DIFC Investments Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

DIFC Investments Ltd.

Consolidated financial statements
For the year ended 31 December 2022

Contents

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
DIFC Investments Ltd.
Dubai
United Arab Emirates

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of **DIFC Investments Ltd.** (the "Company") **and its subsidiaries** (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').

Basis for opinion

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

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 15 February 2022.

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.

Cont'd…

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INDEPENDENT AUDITOR'S REPORT
To the Shareholder of DIFC Investments Ltd. (continued)

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Fair valuation of investment properties</td></tr>
<tr><td>The Group holds investment properties amounting to USD 3.46 billion which comprise 83% of the total assets of the Group. A fair value gain of USD 192.03 million has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2022.

Management determines the fair value of investment properties on an annual basis and has used an external third-party valuer who has performed the valuation exercise in accordance with the requirements of IFRSs. These requirements take into account, where available, discounted cash flows and evidence of market transactions for properties and locations comparable to those of the Group's properties. The Group's investment property portfolio comprises retail, offices, commercial and residential spaces.

The valuation of investment properties is highly dependent on estimates and assumptions, such as estimated rental value, stabilised occupancy rates, discount rates and market knowledge of historical transactions.

Given the size and complexity of the valuation of investment properties and the importance of the disclosures relating to the assumptions used in the valuation, we assessed this as a key audit matter.

Refer to note 3.8 for a summary of the significant accounting policies, note 2.4 for disclosure of significant judgments and estimates made in applying the accounting policies and Note 11 for disclosures relating to the methods and assumptions used by the valuer in estimating the fair value of investment properties.</td><td>Our procedures on the valuation of investment properties included, but was not limited, to the following:
• We evaluated the design and implementation of relevant controls over the measurement of investment properties.
• We assessed the valuer's skills, competence, objectivity and capabilities and read their terms of engagement with the Group to determine if the scope of their work was sufficient for our audit purposes;
• We agreed the total valuation in the valuer's report to the amount reported in the consolidated statement of financial position;
• On a sample basis, we tested the accuracy of the standing data provided by the Group to the valuers;
• We involved our internal real estate valuation specialists to review selected properties and to assess whether the estimates and assumptions used in the valuation of these properties were in accordance with the requirements of IFRSs.
• We reperformed the arithmetical accuracy of the valuation on a sample basis.
• We assessed the disclosures in the consolidated financial statements relating to this area against the requirements of IFRSs.</td></tr>
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INDEPENDENT AUDITOR'S REPORT
To the Shareholder of DIFC Investments Ltd. (continued)

Other information

Management is responsible for the other information. The other information comprises the report of the Group's Chairman and the Group's 2022 Annual Report. We obtained the report of the Group's Chairman, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's 2022 Annual Report after the date of our auditor's report.

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

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

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

When we read the remaining information of the Group's 2022 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRSs and their preparation in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018 issued by the Dubai International Financial Centre (DIFC), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of DIFC Investments Ltd. (continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the Group and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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

Further, we report that the consolidated financial statements comply, in all material aspects, with the applicable provisions of the Companies Law DIFC Law No. 5 of 2018 issued by the Dubai International Financial Centre (DIFC).

Deloitte & Touche (M.E.)

Deloitte & Touche

17 February 2023
Dubai
United Arab Emirates

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2022

	Notes	***2022 USD'000***	*2021 USD'000*
Revenue			
Income from investment properties	11	**175,532**	167,714
Revenue from contracts with customers	5	**66,099**	39,258
		241,631	206,972
Direct costs		**(51,732)**	(49,894)
GROSS PROFIT		**189,899**	157,078
Depreciation on property and equipment	12	**(4,409)**	(4,035)
General and administration expenses	6	**(24,954)**	(25,437)
Other income	20(a)	**-**	8,174
Foreign exchange loss – net		**(118)**	(39)
OPERATING PROFIT BEFORE FAIR VALUE CHANGES		**160,418**	135,741
Fair value gain on investment properties – net	11	**192,027**	23,773
Reversal of previously recognised revaluation loss on building	12	**6,252**	355
Gain from investments in securities- net	4	**4,089**	4,463
Fair value gain – net		**202,368**	28,591
Finance income		**15,579**	9,421
Finance costs		**(59,582)**	(59,231)
Finance costs – net		**(44,003)**	(49,810)
Write off	11	**(748)**	-
Share of loss in joint ventures	10	**(885)**	(607)
PROFIT FOR THE YEAR BEFORE TAX		**317,150**	113,915
Tax expense		**(546)**	(528)
PROFIT FOR THE YEAR		**316,604**	113,387

The notes 1 to 25 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022 USD'000**	2021 USD'000
PROFIT FOR THE YEAR		**316,604**	113,387
OTHER COMPREHENSIVE INCOME			
Other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods:			
Net loss on debt instruments designated at fair value through other comprehensive income	8	**(7,622)**	(1,111)
Net gain/ (loss) on foreign currency translation reserve	14	**446**	(1,199)
		(7,176)	(2,310)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Net (loss)/ gain on equity instruments designated at fair value through other comprehensive income	8	**(1,286)**	9,000
TOTAL OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR		**(8,462)**	6,690
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**308,142**	120,077

The notes 1 to 25 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	2022 USD'000	2021 USD'000
ASSETS			
Cash at bank and term deposits	7	**418,574**	359,108
Investment in securities	8	**145,176**	136,092
Trade and other receivables	9	**48,966**	40,265
Investment in joint ventures	10	**17,676**	1,889
Investment properties	11	**3,463,626**	3,422,010
Property and equipment	12	**57,587**	49,023
TOTAL ASSETS		**4,151,605**	4,008,387
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**500,000**	500,000
Other reserves	14	**(74,974)**	(41,309)
Revaluation reserve		**(12,807)**	(19,059)
Retained earnings		**2,219,866**	2,069,715
Total equity		**2,632,085**	2,509,347
Liabilities			
Due to the Government of Dubai	15	**653,702**	628,567
Due to Sukuk certificate holders	16	**649,528**	649,270
Trade and other payables	17	**216,290**	221,203
Total liabilities		**1,519,520**	1,499,040
TOTAL EQUITY AND LIABILITIES		**4,151,605**	4,008,387

These consolidated financial statements were approved by the Board of Directors on 17 February 2023 and signed on their behalf by:

Chairman

Chief Financial Officer

The notes 1 to 25 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital USD'000	*Other reserves (see note 14) USD'000*	*Revaluation reserve USD'000*	*Retained earnings USD'000*	*Total USD'000*
At 1 January 2022	500,000	(41,309)	(19,059)	2,069,715	**2,509,347**
Profit for the year	-	-	-	316,604	**316,604**
Other comprehensive (loss) for the year	-	(8,462)	-	-	**(8,462)**
Total comprehensive (loss)/ income for the year	**-**	**(8,462)**	**-**	**316,604**	**308,142**
Transfer of revaluation gain	-		6,252	(6,252)	**-**
Transfer of land & building (note 11)	-	-	-	(171,394)	**(171,394)**
Unwinding of discount on loan (note 15)	-	(25,203)	-	25,203	**-**
Settlement of financial liabilities (note 20 (h))	-	-	-	29,587	**29,587**
Dividend (note 24)	-	-	-	(43,597)	**(43,597)**
At 31 December 2022	**500,000**	**(74,974)**	**(12,807)**	**2,219,866**	**2,632,085**

The notes 1 to 25 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2022

	Share capital USD'000	*Other reserves (see note 14) USD'000*	*Revaluation reserve USD'000*	*Retained earnings USD'000*	*Total USD'000*
At 1 January 2021	500,000	(23,751)	(19,414)	1,956,596	2,413,431
Profit for the year	-	-	-	113,387	113,387
Other comprehensive income for the year	-	6,690		-	6,690
Total comprehensive income for the year	-	6,690	-	113,387	120,077
Transfer of revaluation gain	-		355	(355)	-
Unwinding of discount on loan (note 15)		(24,248)	-	24,248	-
Settlement of financial liabilities (note 20 (h))	-	-	-	19,436	19,436
Dividend (note 24)	-	-	-	(43,597)	(43,597)
At 31 December 2021	500,000	(41,309)	(19,059)	2,069,715	2,509,347

