Emaar Properties PJSC
and its Subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2023

Emaar Properties PJSC and its Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
For the Period Ended 31 March 2023

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Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders of Emaar Properties PJSC

Introduction

We have reviewed the accompanying 31 March 2023 interim condensed consolidated financial statements of Emaar Properties PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise:

- the interim condensed consolidated statement of financial position as at 31 March 2023;
- the interim condensed consolidated income statement for the three-month period ended 31 March 2023;
- the interim condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2023;
- the interim condensed consolidated statement of changes in equity for the three-month period ended 31 March 2023;
- the interim condensed consolidated statement of cash flows for the three-month period ended 31 March 2023; and
- notes to the interim condensed consolidated financial statements.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 12 May 2023

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
Period ended 31 March 2023 (Unaudited)

		(US $1.00 = AED 3.673)	
		Three-month period ended	
	Notes	***31 March 2023 AED'000***	*31 March 2022 AED'000*
Revenue	*5*	**6,290,150**	6,635,390
Cost of revenue	*5*	**(2,786,924)**	(3,240,630)
GROSS PROFIT		**3,503,226**	3,394,760
Other operating income		**94,654**	91,740
Other operating expenses		**(29,266)**	(33,026)
Selling, general and administrative expenses	*6*	**(693,938)**	(757,225)
Depreciation of property, plant and equipment		**(145,755)**	(148,496)
Depreciation of investment properties		**(177,865)**	(166,113)
Finance income	*7(a)*	**262,806**	106,652
Finance costs	*7(b)*	**(232,120)**	(233,024)
Other income	*8*	**1,150,688**	343,955
Share of results of associates and joint ventures		**(53,350)**	38,361
Reversal of impairment		**-**	64,359
PROFIT BEFORE TAX		**3,679,080**	2,701,943
Income tax expense		**(64,724)**	(48,002)
NET PROFIT FOR THE PERIOD		**3,614,356**	2,653,941
ATTRIBUTABLE TO:			
Owners of the Company		**3,206,098**	2,239,074
Non-controlling interests		**408,258**	414,867
		3,614,356	2,653,941
Earnings per share attributable to the owners of the Company:			
- basic and diluted earnings per share (AED)		**0.36**	0.27

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

	(US $1.00 = AED 3.673) Three-month period ended	
	31 March 2023 AED'000	*31 March 2022 AED'000*
Net profit for the period	**3,614,356**	2,653,941
Other comprehensive income/ (loss) to be reclassified to income statement in subsequent periods:		
Increase in unrealised gains reserve	**-**	4,960
Decrease in foreign currency translation reserve	**(842,916)**	(845,579)
Net other comprehensive loss to be reclassified to income statement in subsequent periods	**(842,916)**	(840,619)
Other comprehensive income / (loss) not to be reclassified to income statement in subsequent periods:		
(Decrease) / increase in unrealised (losses) / gains reserve	**(42,711)**	165,544
Realised loss on fair value movement through other comprehensive income	**-**	(4,471)
Net other comprehensive (loss) / income not to be reclassified to income statement in subsequent periods	**(42,711)**	161,073
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,728,729**	1,974,395
ATTRIBUTABLE TO:		
Owners of the Company	**2,415,164**	1,657,307
Non-controlling interests	**313,565**	317,088
	2,728,729	1,974,395

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Period ended 31 March 2023 (Unaudited)

	Notes	31 March 2023 AED'000	31 December 2022 AED'000 (Audited)
		(US$ 1.00 = AED 3.673)	
ASSETS			
Bank balances and cash	9	**22,827,195**	18,289,188
Trade and unbilled receivables	10	**21,837,321**	22,218,348
Other assets, receivables, deposits and prepayments	11	**6,311,609**	5,766,493
Development properties	12	**40,563,175**	42,240,585
Assets classified as held for sale	4	**-**	1,029,556
Investments in securities	13	**1,796,019**	2,236,840
Loans to associates and joint ventures	14	**965,133**	1,043,262
Investments in associates and joint ventures	15	**5,688,176**	5,800,926
Property, plant and equipment		**9,500,990**	9,883,879
Investment properties		**22,551,062**	22,688,259
Intangible assets		**220,669**	211,942
Right-of-use assets		**968,138**	954,851
TOTAL ASSETS		**133,229,487**	132,364,129
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	16	**19,130,904**	19,659,764
Advances from customers		**20,527,778**	19,563,729
Liabilities directly associated with assets classified as held for sale	4	**-**	496,256
Retentions payable		**1,561,765**	1,620,543
Deferred income tax payable		**963,397**	922,804
Interest-bearing loans and borrowings	17	**3,563,164**	5,331,227
Sukuk	18	**9,167,956**	9,166,684
Provision for employees' end-of-service benefits		**176,346**	177,044
TOTAL LIABILITIES		**55,091,310**	56,938,051
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	**8,838,790**	8,838,790
Employees' performance share program		**(1,684)**	(1,684)
Reserves	20	**21,208,696**	21,999,630
Retained earnings		**41,340,033**	38,161,738
		71,385,835	68,998,474
Non-controlling interests		**6,752,342**	6,427,604
TOTAL EQUITY		**78,138,177**	75,426,078
TOTAL LIABILITIES AND EQUITY		**133,229,487**	132,364,129

