly. The final instalment is due on December 2025.
- f) The Group is required under the above facilities to comply with the following covenants:
- i) To maintain Net indebtedness to Equity of 1.25:1 at all times;
 - ii) To maintain consolidated EBITDA to consolidated net interest expense of no less than 2:1;
 - iii) To keep Net indebtedness to consolidated EBITDA not to exceed 2.5:1
 - iv) Total assets are always greater than 150% of Net indebtedness
 - v) Debt servicing ratio should be maintained above 1.2x at all times.
 - vi) No Dividend Payment
 - vii) Maintain proper rating with at least one rating agency
 - viii) Liquidity coverage ratio greater than 0.5:1 post FY 2026
 - ix) LTV ratio for mortgage property to be at least 60%; and
 - x) Total equity is not less than AED 1,000,000,000.

The covenants are complied at 31 December 2024. The Group has no indication that it will have difficulty complying with these covenants on future periods.

25.4 Sukuk payable

On 29 February 2024, the Group has issued, Sukuk certificates amounting to USD 300 million (AED 1,102 million) and did a further issuance on 7 July 2024 of USD 200 million (AED 735 million). The Sukuk is listed on NASDAQ Dubai and London Stock Exchange and is due for repayment in 2027. Sukuk carries a profit distribution at the rate of 9.625% per annum to be paid semi-annually.

The gross proceeds from the Sukuk subscription were AED 1,836,700,000. The net proceeds has been recorded as Sukuk payable amounting to AED 1,819,014,590 after deducting Sukuk transaction costs amounting to AED 32,487,922 from the gross proceeds that were directly attributable to issuance of such Sukuk bonds.

25.5 Loan from others

The loan amounting to AED 48,700,000 (2023: 48,700,000) is payable to Dr. Othman Abdullah O Alswayeh. The loan is unsecured and callable by the lender at any time and is repayable on or before 31 January 2025.

26 CONTINGENCIES AND COMMITMENTS

As at 31 December 2024, the Group has capital commitments for the projects under construction amounting AED 4.2 billion (2023: AED 2.2 billion) to complete the construction of the work in progress under development. Additionally, bank guarantees amounting to AED 2.9 million are issued to the Ministry of Housing (KSA) during the current year in normal course of business.

As at 31 December 2024, there are unconfirmed letter of credit amounting to AED 61.2 million (2023: AED 21.6 million). Further, there is an ongoing annual commitment of AED 5 million annual charity contribution in Shaikh Mohamed Bin Rashed 1 billion meal project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

27 RELATED PARTY TRANSACTIONS

Related parties represent the shareholder, directors and key management personnel of the Group, affiliated companies where the shareholders of the Group have ownership interests, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

- a) Balances with related parties included in the consolidated statement of financial position and in the notes are as follows:

	2024 AED	2023 AED
Shareholder's account (note (b) and note (c))	35,040,605	-
Advances from key management personnel	-	3,200,000
	35,040,605	3,200,000

- b) Movement in the balance of the shareholder's account during the year was as follows:

	2024 AED	2023 AED
Balance as at 1 January	-	63,861,747
Additions made during the year	35,040,605	974,323,989
Drawdown made during the year	-	(773,115,403)
Additional contribution from shareholder- netted off	-	(92,604,255)
Dividend	-	(172,466,078)
Balance as at 31 December	35,040,605	-

- c) Due to Shareholder as at 31 December 2024, represent payment of first instalment made by the Shareholder for the purchase of the land plot in Palm Jumeirah, Dubai, UAE. The amount is unsecured and is repayable within 12 months after the year ended 31 December 2024.

Compensation of key management personnel

- d) The key management personnel, represented by the shareholder, chairman, vice- chairman, chief executive officer, chief financial officer, chief operating officer, chief legal officer, chief sales officer, chief procurement officer, chief risk and compliance officer and Director. The amounts expensed to the consolidated statement of comprehensive income for the year ended 31 December is as follows:

	2024 AED	2023 AED
Short-term employee benefits	28,262,578	16,067,548
End of service benefits and leave encashment	370,031	-
Transaction during the year	28,632,609	16,067,548

- e) The Board of Directors remuneration incurred for the year ended 31 December 2024 is AED 0.6 million (2023: Nil).

- f) Sale of property units includes the sale to key management personnel amounting to AED 1.4 million (2023: AED Nil). These sale transactions were carried out at market comparable terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

28 RISK MANAGEMENT

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and currency risk. The Group's management reviews and agrees policies for managing each of these risks which are summarised below.