The notes 1 to 25 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	***2022*** ***USD'000***	*2021* *USD'000*
OPERATING ACTIVITIES			
Profit for the year before tax		**317,150**	113,915
Adjustments for:			
Depreciation on property and equipment	12	**4,409**	4,035
Share of loss in joint ventures & associates	10	**885**	607
Reversal of onerous lease provisions	17	**(1,510)**	(1,014)
Gain from investment in securities – net	4	**(4,089)**	(4,463)
Finance income		**(15,579)**	(9,421)
Finance costs		**59,582**	59,231
Provision for expected credit losses	9	**2,135**	3,301
Amortisation of Sukuk issuance cost	16	**258**	257
Fair value (gain)/ loss on investment properties	11	**(192,027)**	(23,773)
Revaluation surplus on buildings	12	**(6,252)**	(355)
Impairment of investment properties	11	**748**	-
		165,710	142,221
Working capital adjustments:			
Trade and other receivables		**23,327**	13,654
Encashment of claims/(settlement with contractor)	11	**2,541**	(5,449)
Trade and other payables (net of transfer for employees' end of service benefits)		**(10,249)**	(19,569)
Net cash generated from operations		**181,329**	130,857
Tax paid		**(546)**	(528)
Employees' end of service benefits paid		**(74)**	(63)
Net cash generated from operating activities		**180,709**	130,266
INVESTING ACTIVITIES			
Additions to investment in securities	8	**(18,281)**	(43,393)
Capital distribution relating to investment in funds	8	**-**	2,101
Additions to property and equipment	12	**(3,458)**	(1,164)
Additions in investment in joint venture	10	**(16,672)**	(300)
Additions to investment properties	11	**(27,526)**	(24,024)
Net movement in short term-deposits		**(70,230)**	2,477
Dividend received	4	**4,378**	4,336
Finance income received		**11,000**	7,211
Net cash used in investing activities		**(120,789)**	(52,756)
FINANCING ACTIVITIES			
Finance costs paid		**(27,087)**	(27,174)
Dividend paid to Government of Dubai	24	**(43,597)**	(43,597)
Net cash used in financing activities		**(70,684)**	(70,771)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		**(10,764)**	6,739
Cash and cash equivalents at 1 January		**30,742**	24,003
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	7	**19,978**	30,742

The notes 1 to 25 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022 (continued)

NON-CASH TRANSACTIONS:
Significant non-cash transactions for the year ended 31 December are as follows:

	Notes	***2022 USD'000***	*2021 USD'000*
Fair value (loss)/ gain on investment in equity instruments through other comprehensive income	8	**(1,286)**	9,000
Fair value (loss) on investment in listed debt instruments through other comprehensive income	8	**(7,622)**	(1,111)
Transfer from investment properties to property and equipment	11	**(2,906)**	(1,808)
Transfer of land & buildings	11	**171,394**	-
Unwinding of interest on due to the Government of Dubai	15	**25,203**	24,248

Net debt analysis

This section sets out an analysis of net debt for each of the periods presented:

	Notes	***2022 USD'000***	*2021 USD'000*
Cash at bank and term deposits	7	**418,574**	359,108
Borrowings repayable after one year:			
Due to the Government of Dubai	15	**(653,702)**	(628,567)
Due to Sukuk certificate holders	16	**(649,528)**	(649,270)
Net Debt		**(884,656)**	(918,729)

The notes 1 to 25 are an integral part of these consolidated financial statements.

1. ACTIVITIES

DIFC Investments Ltd. (the "Company" or the "Parent Company") was established on 27 November 2005, as a Company Under Formation under the Companies Law, DIFC Law No. 3 of 2006 and was subsequently formally incorporated as a limited liability company by the Registrar of Companies of the Dubai International Financial Centre ("DIFC") on 22 May 2006. The Company is legally a wholly owned subsidiary of the Dubai International Financial Centre Authority ("DIFCA"). It is, however, held by DIFCA for the beneficial interest of the Government of Dubai and therefore the Company is not consolidated in the financial statements of DIFCA.

The principal activities of the Company are to possess, own, sell and lease land and any other immovable and movable properties, and develop such properties in order to achieve the objectives of the Dubai International Financial Centre ("DIFC") and to deal in financial instruments, invest in and incorporate banking, investment and other financial projects and companies.

The assets of DIFC Master Community (the "Master Community") are held by the Company for the beneficial interest of the individual body corporates within the Master Community. Similarly, the liabilities of Master Community are entered into by the Company on behalf of the individual body corporates within the Master Community. Hence these assets and liabilities are not included as part of these consolidated financial statements.

Dubai International Financial Centre Authority ("DIFCA") is the Master Developer of the Master Community legally but the beneficial owner is the Parent Company.

The Company's registered office is at Level 14, The Gate Building, Gate District, Dubai International Financial Centre, P.O. Box 74777, Dubai, United Arab Emirates (UAE).

These consolidated financial statements incorporate the results and the financial position of the Company and its subsidiaries (together the "Group").

The details of the significant subsidiaries of the Group are given below:

Name	*% Ownership*		*Country of incorporation*	*Principal activities*
	2022	2021		
DIFC Innovation Hub Ltd	**100%**	100%	DIFC, UAE	To promote Fintech & Innovation start-ups
DIFC Fintech Fund Investments Limited	**100%**	100%	DIFC, UAE	To invest in start-up tech companies in Middle East and North Africa (MENA) region
Middle East Fashion Group Ltd.	**100%**	100%	DIFC, UAE	Retail Management, Retail Hospitality, Event Management
Gate Media Ltd. (note (a))	**100%**	100%	DIFC, UAE	Production, advertisement, design, communication and all audio / video related media platforms and products
DIFC Global Limited	**100%**	100%	United Kingdom	General commercial company
The First Technologies Trading (L.L.C)	**100%**	100%	Dubai, UAE	General trading

1. ACTIVITIES (continued)

Name	*% Ownership*		*Country of incorporation*	*Principal activities*
	2022	2021		
Art Limitless Ltd.	**100%**	100%	DIFC, UAE	Art exhibitions, art logistics, art investments, art club and education
Art Dubai Ltd.	**100%**	100%	DIFC, UAE	Intermediate holding company
Kuwait Investments Ltd.	**100%**	100%	DIFC, UAE	Investment activities through itself and through wholly owned subsidiaries and affiliates
Global Interlink Ltd.	**100%**	100%	DIFC, UAE	Holding company for all overseas business centres owned by the Company
Tech Point (L.L.C) (note (b))	**100%**	100%	Dubai, UAE	Computer software and equipment trading and data processing
Tech Fort (L.L.C) (note (b))	**100%**	100%	Dubai, UAE	Computer software and equipment trading and data processing
DIFC Sukuk Limited (note (c))	**100%**	100%	Dubai, UAE	Issuer of DIFCI Sukuk
DIFC Virtual Hub Ltd	**100%**	-	DIFC, UAE	Building, operating and managing online portal
DIFC Family Business Ltd	**100%**	-	DIFC, UAE	Management & professional consultancy for family business
X Cube LLC (note (d))	**100%**	-	Dubai, UAE	Market making securities and commercial brokers
DIFC Academy Ltd	**100%**	-	DIFC, UAE	Educational facilities, management services, law training, banking & financing training and personal development training services

a) Gate Media Ltd. owns 75% of CPI Financial FZ LLC, a company incorporated in Dubai, UAE. CPI Financial FZ LLC is involved in publishing of financial magazines and other materials for the Middle East region through both print and digital media. During 2020, CPI Financial FZ LLC was under liquidation and legal formalities were in process as at 31 December 2020. The liquidation process has been completed in 2021.

b) 1% ownership of the Group's ownership in these entities is held through beneficial ownership arrangement with the legal owner.

c) The Group's ownership stake in DIFC Sukuk Limited is held through a beneficial ownership arrangement with the legal owner.

d) The Group's ownership in the entity is held through beneficial ownership arrangement. The group do not have any control over the entity (note 2.4 (f))

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and the applicable provisions of the Companies law pursuant to DIFC Law No.5 of 2018.

These consolidated financial statements have been prepared under the historical cost convention basis, except for the measurement of investment in securities, building and investment properties that have been measured at fair values.