To the best of our knowledge, the interim condensed consolidated financial statements fairly present, in all material respects, the interim condensed consolidated financial position, results of operation and interim condensed consolidated cash flows of the Group as of, and for, the period ended 31 March 2023.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors and signed on their behalf by:

Director

Director

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2023 (Unaudited)

(US $1.00 = AED 3.673)

	Attributable to the owners of the Company						
	Share capital AED'000	***Employees' performance share program AED'000***	***Reserves AED'000***	***Retained earnings AED'000***	***Total AED'000***	***Non-controlling interests AED'000***	***Total equity AED'000***
Balance at 1 January 2023	**8,838,790**	**(1,684)**	**21,999,630**	**38,161,738**	**68,998,474**	**6,427,604**	**75,426,078**
Total comprehensive income for the period							
Net profit for the period	**-**	**-**	**-**	**3,206,098**	**3,206,098**	**408,258**	**3,614,356**
Other comprehensive income for the period	**-**	**-**	**(790,934)**	**-**	**(790,934)**	**(94,693)**	**(885,627)**
Total comprehensive income for the period	**-**	**-**	**(790,934)**	**3,206,098**	**2,415,164**	**313,565**	**2,728,729**
Movement in Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**11,173**	**11,173**
Other movement	**-**	**-**	**-**	**(27,803)**	**(27,803)**	**-**	**(27,803)**
Balance as at 31 March 2023 *(Unaudited)*	**8,838,790**	**(1,684)**	**21,208,696**	**41,340,033**	**71,385,835**	**6,752,342**	**78,138,177**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Period ended 31 March 2023 (Unaudited)

(US $1.00 = AED 3.673)

	Attributable to the owners of the Company						
	Share capital AED'000	*Employees' performance share program AED'000*	*Reserves AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
Balance as at 1 January 2022	8,179,739	(1,684)	20,046,605	33,468,571	61,693,231	6,502,273	68,195,504
Effect of changes due to restatements	-	-	-	21,406	21,406	(474,983)	(453,577)
Balance at 1 January 2022	8,179,739	(1,684)	20,046,605	33,489,977	61,714,637	6,027,290	67,741,927
Total comprehensive income for the period							
Net profit for the period	-	-	-	2,239,074	2,239,074	414,867	2,653,941
Other comprehensive income for the period	-	-	(577,296)	(4,471)	(581,767)	(97,779)	(679,546)
Total comprehensive income for the period	-	-	(577,296)	2,234,603	1,657,307	317,088	1,974,395
Dividend of a subsidiary	-	-	-	-	-	(240,000)	(240,000)
Other movement	-	-	-	(18,153)	(18,153)	-	(18,153)
Balance as at 31 March 2022	8,179,739	(1,684)	19,469,309	35,706,427	63,353,791	6,104,378	69,458,169

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
As at 31 March 2023 (Unaudited)

	Notes	*(US $1.00 = AED 3.673)* *For the three-month period ended* **31 March 2023 AED'000**	*31 March 2022 AED'000*
Cash flows from operating activities			
Profit before tax		**3,679,080**	2,701,943
Adjustments for:			
Share of results of associates and joint ventures		**53,350**	(38,361)
Depreciation		**351,818**	348,979
Amortisation of intangible assets		**1,702**	1,616
Provision for end-of-service benefits, net		**(698)**	1,600
Gain on sale of a subsidiary	*4*	**(699,884)**	-
(Gain) / loss on disposal of property, plant and equipment		**(109)**	890
Provision / (reversal) for receivables and write down		**7,692**	(50,301)
Finance costs	*7(b)*	**232,120**	233,024
Finance income	*7(a)*	**(262,806)**	(106,652)
Gain on dilution of stake in an associate	*8*	**-**	(233,406)
Cash from operations before working capital changes		**3,362,265**	2,859,332
Working capital changes:			
Trade and unbilled receivables		**437,686**	(778,969)
Other assets, receivables, deposits and prepayments		**(360,125)**	(373,075)
Development properties		**1,677,410**	2,082,236
Advances from customers		**964,049**	603,248
Trade and other payables		**(503,589)**	(671,964)
Retentions payable		**(58,778)**	29,217
Income tax, net		**(18,584)**	30,252
Net cash flows from operating activities		**5,500,334**	3,780,277
Cash flows from investing activities			
Purchase of securities		**(462,291)**	(301,718)
Proceeds from disposal of securities		**650,474**	557,149
Finance income received		**194,865**	106,033
Dividend received from associates and joint ventures		**38,400**	50,000
Repayment of investments in and loans to associates and joint ventures		**77,777**	87
Amounts incurred on investment properties		**(115,103)**	(138,640)
Proceeds from sale of assets held for sale	*4*	**1,231,190**	-
Amounts incurred on property, plant and equipment		**(298,464)**	(165,065)
Proceeds from disposal of property, plant and equipment		**109**	938
Deposits maturing after three months (including deposits under lien)	*9*	**(227,773)**	(103,498)
Advance against investments		**-**	(85,206)
Amount incurred on intangible assets		**(10,429)**	-
Net cash flows from / (used in) investing activities		**1,078,755**	(79,920)
Cash flows from financing activities			
Investment by Non-controlling interest		**11,173**	(240,000)
Proceeds from interest-bearing loans and borrowings	*17*	**921,480**	841,245
Repayment of interest-bearing loans and borrowings	*17*	**(2,654,225)**	(2,860,389)
Payment of lease liabilities		**(81,042)**	(41,628)
Finance costs paid		**(229,360)**	(283,353)
Net cash flows used in financing activities		**(2,031,974)**	(2,584,125)
Increase in cash and cash equivalents		**4,547,115**	1,116,232
Net foreign exchange difference		**(241,004)**	(131,378)
Cash and cash equivalents at the beginning of the period		**17,545,056**	7,463,883
Cash and cash equivalents at the end of the period	*9*	**21,851,167**	8,448,737