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 the market value rates. The Group is exposed to interest rate risk on its floating interest-bearing liabilities (loans and borrowings).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loan and borrowings. With all other variables held constant, the Group's profit is affected through the impact on floating rate borrowings, as follows:

	<i>Increase / (decrease) in interest rate</i>	<i>Effect on profit for one year increase / (decrease) AED</i>
2024	1% (1%)	14,821,996 (14,821,996)
2023	1% (1%)	10,170,212 (10,170,212)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, advance paid on behalf of a related party and certain other assets as reflected in the consolidated statement of financial position.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to related parties by regularly assessing the related parties credit worthiness and making provisions if required.

Credit risk is limited to the carrying values of financial assets recognised at the reporting date, as summarised below:

	2024 AED	2023 AED
Bank balance	3,765,383,783	1,633,675,665
Wakala deposits	3,382,647	-
Trade receivables	1,765,195,724	393,755,188
Contract assets	239,509,766	40,726,198
Refundable deposits	30,675,815	14,700,486
Other receivables	13,842,234	2,122,707
	<u>5,817,989,969</u>	<u>2,084,980,244</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

28 RISK MANAGEMENT (continued)**Credit risk (continued)***Bank balances*

With respect to credit risk arising from the other financial assets of the Group, which include bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Given this, management does not expect these banks to fail on their obligations to the Group.

As at 31 December, the ageing of unimpaired trade receivable is as follows:

	<i>Total AED</i>	<i>Neither past due nor impaired AED</i>	<i>Past due but not impaired</i>		
			<i>31-60 days AED</i>	<i>61-90 days AED</i>	<i>Above 90 days AED</i>
2024	1,765,195,724	537,196,317	171,626,129	250,952,712	805,420,566
2023	393,755,188	295,132,772	35,281,962	40,978,736	22,361,718

There were no expected credit losses recognised in 2024 and 2023.

Trade receivables and contract assets

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Since the Group usually receives cash in advance or can withhold transfer of property, Management view credit risk as low and no material provision is required

Liquidity risk

The Group limits its liquidity risk by retaining sufficient funds generated from operations and ensuring funds from the shareholder are available.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

2024	<i>Less than 3 months AED</i>	<i>3 to 12 months AED</i>	<i>1 to 10 years AED</i>	<i>Total AED</i>
Loans and borrowings	378,509,484	613,917,479	2,357,487,197	3,349,914,160
Lease liabilities	12,105,443	29,830,534	79,784,254	121,720,231
Accrued expenses and other payables	998,811,805	80,472,002	-	1,079,283,807
Accounts payables	719,697,741	656,023,566	1,053,296,940	2,429,018,247
Payable for unit registration	163,792,419	-	-	163,792,419
Due to related parties	35,040,605	-	-	35,040,605
	2,307,957,497	1,380,243,581	3,490,568,391	7,178,769,469

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

28 RISK MANAGEMENT (continued)**Liquidity risk (continued)**

2023

	<i>Less than 3 months AED</i>	<i>3 to 12 months AED</i>	<i>1 to 10 years AED</i>	<i>Total AED</i>
Loans and borrowings	98,522,849	223,159,569	744,038,787	1,065,721,205
Lease liabilities	5,171,841	13,534,878	31,308,726	50,015,445
Accrued expenses and other payables	106,353,590	4,708,631	-	111,062,221
Accounts payables	163,190,318	133,041,827	-	296,232,145
Payable for unit registration	105,751,490	-	-	105,751,490
Due to related parties	3,200,000	-	-	3,200,000
	<u>482,190,088</u>	<u>374,444,905</u>	<u>775,347,513</u>	<u>1,631,982,506</u>

Foreign currency risk

Foreign Currency risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The functional and presentation currency of the Company is AED.

The Group is not exposed to any significant currency risk as most of its transactions and balances are denominated in either US Dollars or AED, which is pegged to the US Dollars. As at the reporting date, there were no significant foreign currency denominated monetary assets and liabilities.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and liquidity. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 31 December 2023. Capital comprises share capital and retained earnings and is measured at AED 3.2 billion as at 31 December 2024 (2023: AED 1.3 billion).

The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 60%. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

The gearing ratio at the yearend was as follows:

	<i>2024 AED</i>	<i>2023 AED</i>
Loans and borrowings (note 25)	3,349,914,160	1,065,721,205
Less: cash and cash equivalents (note 18)	(1,538,853,229)	(950,234,583)
Net debt	1,811,060,931	115,486,622
Total equity	3,178,588,349	1,350,522,097
Net debt to equity ratio (times)	0.57	0.09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

29 FAIR VALUES

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances and cash, trade and other receivables and wakala deposits. Financial liabilities consist of accounts payable, accruals, loans and borrowings, lease liabilities and due to related parties, except for the listed sukuk certificates not materially different from their carrying amounts. The fair values of the sukuk certificates that mature in 2027 are AED 1.9 billion (2023: AED Nil). The fair value for sukuk certificates is benchmarked against the quoted market price (Level 1).

The fair values of the financial assets and liabilities are not materially different from their carrying values.