The functional currency of the Parent Company is UAE Dirham (AED). However, the consolidated financial statements are presented in US Dollars (USD) for the convenience of the users. This does not have any significant effect on the consolidated financial statements as the UAE Dirham is pegged to US Dollar. The conversion rate used is AED 3.67 for 1 USD. All the amounts in the consolidated financial statements are rounded to the nearest thousand USD except where otherwise stated.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those used in the previous year, except as follows

a) New and amended standards and interpretations

The Group applied for the first-time certain amendments to the standards, which became effective for annual periods beginning on or after 1 January 2022.

- Amendments to IAS 16 *Property, Plant and Equipment* relating to Proceeds before Intended Use
- Annual Improvements to IFRS Standards 2018 – 2020 - Amendments to IFRS 1, IFRS 9 and IFRS 16
- Amendments to IFRS 3 *Business Combinations* relating to Reference to the Conceptual Framework
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* relating to Onerous Contracts - Cost of Fulfilling a Contract

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2022.

b) Standards issued but not yet effective

The new and amended standards and interpretations that are issued as listed below, 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 new and amended standards, if applicable, when they become effective.

- Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 which requires an entity to disclose its material accounting policies, instead of its significant accounting policies
- Amendments to IAS 12 *Income Taxes* relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors which replaces* the definition of a change in accounting estimates with a definition of accounting estimates
- Amendments to IFRS 16 *Leases relating to clarification on how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.*
- Amendments to IAS 1 *Presentation of Financial Statements relating to* clarification on how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)*

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and 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 financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of consolidated 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 interests
- 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
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.4 Foreign currency translation

Each entity within, the Group determines its 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

a) Transactions and balances

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. 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. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss shall be recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in the consolidated statement of profit or loss, any exchange component of that gain or loss is also recognised in the consolidated statement of profit or loss.

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

b) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- all the assets and liabilities are translated at the rate of exchange prevailing at the reporting date;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is disposed of or sold, exchange differences relating to such foreign operations that were recorded in equity are recognised in the consolidated statement of profit or loss as part of the gain or loss on sale.

2.5 Revenue recognition

a) Rental income from lease of investment property

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment property is recognised net of discounts in accordance with the terms of lease contract as income on a straight-line basis over the lease term, except where alternative basis is more representative of pattern of benefits derived from the leased asset.

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

b) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The specific criteria described below must be met before revenue is recognised: -

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Revenue recognition (continued)

Fees and other income
Revenue from service charges is recognised when the services are rendered. Fee and other income mainly comprise of fees on services provided to DIFC tenants such as employment visa issuance, authority fees, car parking fees, digital and multimedia advertising and other ancillary & mandatory services related to lease management.

c) Interest income
Interest income is recognised on a time proportionate basis using the effective interest method.

d) Dividends
Revenue is recognised when the Group's right to receive the dividend is established.

Contract balances
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).

Contract liabilities
A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.6 Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of less than twelve months or less.

Cash and cash equivalents in the consolidated statement of cashflow comprises cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or development of qualifying assets are capitalized as part of the cost of that asset necessarily takes a substantial period to get ready for its intended use or sale. The capitalization of borrowing costs commences from the date of incurring of expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to the period after acquisition, construction or development are expensed. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.8 Financial instruments – initial recognition and subsequent measurement

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.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as 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. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Initial recognition and measurement (continued)
In order for a financial asset to be classified and measured at amortised, 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 with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model

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.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in the following categories:

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

Financial assets at amortised cost
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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement (continued)

This category includes listed and other equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed and other equity investments are also recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral 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).

For trade receivables, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial instruments – initial recognition and subsequent measurement (continued)

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, 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.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

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 profit or loss.

This category generally applies to trade and other payables, due to sukuk certificate holders and due to the government of Dubai.

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

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

2.9 Fair value measurement

The Group measures financial instruments and certain non-financial assets at fair value at each reporting date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Fair value measurement(continued)

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.

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

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.10 Investment in joint ventures

The Group has investments in joint ventures which are jointly controlled entities, whereby the venturers have contractual arrangements that establish joint control over the economic activities of the respective entities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The consideration made in determining joint control are similar to the necessary to determine control over subsidiaries. The Group recognises its investment in joint ventures using the equity method of accounting.

Under the equity method, the investment in a joint venture is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the respective joint venture, less any impairment in value. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The consolidated statement of profit or loss reflects the post-acquisition share of the results of operations of the joint venture. After the carrying value of an investment in a joint venture is reduced to nil, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal to the share of losses not recognised. Where there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of comprehensive income.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its joint ventures. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The use of equity method of accounting is discontinued from the date on which the Group ceases to have a joint control over, or have significant influence in, a jointly controlled entity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Investment in joint ventures (continued)

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

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit/ (loss) of a joint venture' in the consolidated statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The financial statements of the joint ventures are prepared for the same accounting period as the Group. Where necessary, adjustments are made to bring the accounting policies of joint ventures in line with those of the Group.

2.11 Investment properties

Properties held by the Group for the purpose of earning rentals or for capital appreciation or both are classified as investment properties. This also includes properties which are in the course of construction or development for future use as investment properties. Land held for currently undetermined future use is also classified as an investment property.

Investment properties including investment properties under construction are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, applying acceptable valuation models.

Investment properties are derecognised when either they have been disposed of or when the investment properties 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 the consolidated statement of profit or loss in the period of derecognition.

Transfers are made to or from investment property when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, as a result of change in use, the Group accounts for such property in accordance with the policy stated in property, plant and equipment up to the date of change in use.

2.12 Property and equipment

The Group's buildings are measured at fair value less accumulated depreciation recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Property and equipment (continued)

Property and equipment excluding building is stated at cost less accumulated depreciation and accumulated impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the items.

Property under development is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Building	30
Computer equipment and software	3
Furniture, fixtures, office equipment and accessories	3-10
Motor vehicles	3

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

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as the expense is incurred.

Property under development is stated at cost together with financing costs incurred from the date of commencement of the project to the date on which it is commissioned. When commissioned, property under development is transferred to the appropriate category of property and equipment and depreciated in accordance with the Group's accounting policies.

Non-depreciable assets such as Artworks are stated at cost less accumulated impairment, if any.

2.13 Provisions and contingent liabilities

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 profit or loss net of any reimbursement.

In cases where based on management's best estimate the possibility of outflow in settlement is less likely but not remote, the Group discloses contingent liability at the end of the reporting period.

2.14 Provision for staff benefits

Provision for defined benefit plan is made for the full amount of end of service benefits due to expatriate employees based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with the DIFC laws. A provision is also made for the estimated liability in respect of expatriate employees' entitlements to leave passage and leave pay as a result of services rendered by the employees up to the reporting date.

Effective 1 February 2020, employees end of service gratuity in DIFC has been replaced by the new DIFC employee workplace saving plan ("DEWS") (*defined contribution plan*). Under the plan, all companies registered within DIFC will have to make mandatory contribution of every employee's fixed percentage based on each employee's monthly basic salary. Employees can also make voluntary additional contributions to their funds and have the option to manage their funds based on their risk profile.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Provision for staff benefits (continued)

A provision is made for pension costs for eligible UAE national employees in accordance with Federal Law No. 7 of 1999 (as amended) relating to General Pension and Social Security Law and is charged to the consolidated statement of profit or loss.

Provision for employees' end of service benefits for subsidiary companies not subject to UAE or DIFC laws is made in accordance with the governing labour or similar law in the country of incorporation of respective entities.

2.15 Value added tax (VAT)

Revenue, expenses, assets and liabilities are recognised net of the amount of value added tax (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.
- 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.

2.16 Income tax

Income tax is provided by the subsidiaries of the Group in accordance with the applicable local regulations.

Deferred income tax is provided in full, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability, in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income taxes and liabilities are measured at the tax rates that are expected to apply to the period when the asset is expected to be realised or the liability is expected to be settled, based on laws that have been enacted at the reporting date.

Deferred income tax asset is recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The amount of deferred income 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 income tax asset to be utilised.

Income tax relating to the items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss.

2.17 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.

Group as a lessee
The Group does not have any material short term leases or long-term leases.

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 terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Related parties

The definition of a related party includes the following persons and entities:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control of the Group;
(ii) has significant influence over the Group; or
(iii) is a member of the key management personnel of the Group.

(b) An entity is related to a Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is controlled or jointly controlled by a person identified in (a).
(vi) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.19 Dividend

The Parent Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Parent Company. As per DIFC Law, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.20 Impairment of non-financial assets (carried at cost)

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 CGU's fair value less costs of disposal and its value in use.