1 DOMICILE AND ACTIVITIES

Emaar Properties Public Joint Stock Company (the "Company") was established as a public joint stock company by Ministerial Decree number 66 in the year 1997. The Company was established on 23 June 1997 and commenced operations on 29 July 1997. The Company and its subsidiaries constitute the Group (the "Group"). The Company's registered office is at P.O. Box 9440, Dubai, United Arab Emirates ("UAE"). The shares of the Company are traded on the Dubai Financial Market.

The principal activities of the Group are property investment, development and development management, shopping malls and retail, hospitality, property management and utility services and investments in providers of financial services.

The interim condensed consolidated financial statements were authorised for issue on 12 May 2023.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the period ended 31 March 2023 have been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting and UAE Federal Decree Law No. (32) of 2021.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements, except for the new standards, amendments and significant estimates and judgements adopted during the current period as explained below in notes 2.2 and 2.3.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The interim condensed consolidated financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of interim condensed consolidated financial statements on the basis described above requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which for the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Results for the period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and entities (including special purpose entities) controlled by the Group. Control is achieved where all the following criteria are met:

(a) the Group has power over an entity (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
(b) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
(c) the Group has the ability to use its power over the entity to affect the amount of the Company's returns.

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

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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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 interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries
Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests (NCI) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Share of comprehensive income/loss within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

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

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the interim condensed consolidated income statement; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to the interim condensed consolidated income statement or retained earnings, as appropriate.

Associates and joint ventures
Associates are companies in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group's investment in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, investments in associates and joint ventures are carried in the interim condensed consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associated and joint venture companies, less any impairment in value.

The interim condensed consolidated income statement reflects the Group's share of results of its associates and joint ventures. Unrealised profits and losses resulting from transactions between the Group and associates and its joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Special purpose entities
Special purpose entities are entities that are created to accomplish a narrow and well-defined objective. The financial information of special purpose entities is included in the Group's interim condensed consolidated financial statements where the substance of the relationship is that the Group controls the special purpose entity and hence, they are accounted for as subsidiaries.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these interim condensed 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 at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgments and estimates and assumptions that have a significant impact on the interim condensed consolidated financial statements of the Group are discussed below:

Judgments

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

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

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

Transfer of control in contracts with customers
In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer. The title will be transferred to the customer only upon 100% collection, resulting in a low risk of default and loss thereof.

Transfer of real estate assets from property, plant and equipment to development properties
The Group sells real estate assets in its ordinary course of business. When the real estate assets which were previously classified as property, plant and equipment are identified for sale in the ordinary course of business, then the assets are transferred to development properties at their carrying value at the date of identification. Sale proceeds from such assets are recognised as revenue in accordance with IFRS 15.

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

Classification of investment properties
The Group determines whether a property qualifies as investment property in accordance with IAS 40 *Investment Property*. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by the Group. The Group has determined that hotels and serviced apartment buildings owned by the Group are to be classified as part of property, plant and equipment rather than investment properties since the Group also operates these assets.

Operating lease commitments - Group as lessor
The Group has entered into commercial and retail property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

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

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

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

Valuation of investment properties
The Group appoints external professionally qualified valuers on an annual basis to obtain estimates of the market value of investment properties, using recognised valuation techniques for the purposes of impairment review and disclosures in the interim condensed consolidated financial statements. These key estimates are assessed for appropriateness at each reporting period by the management.

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

Hyperinflation
Turkey became a hyperinflationary economy in 2022. Management have carried out a detailed assessment of the impact of applying IAS 29 Financial Reporting in Hyperinflationary Economies and noted that there is no impact of applying IAS 29 on its operations in Turkey, as the functional and presentation currency of the component is US Dollars.

Estimations and assumptions

Impairment of trade, unbilled receivables and other receivables
An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied based on expected credit losses on such receivables.

Useful lives of property, plant and equipment, investment properties and intangible assets
The Group’s management determines the estimated useful lives of its property, plant and equipment, investment properties and intangible assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation / amortisation method to ensure that the method and period of depreciation / amortisation are consistent with the expected pattern of economic benefits from these assets.