The Group has no financial instruments carried at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

30 TAXATION**30.1 Corporate tax**

With the introduction of corporate tax in the United Arab Emirates, the Group is subject to corporate income tax at 9% on the taxable profits. The major components of income tax expense in the consolidated statement of comprehensive income are:

	2024 AED
<i>Current income tax</i>	
Current income tax expense	182,105,619

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

	2024 AED
Accounting profit for the period before tax	2,010,131,577
At the UAE statutory tax rate of 9% charged during the year	180,911,842
Adjustments in respect of standard deduction as per the Law	(67,500)
Non-deductible expense for tax purpose:	
Entertainment expense (50% allowed as per the Law)	6,282
Fines and penalties (disallowed as per the Law)	7,718
Capital nature expense (disallowed as per the Law)	542,852
Other adjustments	704,425
At the effective current income tax rate of 9.06%	182,105,619

*As per the UAE CT law, maximum standard deduction applicable for each tax group is AED 375,000. The standard deduction applicable to the Group amounts to AED 750,000 on which tax rate at 9% amounts to AED 67,500.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2024

30 TAXATION (continued)

30.1 Corporate tax (continued)

- a) For the purpose of determining income tax expense for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices. The Group has not identified any material risks or uncertainties in the structure from a corporate tax perspective and will continuously monitor further developments that could impact the tax profile of the Group.
- b) Based on an assessment conducted by the Group's management, no temporary differences were identified where the deferred tax should have been accounted for.

30.2 Global Minimum Tax (BEPS 2.0)

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

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

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

On 15 March 2024, the United Arab Emirates (UAE) Ministry of Finance released a Consultation document on implementation of the OECD Base Erosion and Profit Shifting Pillar Two (Minimum tax), which sets out a top-up tax liability calculated based on the principles in the Pillar Two model rules.

Separately, on 9 December 2024, the UAE Ministry of Finance (MoF) announced further amendments to Federal Decree-Law No. 47 of 2022, including the implementation of a Domestic Minimum Top-up Tax (DMTT) and the introduction of certain tax incentives. According to the MoF, these amendments aim to enhance the UAE's business environment and promote greater compliance with global standards for transparency and fairness. Press reports indicate that the DMTT will impose a minimum effective tax rate of 15% on multinational enterprises (MNEs) with global revenues exceeding €750 million in at least two of the last four financial years, effective from 1 January 2025. The MoF is expected to provide further details on the legislation.

The Group is headquartered in the UAE and is within the scope of the OECD BEPS Pillar Two model rules. The Group has operations in countries where Pillar Two legislation was in effect during 2024 (China and United Kingdom). The Group has performed a preliminary assessment of its potential exposure to Pillar Two income taxes in these countries and it does not have any exposure to Pillar Two income taxes in 2024. In the absence of further guidance in UAE, the expected impact in 2025 cannot be reasonably estimated at this time. The Group continues to monitor the legislative activity and potential impact of Pillar Two on its future financial performance.

As of 31 December 2024, the Group is in the process of assessing the potential exposure to Pillar Two income taxes in jurisdictions where the legislation will be effective from 1 January 2025 and applicable for fiscal year starting 1 April 2025. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable.

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

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

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At 31 December 2024

31 OPERATING SEGMENTS

An operating segment is a significant distinguishable component of the Group's business activities, which is subject to risks and rewards different from those of other segments. The financial information of Group's operating segments is regularly monitored and evaluated by the Group's Chief operating decision maker which is the board of directors. For such monitoring and evaluation purposes, the Group is organised into major reportable operating segments being:

- a) Property development business; and
- b) Other operations.

The first segment operations represents the business segment responsible for development of residential buildings in UAE while the second segment represents all other miscellaneous activities of the Group such as hospitality.

The first segment "Property development business" represents almost the entire operations of the Group and the segment "Other operations" is below the reporting threshold prescribed by IFRS and therefore no segment related information has been disclosed in these consolidated financial statements.

The Group operates mainly in one geographic area, UAE. The volume of Group's operations and assets based outside of UAE does not meet the reporting threshold prescribed by IFRS and thus such information is not disclosed in these consolidated financial statements.

32 COMPARATIVE INFORMATION

Certain corresponding figures for previous year have been reclassified in order to conform to the presentation for the current period. Such reclassifications do not affect previously reported profit or shareholder's equity. These changes summarised below have been made to improve the quality of information presented:

Statement of Financial Position:

	<i>Year ended 31 December 2023</i>		
	<i>Previously reported AED</i>	<i>Reclassification AED</i>	<i>Reported currently AED</i>
Trade and other receivables	786,619,718	(54,877,221)	731,742,497
Accounts payable and accrual	(567,923,077)	(54,834,816)	(622,757,893)
Contract liabilities	(1,197,373,375)	109,712,037	(1,087,661,338)