The recoverable amount 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. When 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Impairment of non-financial assets (carried at cost) (continued)

For assets excluding goodwill, 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 profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Management is also required to exercise its judgement in the process of applying the Group's accounting policies. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Other disclosures relating to the Group' exposure to risks and uncertainties include:

- Capital management — note 23
- Financial instruments risk management objectives and policies — note 21

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:

a) Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and believes that the Group has the adequate financial resources to enable it to continue its operations and meet its obligations as and when they fall due.

Based on the above, the management believes that the Group will be able to continue as a going concern for the foreseeable future, and accordingly, the consolidated financial statements of the Group have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

b) Classification of investments (debt and equity instruments)

Management decides on acquisition of an investment whether it should be classified as a financial asset at amortised cost, a financial asset at fair value through profit or loss or a financial asset at fair value through other comprehensive income. For those investments deemed to be financial assets at amortised cost, management ensures that the requirements of IFRS 9 are met and, in particular, that the financial asset has met the business model and contractual cashflow characteristics as defined in IFRS 9.

The Group classifies financial assets at fair value through profit or loss, including trading securities, if they are acquired primarily for the purpose of making a short-term profit.

Classification of financial assets at fair value through profit or loss depends on how management monitors the performance of these investments. When they are not classified as for trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, these are classified as financial assets at fair value through profit or loss.

All other investments are classified as financial assets at fair value through other comprehensive income.

c) Classification of property leases

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

d) Determining the lease term of contracts with renewal and termination options – Group as lessor

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 to be exercised to amortise lease related incentives. It considers all relevant factors that create an economic incentive for customers 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 not within its control and affects ability of customer to exercise or not to exercise the option to renew or to terminate.

e) Joint arrangements

The Group is a part owner of three investments in which it has joint ownership interest. The Group has determined that it has joint control over the investments and the ownership is shared with the other owners. These investments are joint arrangements which are separately incorporated. The Group has, after considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangements and the Group's rights and obligations arising from the arrangements and accordingly, classified its interests as joint ventures under IFRS 11 Joint Arrangements. As a consequence, it accounts for its investments using the equity method.

f) Subsidiaries

The Group is designated as owner of a wholly owned subsidiary. The Group has, after considering the structure and form of the arrangement, the terms agreed in the contractual arrangement and the Group's rights and obligations arising from the arrangements, determined that it has no control over the investments and the ownership in the subsidiary. Ownership is beneficially held on behalf of the Government of Dubai.

Accordingly, the results and financial position of the subsidiary are not consolidated with Group results and financial position.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS (continued)

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.

a) Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transaction;
- current fair value of another investment that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

As required, the inputs to these valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Group calibrates the valuation techniques periodically and tests them for validity using either inputs from observable comparable current market transactions or from other available observable market data. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

b) Valuation of investment properties and buildings classified as property and equipment
Management usually utilises the services of independent accredited valuers for the valuation of its Level 3 investment properties and building classified as property and equipment. The assumptions used by such valuers are reviewed and approved by management. Significant assumptions used in such valuations include the following:

- discount rates;
- future construction cost and expected time of construction in case of property subject to development;
- long term occupancy rates;
- equivalent yield;
- market rentals, and
- marketability of the property.

c) Provision for expected credit losses
The Group uses a provision matrix to calculate the expected credit loss (ECL) for trade receivables, advances and other receivables. The provision rates are based on days past due for groupings of various customers segments that have similar loss patterns.

The provision matrix is initially based on the Groups 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.

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 Groups historical credit loss experience and forecast of economic conditions may also not be representative of the customers actual default in the future.

4. GAIN FROM INVESTMENTS IN SECURITIES– NET

	2022 **USD'000**	2021 USD'000
Fair value loss on investment in securities – net (note 8)	**(289)**	(99)
Gain on disposal of investment in funds (note 8)	**-**	226
Dividend income	**4,378**	4,336
	4,089	4,463

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the revenue from contracts with customers:

	2022 **USD'000**	2021 USD'000
Type of revenue		
Fees and other income	**66,099**	39,258

	2022 **USD'000**	2021 USD'000
Geographical markets		
Within UAE	**66,099**	39,258

	2022 **USD'000**	2021 USD'000
Timing of revenue recognition		
Services rendered at a point in time	**66,099**	39,258

6. GENERAL AND ADMINISTRATION EXPENSES

	2022 **USD'000**	2021 USD'000
Shared service costs charged by a related party (note 20 (b))	**15,149**	14,366
Staff costs (note (a) below)	**9,166**	8,280
Provision for expected credit losses (note 9) (net of reversals)	**2,135**	3,301
Legal and professional fees	**750**	1,093
Office administration & other expenses (including reversals)	**(793)**	(654)
Advertising expenses	**57**	65
Reversal of provision for onerous lease contracts (note 17)	**(1,510)**	(1,014)
	24,954	25,437

a) Staff costs

	2022 **USD'000**	2021 USD'000
Salaries	**3,035**	2,785
Bonuses, incentives and other benefits	**6,131**	5,495
	9,166	8,280

7. CASH AT BANK AND TERM DEPOSITS

	2022 USD'000	2021 USD'000
Cash at bank and financial institutions	**19,978**	22,263
Term deposits	**398,596**	336,845
Cash at bank and term deposits	**418,574**	359,108
Less: term deposits (with original maturity of more than 3 months)	**(398,596)**	(328,366)
Cash and cash equivalents	**19,978**	30,742

a) Term deposits with banks carried an effective interest rate of 3.53% per annum ranging from 1.25% to 5.80% per annum (2021: 1.15% to 1.60 % per annum) and have original maturities exceeding six months.

b) There are certain bank accounts and term deposits which are legally owned by the Parent Company on behalf of Master Community Development. Master Community Development operates and manages these accounts being beneficial owner of these accounts. Bank balances as at 31 December 2022 amounting to USD 3,899 thousand (2021: USD 4,682 thousands) and term deposits amounting to USD 14,986 thousands (2021: USD 13,623 thousands) relating to the Master Community Development are excluded from the above cash and cash equivalents.

c) One of the Company's bank account having a balance of USD 177 thousand (2021: USD 150 thousand) is held in the name of a related party, however, the bank account is beneficially owned by the Company. Hence, the balance of this account as of 31 December 2022 and 31 December 2021 is recorded in these consolidated financial statements.

8. INVESTMENT IN SECURITIES

	2022 USD'000	2021 USD'000
Financial assets at fair value through other comprehensive income		
- Listed equity instruments	**6,889**	-
- Unlisted equity instruments	**55,138**	55,138
- Listed debt instruments	**82,969**	80,485
	144,996	135,623
Financial assets at fair value through profit or loss:		
- Listed equity instruments	**101**	162
- Funds	**79**	307
	180	469
	145,176	136,092

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments 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.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

8. INVESTMENT IN SECURITIES (continued)

At the year-end, the Group held the following investments:

	Investments carried at fair value			
	Level 1 USD'000	***Level 2 USD'000***	***Level 3 USD'000***	***Total USD'000***
2022				
Unlisted equity instruments	**-**	**-**	**55,138**	**55,138**
Listed equity instruments	**6,990**	**-**	**-**	**6,990**
Funds	**-**	**79**	**-**	**79**
Listed debt instruments	**82,969**	**-**	**-**	**82,969**
	89,959	**79**	**55,138**	**145,176**

	Investments carried at fair value			
	Level 1 USD'000	*Level 2 USD'000*	*Level 3 USD'000*	*Total USD'000*
2021				
Unlisted equity instruments	-	-	55,138	55,138
Listed equity instruments	162	-		162
Funds	-	307	-	307
Listed debt instruments	80,485	-	-	80,485
	80,647	307	55,138	136,092

There were no transfers of securities between the Level 1, level 2 and level 3 categories of the fair value hierarchy in the current and prior year.