Measurement of progress when revenue is recognised over time
The Group has elected to apply the input method to measure the progress of performance obligations where revenue is recognised over time. The Group considers that the use of the input method which requires revenue recognition on the basis of the Group’s efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimations and assumptions (continued)

Cost to complete the projects
The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Taxes
The Group is subject to income and capital gains taxes in certain jurisdictions. Significant judgment is required to determine the total provision for current and deferred taxes. The Group established provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretations may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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

External valuers report to assess net realizable value of development properties
As at 31 December 2022, valuations performed by certain external valuers on the Group's development properties has drawn attention to the fact that a combination of global inflationary pressures, higher interest rates and recent geopolitical events have heightened the potential for greater volatility in property markets over the short-to-medium term, requiring management to closely monitor the valuation and track how market participants respond to current market volatility. Management has critically assessed asset valuations as at the reporting date and, in the current environment, are satisfied with the assumptions adopted and valuations reported. Management will continue to closely monitor the impact of this evolving situation to assess its impact to the Group, if any.

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

Development properties are stated at the lower of cost and estimated net realisable value. The cost of work-in-progress comprises construction costs and other related direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted, however, the Group has not early adopted the new or amended standards in preparing these interim condensed consolidated financial statements. The following new or amended standards that are adopted in annual periods beginning on 1 January 2023:

2.3 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) New standards, interpretations and amendments adopted by the Group	**Effective date**
Definition of Accounting Estimate, Amendments to IAS 8	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 ad IFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023

These amendments / improvements had no impact on the consolidated financial statements of the Group.

(b) Standards, amendments and interpretations in issue but not effective

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

Forthcoming requirements	**Effective date**
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Non-current liability with covenants – Amendments to IAS 1 and Classification of Liabilities as Current and Non-current (Amendments to IAS 1)	1 January 2024
Sale or Contribution of Assets between an Investor its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely

The Group does not expect the adoption of the above new standards, amendments and interpretations to have a material impact on the future interim condensed consolidated financial statements of the Group.

2.4 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue recognition

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)
When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the interim condensed consolidated income statement to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Lease to buy scheme
Sales under the lease to buy scheme are accounted for as follows:
- Rental income during the period of lease is accounted for on a straight-line basis until such time the lessee exercises its option to purchase;
- When the lessee exercises its option to purchase, a sale is recognised in accordance with the revenue recognition policy for sale of property as stated above; and
- When recognising the sale, revenue is the amount payable by the lessee at the time of exercising the option to acquire the property.

Revenue recognition for turnover rent
Income from turnover rent is recognised based on the audited turnover reports submitted by the tenants. In the absence of audited reports, management makes its own assessment about the tenants achieving or exceeding the stipulated turnover in the lease contracts based on their historical performance.

Revenue from sale of land
The performance obligation with regards to sale of land is satisfied at a point in time when customer has access to the plot. Upon recognition of revenue against a certain plot, the infrastructure cost allocated to the plot of land is released to the statement of comprehensive income, as cost of revenue.

Development services
Revenue from rendering of development management services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Customer loyalty programme
The Group operates a loyalty points programme, ‘U by Emaar’, which allows customers to accumulate points when they spend in any of the Group’s hotel or leisure units. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

Rental income from lease of investment property
Rental income arising from operating leases on investment properties is recognised, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

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

Interest income

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

Income tax

Taxation is provided in accordance with the relevant fiscal regulations of the countries in which the Group operates. Current tax is the expected tax payable/receivable on the taxable income/loss for the year, using tax rates enacted or substantially enacted as at the reporting date, and any adjustments to the tax receivable/payable in respect of prior years. Income tax relating to items recognised directly in other comprehensive income or equity is recognised directly in other comprehensive income or equity and not in the consolidated income statement.

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

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

Deferred income tax assets are 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 profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

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

The carrying amount of deferred 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

UAE Federal Decree-Law No (47) of 2022 on the Taxation of Corporations and Businesses:
On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (‘the CT Law’) to enact a Federal corporate tax (‘CT’) regime in the UAE. The CT Law will be effective for financial years beginning on or after 1 June 2023 and therefore applicable to the Group from FY 2024 onwards. The Cabinet Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply and accordingly, the CT Law is now considered to be substantively enacted.

Considering the facts and circumstances as at the reporting date, based on the management’s assessment, no significant deferred tax implications have been identified that have any significant impact on the interim consolidated financial statements for the period ended 31 March 2023.

Furthermore, the UAE as a member of the OECD BEPS Inclusive Framework has committed to adopt the OECD BEPS Pillar Two rules (Pillar Two Rules) in its domestic tax law. The Pillar Two rules will apply to all Multinational Enterprises (MNEs) with consolidated group revenue exceeding EUR 750 million and are applicable on the Group. However, the Pillar Two rules are yet to be adopted in the UAE or any foreign jurisdiction where the Group has a presence.