The movement in Level 1 & 2 investment securities is as follows:

	2022 USD'000	*2021 USD'000*
At 1 January	**80,954**	43,811
Purchases during the year	**18,281**	40,228
Capital distribution during the year	**-**	(2,101)
Gain/ (loss) on disposal of investment in funds (note 4)	**-**	226
Fair value loss on investment in securities (note 4)	**(289)**	(99)
Fair value (loss)/ gain on investment in listed equity	**(1,286)**	-
Fair value (loss)/ gain on investment in debt instruments	**(7,622)**	(1,111)
At 31 December	**90,038**	80,954

The movement in Level 3 investment securities is as follows:

	2022 USD'000	*2021 USD'000*
At 1 January	**55,138**	42,973
Fair value changes	**-**	9,000
Additional investment during the year	**-**	3,165
At 31 December	**55,138**	55,138

As at 31 December 2022, the valuation of a significant investment classified within Level 3 of fair value hierarchy is based on EBITDA multiples of comparable companies amounting to USD 49,996 thousands (2021: USD 49,996 thousands).

The fair value change on investment securities classified as level 3 amounted to Nil (2021: USD 9,000 thousands).

Investments classified within level 3 amounting to USD 5,142 thousands (2021: USD 5,142 thousands) relate to group investments in start-ups and fintech companies. Fair value hierarchy classification reflects the latest valuation based on new funding raised through investors.

Any change in the mentioned above assumptions will have an impact on the carrying value.

9. TRADE AND OTHER RECEIVABLES

	2022			*2021*		
	Current USD'000	***Non-current USD'000***	***Total USD'000***	*Current USD'000*	*Non-current USD'000*	*Total USD'000*
Trade receivables - gross	**28,119**	**-**	**28,119**	27,573	-	27,573
Less: provision for expected credit losses (note (a))	**(18,459)**	**-**	**(18,459)**	(18,724)	-	(18,724)
	9,660	**-**	**9,660**	8,849	-	8,849
Due from related parties (note 20)	**20,095**	**-**	**20,095**	10,242	-	10,242
Unbilled revenue	**2,430**	**-**	**2,430**	1,765	-	1,765
Refundable deposits	**-**	**421**	**421**	8,718	421	9,139
Prepayments	**506**	**-**	**506**	727	-	727
Advances – net of provision (note(a))	**6,897**	**-**	**6,897**	2,341	-	2,341
VAT recoverable	**1,973**	**-**	**1,973**	855	-	855
Others – net of provisions (note (a))	**4,981**	**2,003**	**6,984**	2,606	3,741	6,347
	46,542	**2,424**	**48,966**	36,103	4,162	40,265

a) At year end, trade receivables and advances to suppliers, sub-contractors, developers and other receivables at nominal value of USD 40,082 thousand (2021: USD 38,663 thousand) were impaired. Movement in the provision for expected credit losses during the year is as follows:

	2022				*2021*		
	Trade receivables	***Advances & deposits***	***Other receivables***	***Total***	*Trade receivables*	*Advances & deposits*	*Total*
	USD'000	***USD'000***	***USD'000***	***USD'000***			*USD'00 0*
At 1 January	**18,724**	**19,939**	**-**	**38,663**	15,423	19,939	35,362
Charge for the year (note 6)	**3,073**	**-**	**1,684**	**4,757**	3,301	-	3,301
Reversals (note 6)	**(2,622)**	**-**	**-**	**(2,622)**	-		-
Written off	**(716)**	**-**	**-**	**(716)**	-		-
At 31 December	**18,459**	**19,939**	**1,684**	**40,082**	18,724	19,939	38,663

b) At the year end, ageing of trade receivables is as follows:

				Past due but not impaired				
	Total	***Impaired***	***Neither past due nor impaired***	***Up to 30 days***	***30-60 days***	***60-90 days***	***90-120 days***	***More than 120 days***
			USD'000					
2022	**28,119**	**18,459**	**-**	**1,743**	**1,130**	**1,331**	**1,343**	**4,113**
2021	27,573	18,724	-	452	666	70	2,557	5,104

The normal credit period allowed by the Group is 30 days after which trade receivables are considered to be past due. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is the practice of the Group to obtain security deposits against the contractual rentals (note 18).

10. INVESTMENT IN JOINT VENTURES

The Group's interest in its joint ventures are as follows:

	Carrying amount of investments		***Percentage of equity owned***		***Country of Incorporation***
	2022	*2021*	***2022***	*2021*	
	USD'000	*USD'000*			
Art Dubai Fair LLC	**2,067**	1,545	**51%**	51%	Dubai, UAE
Dubai Fintech Ventures Limited	**168**	172	**33%**	33%	DIFC, UAE
Dubai Future District Fund Investments Limited	**15,441**	172	**50%**	50%	DIFC, UAE
	17,676	1,889			

a) These joint ventures do not have a quoted market price.

b) Movement in investments in joint ventures:

	2022	*2021*
	USD'000	*USD'000*
At 1 January	**1,889**	2,196
Additional investment	**16,672**	300
Share of loss for the year	**(885)**	(607)
At 31 December	**17,676**	1,889

c) During 2021, the Group entered into a Joint venture "Dubai Future District Fund Investments Limited" in which the Group holds a 50% investment. The principal activities of the entity will be to invest in technology start-ups and funds globally. Management of the Group has classified the investment as a joint venture as the strategic financial and operating decisions relating to the entity required consent of all the shareholders of the entity.

d) During 2019, the Group entered into a joint venture "DIFC Fintech Ventures Ltd" in which the Group holds a 33% investment. The principal activities of the joint venture will be to run the accelerator program and promote fintech companies within the DIFC. Management of the Group has classified the investment as a joint venture as the strategic financial and operating decisions relating to the entity required consent of all the shareholders of the entity.

e) During prior years, the Group entered into a joint venture agreement through one of its subsidiaries, Art Dubai LLC to form Art Dubai Fair LLC, a joint venture in which the Group holds 51% investment. Management of the Group classified this investment as a joint venture as the strategic financial and operating decisions relating to the entity required consent of both the shareholders of the entity. The principal activities of the joint venture are arranging art fairs in the Gulf region.

f) Investment in joint ventures can be classified as below:-

	2022	*2021*
	USD'000	*USD'000*
Investment in share capital	**22,248**	5,576
Aggregate share of post-acquisition results – (net of dividend)	**(4,572)**	(3,687)
	17,676	1,889

11. INVESTMENT PROPERTIES

	2022	*2021*
	USD'000	*USD'000*
At 1 January	**3,422,010**	3,370,572
Additions	**27,526**	24,024
Transfer of land & buildings (note (a) below)	**(171,394)**	-
Encashment of claims/ settlement with contractor (note (b) below)	**(2,541)**	5,449
Transfer to property and equipment (note 12)	**(2,906)**	(1,808)
Write off (note (c) below)	**(748)**	-
Other cost adjustments	**(348)**	-
Fair value gain on investment properties	**192,027**	23,773
At 31 December	**3,463,626**	3,422,010

a) During the year, the group has transferred part of itsland & building to a related party for project development within DIFC community. The transfer of land and building has been accounted for against equity.

b) During the year, the Group has received certain claims from third party for unsatisfactory performance obligations as per court directives.

c) During the year, the Group has written off certain development costs pertaining to projects which are discontinued.

d) Investment properties are stated at fair value, determined based on valuations performed as at 31 December 2022. The valuation of level 3 investment properties amounting to USD 3.46 billion (2021 USD 3.42 billion) have been fair valued by an accredited independent external valuer which specialises in valuing these types of investment properties.

The valuation of the developed properties was carried out using the income approach, the valuation of undeveloped land was based on the comparable market approach while the valuation of under development properties is based on discounted cash flow basis. The valuation is based on assumptions made by the valuer in relation to the future rental yields, discount rates and occupancy rates. In case of undeveloped land, the valuer adopted a rate of AED per square foot on Gross Floor Area.

In case of under development properties, the valuer has adopted the residual valuation approach. The Residual valuation approach relates to valuation which consists of an estimate of the value of the property after allowing for various items of expenditure. In terms of valuing the property the "residual" refers to the value of the site after all costs has been spent.

e) No interest was capitalised within the carrying value of investment property during the current and prior year.

f) The income earned by the Group from these investment properties has been disclosed in the consolidated statement of profit or loss and comprises:

	2022	*2021*
	USD'000	*USD'000*
Rental income from investment properties	**175,532**	167,714

g) The significant direct operating expenses incurred during the year, in relation to the investment properties on which rental income is earned by the Group amounted to USD 32,986 thousand (2021: USD 35,499 thousand) and are included in direct costs. Fees and other income represent those fees that arise indirectly from the investment property operations and mainly comprise employment visa fees.

h) ***Fair value hierarchy:***

Investment properties are categorised in Level 3 for fair value measurement.

There were no transfers between different levels during 2022 and 2021.

11. INVESTMENT PROPERTIES (continued)

i) The key assumptions made for the valuation of investment properties are as follows:

(i) Developed Properties:

The value of the investment properties has been determined through analysis of the income achievable for the buildings, subject to any existing leases and takes into account the projected annual expenditure. Both the contracted rent and estimated rental values have been considered in the valuation with allowances for void periods, running costs, vacancy rates and other costs. Based on the type and location of the properties, the value of each of property has been determined by targeting an equivalent yield in the range of 6.50% to 6.75% (2021: 6.50% to 7.50%).

(ii) Undeveloped land:

The valuation of the undeveloped land has been derived using a comparable method which takes into account the estimated sales price per square foot of similar transactions in the market.

Significant increases/(decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher/(lower) fair value of the properties. Significant increases/(decreases) in long-term vacancy rate and equivalent yield in isolation would result in a significantly lower/(higher) fair value.

(iii) Under development properties:

In case of under development properties, the valuer has adopted the residual valuation approach. The Residual valuation approach relates to valuation which consist of an estimate of the value of the property after allowing for various items of expenditure. In terms of valuing the property the "residual" refers to the value of the site after all costs has been spent. In specific, valuer considers the net leasable area for each type of lease, pre-lease commitments signed with tenants, construction status of the property, construction cost spent till date, projected future cash outflows related to the completion of project and expected developer margin from the property.

Accordingly, net residual value for the land was derived.

j) Operating leases – Group as lessor

The future minimum lease payments receivable (base rent) under non-cancellable operating lease contracted for at the reporting date but not recognised as receivable, are as follows:

	2022	*2021*
	USD'000	*USD'000*
Within one year	**132,483**	129,436
After one year, but not more than five years	**200,466**	198,233
More than five years	**31,384**	26,092
	364,333	353,761

In addition to the base rent, the Group also charges an annual service charge to its tenants.

12. PROPERTY AND EQUIPMENT

	Building USD '000	*Computer equipment and software USD '000*	*Furniture, fixtures, office equipment and accessories USD '000*	*Motor vehicles USD '000*	*Property under development USD '000*	*Total USD '000*
Cost or fair value:						
At 1 January 2022	25,994	7,509	34,216	94	1,596	69,409
Additions	691	505	2,262	-	-	3,458
Revaluation gain	6,252	-	-	-	-	6,252
Cost adjustments	-	809	(452)	-	-	357
Transfer (to)/ from investment properties (note 12)	(131)	618	2,419	-	-	2,906
Reversal of depreciation	(866)	-	-	-	-	(866)
At 31 December 2022	**31,940**	**9,441**	**38,445**	**94**	**1,596**	**81,516**
Depreciation and impairment:						
At 1 January 2022	-	6,284	12,459	86	1,557	20,386
Charge for the year	1,282	513	2,608	6	-	4,409
Reversal of depreciation	(866)	-	-	-	-	(866)
At 31 December 2022	**416**	**6,797**	**15,067**	**92**	**1,557**	**23,929**
Net carrying amount:						
At 31 December 2022	**31,524**	**2,644**	**23,378**	**2**	**39**	**57,587**

a) Furniture, fixtures, office equipment and accessories include assets with indefinite lives amounting to USD 12,709 thousand (2021: USD 12,192 thousand), the fair value for the mentioned assets is not significantly different to its carrying value.

b) Property under development of AED 1,567 thousand (2021: AED 1,567 thousand) has been fully impaired.

c) The revaluation gain on buildings has been recognised in the consolidated statement of profit or loss, since it reverses a revaluation deficit of the same asset previously recognised in the consolidated statement of profit or loss in accordance with the requirements of IAS 16.

12. PROPERTY AND EQUIPMENT (continued)

	Building USD '000	*Computer equipment and software USD '000*	*Furniture, fixtures, office equipment and accessories USD '000*	*Motor vehicles USD '000*	*Property under development USD '000*	*Total USD '000*
Cost or fair value:						
At 1 January 2021	26,523	7,372	31,381	94	1,596	66,966
Additions	-	49	1,115	-	-	1,164
Revaluation gain	355	-	-	-	-	355
Transfer from investment properties (note 12)	-	88	1,720	-	-	1,808
Reversal of depreciation	(884)	-	-	-	-	(884)
At 31 December 2021	25,994	7,509	34,216	94	1,596	69,409
Depreciation and impairment:						
At 1 January 2021	-	5,869	9,730	79	1,557	17,235
Charge for the year	884	415	2,729	7	-	4,035
Reversal of depreciation	(884)	-	-	-	-	(884)
At 31 December 2021	-	6,284	12,459	86	1,557	20,386
Net carrying amount:						
At 31 December 2021	25,994	1,225	21,757	8	39	49,023

13. SHARE CAPITAL

a) Authorised and issued share capital

	2022 USD'000	*2021 USD'000*
Authorised, issued and fully paid-up share capital: 500,000,000 ordinary shares of USD 1 each (2021: 500,000,000 ordinary shares of USD 1 each)	**500,000**	500,000

14. OTHER RESERVES

	Fair value reserve USD'000	***Other reserves USD'000***	***Currency translation reserve USD'000***	***Total USD'000***
At 1 January 2022	**(137,268)**	**75,538**	**20,421**	**(41,309)**
Unwinding of discount on loan (note 15)	**-**	**(25,203)**	**-**	**(25,203)**
Fair value changes	**(8,908)**	**-**	**-**	**(8,908)**
Currency translation movements	**-**	**-**	**446**	**446**
At 31 December 2022	**(146,176)**	**50,335**	**20,867**	**(74,974)**

	Fair value reserve USD'000	***Other reserves USD'000***	***Currency translation reserve USD'000***	***Total USD'000***
At 1 January 2021	(145,157)	99,786	21,620	(23,751)
Unwinding of discount on loan (note 15)	-	(24,248)	-	(24,248)
Fair value changes	7,889	-	-	7,889
Currency translation movements	-	-	(1,199)	(1,199)
At 31 December 2021	(137,268)	75,538	20,421	(41,309)

15. DUE TO THE GOVERNMENT OF DUBAI

In 2016, the Group entered into an agreement with the Government of Dubai to convert the loan and outstanding interest into an interest free loan repayable in November 2024. Accordingly, the loan of USD 500 million and interest accrued of USD 203 million was recognised as due to Government of Dubai. The Group in accordance with its accounting policy had discounted this loan balance and its current net present value is USD 654 million (2021: USD 629 million), with the difference being recorded in other reserves. During the year, part of this discount on loan, amounting to USD 25.2 million (2021: USD 24.2 million), was charged as part of finance costs within the consolidated statement of profit or loss.

	2022 USD'000	*2021 USD'000*
At 1 January	**628,567**	604,319
Foreign exchange (loss)	**(68)**	-
Unwinding of discount on loan (note 14)	**25,203**	24,248
	653,702	628,567

16. DUE TO SUKUK CERTIFICATE HOLDERS

	2022	*2021*
	USD'000	*USD'000*
Proceeds from the issuance of the Sukuk	**700,000**	700,000
Repurchase	**(50,000)**	(50,000)
Sukuk issuance cost	**(472)**	(730)
Sukuk liability at the end of the year	**649,528**	649,270

On 4 November 2014, DIFC Sukuk Limited (the "Issuer"), a limited liability company registered in the Dubai International Financial Centre and a wholly owned subsidiary of DIFC Investments Ltd, has issued trust certificates (the "Sukuk") amounting to USD 700,000 thousands. The transaction costs amounted to USD 2,575 thousand. The Sukuk is listed on the NASDAQ Dubai and is due for repayment in 2024. The Sukuk carries a profit distribution rate of 4.325% per annum to be paid bi-annually. In prior years, the Group repurchased 500,000 units (USD 50 million) of Sukuk certificates. The gain on repurchase has been taken to the consolidated statement of profit or loss.

Sukuk certificates have been issued by the Issuer and the proceeds were passed onto the Parent Company under an arrangement between the Issuer and the Parent Company. The legal obligation of Sukuk certificates is with the Issuer which issued the certificates, and this would be paid through amounts to be received from the Parent Company under an agreement between the Issuer and the Parent Company. As a result of this arrangement all the risks and rewards of the Sukuk certificates have been passed onto the Parent Company and accordingly the liability under the Sukuk certificates have been recorded in the books of the Parent Company.