Considering that the key cabinet decisions on various aspects of the CT law including the manner of adoption of Pillar Two rules have not yet been issued, the Group will continue to monitor the developments and impact as per the CT law and implementation of Pillar Two rules on the financial statements

Property, plant and equipment

Property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

Leasehold improvements	2 - 15 years
Sales centers (included in land and buildings)	1 - 10 years
Buildings	10 - 45 years
Computers and office equipment	2 - 5 years
Plant, machinery and heavy equipment	3 - 20 years
Motor vehicles	3 - 5 years
Furniture and fixtures	2 - 10 years
Leisure, entertainment and other assets	2 - 25 years

No depreciation is charged on land and capital work-in-progress. The useful lives, depreciation method and residual values are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of property, plant 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, plant and equipment. All other expenditure is recognised in the interim condensed consolidated income statement as the expense is incurred.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property, plant and equipment may not be recoverable. Whenever the carrying amount of property, plant and equipment exceeds their recoverable amount, an impairment loss is recognised in the interim condensed consolidated income statement. The recoverable amount is the higher of fair value less costs to sell of property, plant and equipment and the value in use. The fair value less costs to sell is the amount obtainable from the sale of property, plant and equipment in an arm’s length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of property, plant and equipment and from its disposal at the end of its useful life.

Reversal of impairment losses other than goodwill impairment recognised in the prior years are recorded when there is an indication that the impairment losses recognised for the property, plant and equipment no longer exist or have reduced.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Right-of-use assets

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

Investment properties

Properties held for rental or capital appreciation purposes are classified as investment properties. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful lives as follows:

Buildings	10 - 45 years
Furniture, fixtures and others	4 - 10 years
Plant and equipment	3 - 10 years

No depreciation is charged on land and capital work-in-progress.

The useful lives, depreciation method and residual value method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Properties are transferred from investment properties to development properties when and only when, there is a change in use, evidenced by commencement of development with a view to sell. Such transfers are made at the carrying value of the properties at the date of transfer.

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognised in the interim condensed consolidated income statement. The recoverable amount is the higher of investment property's fair value less cost to sell and the value in use.

Reversal of impairment losses recognised in the prior years is recorded when there is an indication that the impairment losses recognised for the investment property no longer exist or have reduced.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the interim condensed consolidated income statement.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Amortisation is charged on a straight-line basis over the estimated useful lives as follows:

Customers relationship	5 years
Software	3 years

Goodwill and Brand is not amortised.

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

Development properties

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

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

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of development properties recognised in the interim condensed consolidated income statement on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

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

Inventories

Inventories represent consumables and other goods relating to hospitality and retail business segments of the Group. Inventories are stated at the lower of cost and net realisable value with due allowance for any obsolete or slow-moving items.

Costs are those expenses incurred in bringing each product to its present location and condition on a weighted average cost basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal or completion.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the interim condensed consolidated income statement immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the interim condensed consolidated income statement depends on the nature of the hedge relationship. The Group designates derivatives as hedges of interest rate risk and foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Hedge accounting
The Group designates certain hedging instruments as either fair value hedges or cash flow hedges. Hedges of interest rate risk and foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness (irrespective of whether recognised or not) that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for and further described in the below sections.

Fair value hedges
The change in the fair value of a hedging instrument is recognised in the interim condensed consolidated income statement as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the interim condensed consolidated income statement as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate (EIR) method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in consolidated income statement.

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

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

The ineffective portion relating to foreign currency contracts is recognised as other expense and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in consolidated statement of comprehensive income and accumulated in a separate component of equity under cost of hedging reserve.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Cash flow hedges (continued)
The amounts accumulated in consolidated statement of comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in consolidated statement of comprehensive income is reclassified to consolidated income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

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

Hedge of net investments in foreign operations
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the interim condensed consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the interim condensed consolidated income statement.

Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at cost, plus transaction costs, except for those financial assets classified as at fair value through other comprehensive income or profit or loss, which are initially measured at fair value. Trade receivables are initially recognised when they are originated. Trade and unbilled receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

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

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32: Financial Instruments: Presentation) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Equity investments
All financial assets that are equity investments are measured at fair value either through other comprehensive income or through profit or loss. This is an irrevocable choice that the Group has made on adoption of IFRS 9 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss. Gain or loss on disposal of equity investments is not recycled. Dividend income for all equity investments is recorded through the interim condensed consolidated income statement 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. Equity instruments designated at fair value through P&L and OCI are not subject to impairment assessment.

The Group elected irrevocably to classify its non-listed equity investments as financial assets measured at fair value through other comprehensive income.

Debt instruments
Debt instruments are also measured at fair value through other comprehensive income (OCI) unless they are classified at amortised cost. They are classified at amortised cost only if:

- the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
- the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Trade and unbilled receivables
Trade receivables are stated at original invoice amount (unless there is a significant financing component) less expected credit losses. When a trade receivable is uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the interim condensed consolidated income statement.

Services rendered but not billed at the reporting date are accrued as per the terms of the agreements as unbilled receivables.

Foreign exchange gains and losses
The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at fair value through profit or loss, the foreign exchange component is recognised in the interim condensed consolidated income statement. For financial assets designated at fair value through other comprehensive income any foreign exchange component is recognised in the interim condensed consolidated statement of comprehensive income. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'other gains and losses' line item in the interim condensed consolidated income statement.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition of financial assets (continued)
When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

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).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

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

The Group 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.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

Impairment losses are recognised in the interim condensed consolidated income statement in those expense categories consistent with the function of the impaired asset. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit'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 interim condensed consolidated income statement.