During the year, the Group has amortised the Sukuk issuance cost over the period of Sukuk amounting to USD 258 thousand (2021: USD 257 thousand).

17. TRADE AND OTHER PAYABLES

		2022			*2021*	
	Current	***Non-current***	***Total***	*Current*	*Non-current*	*Total*
	USD'000	***USD'000***	***USD'000***	*USD'000*	*USD'000*	*USD'000*
Security deposits	**7,271**	**66,573**	**73,844**	7,271	62,748	70,019
Deferred revenue	**16,474**	**-**	**16,474**	18,304	-	18,304
Advances from customers	**4,905**	**-**	**4,905**	305	-	305
Accrued expenses	**16,610**	**-**	**16,610**	19,262	-	19,262
Construction cost accruals	**4,638**	**-**	**4,638**	4,638	-	4,638
Accounts payable	**8,031**	**-**	**8,031**	7,857	-	7,857
Provision for onerous lease contracts (note 17.2)	**-**	**-**	**-**	1,594	-	1,594
Due to related parties (note 20)	**9,394**	**-**	**9,394**	6,353	-	6,353
Accrued interest	**3,716**	**-**	**3,716**	3,716	-	3,716
Retention payable	**1,410**	**3,291**	**4,701**	1,528	3,564	5,092
Provision for employees' end of service benefits (note 18	**-**	**553**	**553**	-	627	627
Others (note 17.1)	**3,131**	**70,293**	**73,424**	16,556	66,880	83,436
	75,580	**140,710**	**216,290**	87,384	133,819	221,203

17.1 In prior years a claim was made against the Group requiring the Group to contribute to the costs of certain infrastructure development works. After negotiation between the Group and the claiming party, an agreement has been reached according to which a liability has been made for the payable amount. As per the agreement, the Group will pay the payable amount on instalments till 2029. The payable amount is discounted by using a discount rate of 4.75%.

17 TRADE AND OTHER PAYABLES (continued)

17.2 Movement in the provision for onerous lease contracts during the year is as follows:

	2022 ***USD'000***	*2021* *USD'000*
At 1 January	**1,594**	2,636
Reversal during the year (note 6)	**(1,510)**	(1,014)
Foreign exchange currency translations	**(84)**	(28)
At 31 December	**-**	1,594

18. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

Effective 1 February 2020, employees end of service gratuity in DIFC has been replaced by the new DIFC employee workplace saving plan ("DEWS"). Under the plan, all companies registered within DIFC will have to make mandatory contribution of 5.83 per cent of every employee's monthly basic salary (for employees who have less than five years' service), and 8.33 per cent of the basic salary for employees who have longer service. Employees can also make voluntary additional contributions to their funds and have the option to manage their funds based on their risk profile.

The management of the Group has decided that the provision for employees' end of service benefits as at 31 January 2020 will be kept with the Group and any decision to transfer the balance will be taken based on the performance of the fund.

19. COMMITMENTS AND CONTINGENCIES

19.1 The Group has the following commitments at the end of the year:

	2022 ***USD'000***	*2021* *USD'000*
Capital commitments	**88,936**	26,217
Other commitments	**14,448**	24,085

19.2 During the year, there has been a final determination of a damages claim previously lodged by a third party in the DIFC Courts against the Group as a consequence of the termination of a joint venture in 2018. The matter has since been heard in the DIFC Courts, where the third party's allegations and claims were comprehensively dismissed. The matter is now concluded in the DIFC Courts, and the parties have also since settled the legal costs due to the Group as a consequence of the legal proceedings.

19.3 As at 31 December 2022, capital commitments include commitments for properties under development amounting to USD 48,437 thousands (2021: nil) (note 11)

20. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated entities, the legal and beneficial shareholder and key management personnel of the Group, 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.

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

20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Transactions with related parties

	2022 USD'000	*2021 USD'000*
Income from investment properties	**2,334**	1,377
Other income	**46**	8,174
Finance income	**3,224**	1,621
Finance cost on Government loan (note 15)	**25,203**	24,248
Legal and professional (note 6)	**-**	4
Transfer of land & buildings (note 11)	**171,394**	-

During 2021, group has received an amount of USD 8,174 thousands from a related party in respect of construction delays penalty by the owner of the plot in a mortgage foreclosure action taken by the related party against the owner. The related party has acquired the rights of the plot pursuant to court judgement.

b) Affiliates

	2022 USD'000	*2021 USD'000*
Shared service costs (note 6)	**15,149**	14,366

Shared services relate to costs on support services and centralized administration cost.

c) Compensation to key management personnel

	2022 USD'000	*2021 USD'000*
Short term benefits	**834**	613
Employees' end of service benefits	**29**	28
	863	641

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

d) Due from related parties

	2022 USD'000	*2021 USD'000*
Receivables from (note 9)		
Affiliates	**16,883**	7,076
Others	**3,212**	3,166
	20,095	10,242

For the year ended 31 December 2022, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (2021: AED nil).

20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

e) Due to related parties

	2022	*2021*
	USD'000	*USD'000*
Payable to (note 17)		
Affiliates	**8,433**	4,748
Others	**961**	1,605
	9,394	6,353

f) Directors, key management personnel and their related parties

	2022	*2021*
	USD'000	*USD'000*
Cash at bank and term deposits	**98,386**	71,679
Security deposit from customers	**152**	149
Other receivables	**4**	2
	98,541	71,830

g) As per the terms of the financing obtained by the Group, the Group procures surplus funds of certain of its related parties and utilises them in making payments of outstanding amount to bank as well as profit payment for the financing on a regular basis. Such funds procured by the Group during the period and outstanding at period-end mainly represents amounts due to the related parties at the reporting date. Such amounts are unsecured, interest free and repayable upon lender's demand.

All the other balances arose in the normal course of business and are interest free, unsecured and repayable upon lender's demand except for loans from the Government of Dubai and interest accrued thereon, repayment terms of which are disclosed in note 15 to these consolidated financial statements.

h) During the year, financial liabilities of the Group amounting to USD 29.59 million (2021: USD 19.4 million) reflecting debt repayments made on its behalf were settled by the Dubai International Financial Centre Registrar of Real Properties for USD 12.67 million (2021: USD 13.5 million), Dubai International Financial Centre Registrar of Companies for USD 11.93 million (2021: USD 5.9 million) and Dubai International Financial Centre Registrar of Securities for USD 4.99 million (2021: Nil) . This has been accounted for as equity in order to meet its financial obligations under the debt and/or Sukuk arrangement which reflects the co-dependencies of each of the entities.

Other transactions with related parties have been disclosed in notes 9, 10, 11, 15 and 17 to these consolidated financial statements.

21. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors
Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group's activities expose it to a variety of financial risks and involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of realisable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The senior management is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, market risk and liquidity risk. Market risk includes currency risk, interest rate risk and price risk.

Credit risk
Credit risk is the risk that a customer or counterparty will fail to meet a commitment, resulting in financial loss to the Group. Such risk arises from investment, treasury and other activities undertaken by the Group. Credit risk is actively monitored in accordance with the credit policies which clearly define delegated authorities, policies and procedures. The management of credit risk also involves the monitoring of risk concentrations by industrial sector as well as by geographic location.

The Group has an internal credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Trade receivables
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, product type, customer type and rating, and coverage by letters of credit or letter of guarantees). 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. Security deposits obtained from the customers are considered integral part of trade receivables and considered in the calculation of impairment.

Amounts due from related parties, deposits and other receivables
An impairment analysis is performed at each reporting date by reviewing internal and external information available (historical and forward looking) for each amount due from related parties, deposits and other receivables, to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The maximum exposure to credit risk at the reporting date is the carrying value of each amount due from related parties.

Bank balances
Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Counterparty credit limits are reviewed and updated throughout the year. Credit risk on bank balances are assessed to be minimal as these balances are callable on demand and held with reputable financial institutions in the UAE.

Other financial assets
Credit risk on other financial assets is assessed to be minimal based on historical default and the fact that they are held with counterparties with creditworthiness evaluated to be good by the Group's internal process.

21. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk factors (continued)

Credit risk (continued)

Set out below is the information about the credit risk exposure on the Group's trade and other receivables, bank balances, amount due from related parties and investment in securities using a provision matrix:

	2022		
	Gross value USD'000	***Allowance for expected credit losses USD'000***	***Expected credit loss (ECL)***
Trade receivables	**28,119**	**18,459**	**66%**
Deposits and other receivables	**38,268**	**21,623**	**57%**
Cash at bank and term deposits	**418,589**	**-**	**0%**
Amount due from related parties	**20,095**	**-**	**0%**
Other financial assets	**83,048**	**-**	**0%**

	2021		
	Gross value AED	*Allowance for expected credit losses AED*	*Expected credit loss (ECL)*
Trade receivables	27,573	18,724	68%
Deposits and other receivables	35,425	19,939	56%
Cash at bank and term deposits	359,108	-	0%
Amount due from related parties	10,242	-	0%
Other financial assets	80,792	-	0%

The table below shows the maximum exposure to credit risk for the components of Group's consolidated statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements, if any.

		Gross maximum exposure	
	Notes	***2022 USD'000***	*2021 USD'000*
Cash at bank and term deposits	7	**418,574**	359,108
Investment in securities	8	**145,176**	80,792
Trade and other receivables (less advances, prepayments, VAT and unbilled revenue)	9	**36,739**	34,577
Total credit risk exposure		**600,489**	474,477

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more detail on the maximum exposure to credit risk for each class of financial instrument, references have been made to the specific notes.

Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

21. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk factors (continued)

Credit risk (continued)

Risk concentrations of the maximum exposure to credit risk (continued)

To avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below shows a geographical segment analysis of the maximum exposure to credit risk for the components of the Group's consolidated statement of financial position without taking into account any collateral and other credit enhancements.

	Assets 2022 USD'000	*Assets 2021 USD'000*
GCC & other Middle Eastern countries	**599,375**	461,625
Other countries	**1,114**	12,852
	600,489	474,477

The table below shows an industry wise analysis of the maximum exposure to credit risk for the components of the Group's consolidated statement of financial position without taking into account any collateral and other credit enhancements.

	Gross maximum exposure	
	2022 USD'000	*2021 USD'000*
Banks and financial institutions	**418,574**	359,108
Commercial and business	**36,739**	34,577
Listed & unlisted equity and debt instruments of financial institutions	**145,176**	80,792
	600,489	474,477

The Group's 5 largest customers account for 69% of outstanding accounts receivable at 31 December 2022 (2021: 68%).

Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind and by maintaining a healthy balance of cash and cash equivalents.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group.

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

2022	***Less than 3 months USD'000***	***3 to 12 3 months USD'000***	***1 to 5 years USD'000***	***Over 5 years USD'000***	***Total USD'000***
Due to the Government of Dubai	**-**	**-**	**-**	**703,390**	**703,390**
Due to Sukuk certificate holders	**-**	**30,275**	**680,275**	**-**	**710,550**
Trade and other payables	**25,558**	**26,840**	**62,624**	**84,388**	**199,410**
Total	**25,558**	**57,115**	**742,899**	**787,778**	**1,613,350**

21. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

2021	*Less than 3 months USD'000*	*3 to 12 3 months USD'000*	*1 to 5 years USD'000*	*Over 5 years USD'000*	*Total USD'000*
Due to the Government of Dubai	-	-	-	703,390	703,390
Due to Sukuk certificate holders	-	30,275	710,550	-	740,825
Trade and other payables	29,639	27,346	73,113	81,711	211,809
Total	29,639	57,621	783,663	785,101	1,656,024

Due to the Government of Dubai, due to Sukuk certificate holders and other payables also include future interest / profit.

Market risk
The Group is exposed to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Market risk arises from fluctuations in interest rates, foreign exchange rates and equity prices.

a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest-bearing assets and liabilities, principally comprising its variable rate cash and cash equivalents. As at 31 December 2022 and 2021, the Group has no variable rate borrowing.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant.

Assumed change in benchmark rate:

	Sensitivity of consolidated statement of profit or loss	
	2022 USD'000	*2021 USD'000*
± 100 basis points	±3,986	±3,368

There is no other impact on Group's equity as a result of changes in interest rates.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's results for one year, based on the floating rate financial assets and financial liabilities held at the year-end.

b) Currency risk
Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates.

The assets of the Group are typically funded in the same currency as that of the business transacted in order to eliminate foreign exchange exposure. However, the Group does have some exposures due to open positions being held in certain other currencies. At the year-end, the Group had the following significant net exposures denominated in foreign currencies:

	Net overall long / (short) position	
	2022 USD'000 Equivalent	*2021 USD'000 equivalent*
Pound Sterling	**5,291**	22,679
Egyptian Pound	**50,098**	50,158
	55,389	72,837

21. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

b) Currency risk (continued)

The analysis in the table below calculates the effect of a reasonably possible increase of the relevant currency rate against the USD, with all other variables held constant on the consolidated statement of profit or loss and equity. A negative amount in the table reflects a potential deterioration of the consolidated profit / equity while a positive amount reflects a potential improvement in the consolidated profit / equity.

	2022		*2021*	
Currency	***Change in currency rate in %*** *%*	***Effect on profit USD'000***	*Change in currency rate in % %*	*Effect on profit USD'000*
Pound Sterling	**±5**	**265**	±5	1,134

	2022		*2021*	
Currency	***Change in currency rate %***	***Effect on equity in USD'000***	*Change in currency rate %*	*Effect on equity USD'000*
Egyptian Pound	**±5**	**2,505**	±5	2,508

The effect of a reasonably possible decrease of the relevant currency rate by 5% against USD with all the other variables held constant would be exactly opposite to the effect shown in the above table.

c) Price risk

Price risk is the risk that the fair values of financial instruments may change as a result of changes in the levels of indices and the value of individual financial instrument. The price risk exposure arises from the Group's investment portfolio.

The effect on the consolidated statement of profit or loss/ equity (as a result of a change in the fair value of financial instruments held as fair value at year-end) due to a reasonably possible change in investment prices, with all other variables held constant, is as follows:

	2022		
	Change in price %	***Effect on consolidated profit USD'000***	***Effect on consolidated OCI***
Unlisted equity instruments	**±10**	**-**	**5,514**
Listed debt instruments	**±10**	**-**	**8,298**
Listed equity instruments	**±10**	**10**	**688**
Funds	**±10**	**8**	**-**

	2021		
	Change in price %	*Effect on consolidated profit USD'000*	*Effect on consolidated OCI*
Unlisted equity instruments	±10	-	5,514
Listed debt instruments	±10	-	8,048
Listed equity instruments	±10	16	-
Funds	±10	31	-

21. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Operational risk
Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

22. 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) Investments, including investment properties; and (b) Other operations. The first segment operations represent the business segment responsible for acquisitions of businesses and for making investments in equities, funds and derivatives, management of investment portfolio and investment properties while the second segment represents all other miscellaneous activities of the Group.

The first segment "Investments including investment property" 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

Management further monitors some selected financial information of the first segment bifurcated between (a) property investments; and (b) other investments. However other investments related segment also does not meet the reporting threshold prescribed by IFRS and thus such information is also not disclosed in these consolidated financial statements.

Geographical information
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.

23. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent.

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. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. 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 between 20% and 50%. The Group includes within net debt, interest bearing loans and borrowings, less cash and bank deposits.

	Notes	***2022 USD'000***	*2021 USD'000*
Loan and borrowings			
Due to the Government of Dubai	15	**653,702**	628,567
Due to Sukuk certificate holders	16	**649,528**	649,270
		1,303,230	1,277,837
Less: Cash and bank deposits	7	**(418,574)**	(359,108)
Net Debt		**884,656**	918,729
Total equity		**2,632,085**	2,509,347
Capital and net debt		**3,516,741**	3,428,076
Gearing ratio		**25.15%**	26.80%

23. CAPITAL MANAGEMENT (continued)

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

24. DIVIDENDS

During the year, the Group has paid dividends of USD 43,597 thousand (2021: USD 43,597 thousand) to the Government of Dubai on behalf of DIFCA.

25. CORPORATE TAX

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision.

The Group has business operations in designated free zone in DIFC, Dubai which has 0% corporate tax rate for 50 years. The Group is currently assessing the impact of these laws and regulations and will apply the requirements as they come into effect.