Financial liabilities and equity instruments issued by the Group

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

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

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate. The average rate applied is 4% to 8%.

Loans and borrowings
Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the interim condensed consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments issued by the Group (continued)

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where 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, then the difference in the respective carrying amounts is recognised in the interim condensed consolidated income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the interim condensed 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.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through the interim condensed consolidated income statement. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9: *Financial Instruments* in the interim condensed consolidated income statement. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of net identifiable tangible and intangible assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the interim condensed consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the interim condensed consolidated income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures financial instruments, such as investment in securities and hedges, at fair value at each reporting date.

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

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

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

For investments traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity.

Fair value of interest rate swap contract is determined by reference to market value for similar instruments.

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

All assets and liabilities for which fair value is measured or disclosed in the interim condensed 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 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the interim condensed consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

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.

3 SEGMENT INFORMATION

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

3 SEGMENT INFORMATION (continued)

Business segments

For management purposes, the Group is organised into three major segments, namely, real estate (develop and sell condominiums, villas, commercial units and plots of land), leasing and related activities (develop, lease and manage malls, retail, commercial and residential spaces) and hospitality (develop, own and/or manage hotels, serviced apartments and leisure activities). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 *Operating Segments*. These businesses are property management and utility services and investments in providers of financial services.

Revenue from sources other than property sales, leasing, retail and related activities and hospitality are included in other operating income.

Geographic segments

The Group is currently operating in number of countries outside the UAE and is engaged in development of several projects which have significant impact on the Group results. The domestic segment includes business activities and operations in the UAE and the international segment includes business activities and operations outside the UAE (including export sales).

Business segments
The following tables include revenue, profit and certain assets and liabilities information regarding business segments for the three-month periods ended 31 March 2023 and 31 March 2022. Assets and liabilities of the business segments are presented as at 31 March 2023 and 31 December 2022.

	Real estate AED'000	*Leasing, retail and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Three-month period ended 31 March 2023:					
Revenue					
Revenue from external customers					
- Over a period of time	**3,620,946**	**1,266,726**	**215,619**	**-**	**5,103,291**
- Point in time	**416,346**	**519,342**	**251,171**	**-**	**1,186,859**
	4,037,292	**1,786,068**	**466,790**	**-**	**6,290,150**
Results					
Profit before tax and before (a) & (b)	**1,840,556**	**1,809,522**	**210,273**	**78,010**	**3,938,361**
(a) Unallocated selling, general and administrative expenses					**(225,672)**
(b) Unallocated finance cost, net					**(33,609)**
Profit before tax for the period					**3,679,080**
Other segment information					
Capital expenditure (Property, plant and equipment and investment properties)	**10,193**	**162,710**	**228,317**	**12,347**	**413,567**
Depreciation (Property, plant and equipment, right-of-use assets and investment properties)	**58,124**	**213,860**	**63,348**	**16,486**	**351,818**
Assets and liabilities					
As at 31 March 2023					
Segment assets	**97,504,450**	**25,502,082**	**6,786,355**	**3,436,600**	**133,229,487**
Segment liabilities	**45,546,046**	**6,748,643**	**2,096,445**	**700,176**	**55,091,310**

3 SEGMENT INFORMATION (continued)

Business segments (continued)

Three-month period ended
31 March 2022:

	Real estate AED'000	*Leasing, retail and related activities AED'000*	*Hospitality AED'000*	*Others AED'000*	*Total AED'000*
Revenue					
Revenue from external customers					
- Over a period of time	3,448,016	1,051,566	174,472	-	4,674,054
- Point in time	1,136,393	563,647	261,296	-	1,961,336
	4,584,409	1,615,213	435,768	-	6,635,390
Results					
Profit before tax before Impairment / write back, (a) & (b)	1,836,207	940,671	185,004	65,226	3,027,108
(a) Unallocated selling, general and administrative expenses					(255,328)
(b) Unallocated finance cost, net					(69,837)
Profit before tax for the period					2,701,943
Other segment information					
Capital expenditure (Property, plant and equipment and investment properties)	15,014	533,861	77,842	24,409	651,126
Depreciation (Property, plant and equipment, investment properties and right of use assets)	66,725	215,313	50,646	16,295	348,979
Assets and liabilities					
As at 31 December 2022 (Audited)					
Segment assets	95,489,006	26,366,840	6,920,335	3,587,948	132,364,129
Segment liabilities	47,023,161	6,893,665	2,257,995	763,230	56,938,051

3 SEGMENT INFORMATION (continued)

Geographic segments
The following tables include revenue and other segment information for the three-month periods ended 31 March 2023 and 31 December 2022. Certain assets information for geographic segments is presented as at 31 March 2023 and 31 December 2022.

	Domestic AED'000	*International AED'000*	*Total AED'000*
Three-month period ended 31 March 2023:			
Revenue			
Revenue from external customers			
- Over period of time	**5,036,602**	**66,689**	**5,103,291**
- Point in time	**648,390**	**538,469**	**1,186,859**
	5,684,992	**605,158**	**6,290,150**
Other Segment Information			
Capital expenditure			
(Property, plant and equipment and investment properties)	**334,007**	**79,560**	**413,567**
As at 31 March 2023			
Assets			
Right-of-use assets	**653,989**	**314,149**	**968,138**
Investments in associates and joint ventures	**3,968,381**	**1,719,795**	**5,688,176**
Other segment assets	**101,009,436**	**25,563,737**	**126,573,173**
Total assets	**105,631,806**	**27,597,681**	**133,229,487**
Total liabilities	**42,572,312**	**12,518,998**	**55,091,310**
Three-month period ended 31 March 2022:			
Revenue			
Revenue from external customers			
- Over a period of time	4,639,522	34,532	4,674,054
- Point in time	765,864	1,195,472	1,961,336
	5,405,386	1,230,004	6,635,390
Other Segment Information			
Capital expenditure			
(Property, plant and equipment and investment properties)	574,076	77,050	651,126
Assets as at 31 December 2022 *(Audited)*			
Right-of-use assets	633,749	321,102	954,851
Investments in associates and joint ventures	3,955,362	1,845,564	5,800,926
Other segment assets	98,102,136	27,506,216	125,608,352
Total assets	102,691,247	29,672,882	132,364,129
Total liabilities	43,089,568	13,848,483	56,938,051

4 SALE OF A SUBSIDIARY

The shareholders of the Company in the general meeting held on 21 September 2022 have approved to sell the entire share capital of a wholly owned subsidiary of the Group, Namshi Holding Limited ('Namshi') to Noon AD Holdings Limited ("Noon"), a related party of the Group, for a cash consideration of AED 1,231,190 thousands (US$ 335,200 thousands). The transaction completion was subject to satisfactory completion of certain conditions precedent, which were not satisfied as at 31 December 2022. Accordingly, the assets and liabilities pertaining to Namshi as at 31 December 2022 have been classified as held for sale and measured at lower of their carrying amount and fair value, less cost to sell.

Conditions precedent for transaction completion were satisfactorily completed during the current period on 12 February 2023 and the ownership of Namshi was transferred to Noon. Accordingly, the Group recorded a gain of AED 699,884 thousand on sale of its investment in Namshi.

The major classes of assets and liabilities (after Group elimination) are as follows:

	12 February 2023 AED 000	*31 December 2022 AED'000*
Assets		
Bank balances and cash	**29,865**	46,359
Trade and unbilled receivables	**97,500**	65,081
Other assets, receivables, deposits and prepayments	**520,751**	380,977
Property, plant and equipment	**4,087**	4,160
Intangible assets	**529,312**	529,312
Right-of-use assets	**1,776**	3,667
Total assets	**1,183,291**	1,029,556
Liabilities		
Trade and other payables	**582,771**	418,873
Advances from customers	**20,915**	27,166
Interest-bearing loans and borrowings	**40,000**	42,065
Provision for employees' end-of-service benefits	**8,299**	8,152
Total liabilities	**651,985**	496,256
Net assets to be transferred	**531,306**	533,300
Consideration received in cash	**1,231,190**	
Cash and cash equivalents disposed of	**(29,865)**	
Net cash inflow	**1,201,325**	

Gain on sale of interest in Namshi

	12 February 2023 AED 000
Sales consideration	**1,231,190**
Less: Net asset transferred	**(531,306)**
Gain on sale of Namshi	**699,884**

5 REVENUE AND COST OF REVENUE

	Three-month period ended	
	31 March 2023 AED'000	*31 March 2022 AED'000*
Revenue:		
Revenue from real-estate		
Sale of residential units	**3,755,254**	3,645,138
Sale of commercial units, plots of land and others	**282,038**	939,271
Revenue from hospitality	**466,790**	435,768
Revenue from leased properties, retail and related income	**1,786,068**	1,615,213
	6,290,150	6,635,390
Cost of revenue:		
Cost of revenue from real-estate		
Cost of residential units	**2,074,907**	2,340,053
Cost of commercial units, plots of land and others	**181,510**	356,931
Operating cost of hospitality	**191,094**	174,416
Operating cost of leased properties, retail and related activities	**339,413**	369,230
	2,786,924	3,240,630

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended	
	31 March 2023 AED'000	*31 March 2022 AED'000*
Sales and marketing expenses	**224,075**	318,820
Payroll and related expenses	**163,091**	164,612
Property management expenses	**68,604**	61,690
Depreciation of right-of-use assets	**28,198**	34,370
Provision for doubtful receivables and advance	**7,692**	14,058
Other expenses	**202,278**	163,675
	693,938	757,225

7(a) FINANCE INCOME

	Three-month period ended	
	31 March 2023 AED'000	*31 March 2022 AED'000*
Finance income from bank deposits and securities	**196,590**	63,444
Other finance income	**66,216**	43,208
	262,806	106,652

7(b) FINANCE COST

	Three-month period ended	
	31 March 2023 AED'000	*31 March 2022 AED'000*
Finance costs on borrowings	**176,280**	159,902
Other finance costs	**55,840**	73,122
	232,120	233,024

8 OTHER INCOME

	Three-month period ended	
	31 March 2023 AED'000	*31 March 2022 AED'000*
Gain on sale of investment in a subsidiary (note 4)	**699,884**	-
Gain on dilution of interest in an associate (note 15)	**-**	233,406
Foreign currency translation gain, net	**257,832**	46,050
Others	**192,972**	64,499
	1,150,688	343,955

9 BANK BALANCES AND CASH

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Cash in hand	**7,871**	23,809
Current and call bank deposit accounts	**16,259,382**	15,635,134
Fixed deposits maturing within three months	**5,583,914**	1,881,990
Total	**21,851,167**	17,540,933
Deposits under lien (note 23)	**219,301**	200,070
Fixed deposits maturing after three months and restricted cash	**756,727**	548,185
	22,827,195	18,289,188
Bank balances and cash located:		
Within UAE	**20,824,561**	16,243,702
Outside UAE	**2,002,634**	2,045,486
	22,827,195	18,289,188
Bank balances and cash are denominated in the following currencies:		
United Arab Emirates Dirham (AED)	**20,996,502**	16,417,649
United States Dollar (USD)	**1,213,025**	1,120,684
Indian Rupee (INR)	**293,772**	316,953
Egyptian Pound (EGP)	**77,091**	124,381
Saudi Riyal (SAR)	**61,048**	88,594
Other currencies	**185,757**	220,927
	22,827,195	18,289,188

9 BANK BALANCES AND CASH (continued)

As at 31 March 2023, cash and cash equivalents amount to AED 21,851,167 thousands (31 December 2022: AED 17,545,056 thousands) which is net of facilities obtained from various commercial banks and repayable on demand. Also refer note 15.

Cash at banks earn interest at fixed rates based on prevailing bank deposit rates. Short-term fixed deposits are made for varying periods between one day and three months, depending on the cash requirements of the Group, and earn interest at the respective short-term deposit rates.

As at the reporting date, bank balances and cash include AED 14,749,469 thousands (31 December 2022: AED 12,747,693 thousands) representing advances received from customers against sale of development properties which are deposited into escrow accounts and also includes unclaimed dividends. These deposits/balances are not under lien.

10 TRADE AND UNBILLED RECEIVABLES

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Trade receivables		
Amounts receivables within 12 months, net	**1,414,305**	1,297,810
Amounts receivable after 12 months	**324,907**	377,822
	1,739,212	1,675,632
Unbilled receivables		
Unbilled receivables within 12 months	**9,711,139**	8,773,182
Unbilled receivables after 12 months, net	**10,386,970**	11,769,534
	20,098,109	20,542,716
Total trade and unbilled receivables	**21,837,321**	22,218,348

The above trade receivables are net of AED 480,821 thousands (31 December 2022: AED 476,399 thousands) relating to provision for doubtful debts. All other receivables are considered recoverable in full.

11 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Sales commission (i)	**1,485,019**	1,468,646
Advances to contractors and others	**1,404,839**	1,395,289
Value added tax recoverable	**554,687**	367,696
Receivables from Communities Owner Associations	**402,128**	389,544
Recoverable from non-controlling interests	**302,810**	298,584
Deferred income tax assets	**183,577**	180,418
Prepayments	**164,966**	121,896
Inventory - Hospitality and Retail	**54,362**	63,800
Other receivables and deposits	**1,759,221**	1,480,620
	6,311,609	5,766,493

(i) Sales commission incurred to obtain or fulfil a contract with the customers is amortised over the period of satisfying performance obligations where applicable.

11 OTHER ASSETS, RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Other assets, receivables, deposits and prepayments maturity profile:

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Within 12 months	**5,749,612**	5,201,171
After 12 months	**561,997**	565,322
	6,311,609	5,766,493

12 DEVELOPMENT PROPERTIES

	31 March 2023 AED'000
Balance at the beginning of the period *(Audited)*	**42,240,585**
Add: Cost incurred during the period	**1,584,847**
Less: Cost transferred to cost of revenue during the period	**(2,256,417)**
Less: Foreign currency translation differences	**(1,005,840)**
Balance at the end of the period	**40,563,175**

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Development properties located:		
Within UAE	**26,962,326**	27,761,940
Outside UAE	**13,600,849**	14,478,645
	40,563,175	42,240,585

13 INVESTMENTS IN SECURITIES

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Financial assets at fair value through other comprehensive income	**687,383**	725,517
Financial assets at fair value through profit and loss	**217,961**	212,683
Financial assets at amortized cost	**890,675**	1,298,640
	1,796,019	2,236,840
Investments in securities:		
Within UAE	**825,796**	866,145
Outside UAE	**970,223**	1,370,695
	1,796,019	2,236,840

13 INVESTMENTS IN SECURITIES (continued)

Fair value hierarchy

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

	Total AED'000	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*
31 March 2023	**905,344**	**100,120**	**753,136**	**52,088**
31 December 2022 *(Audited)*	938,200	105,640	779,943	52,617

Valuations for Level 2 investments in securities have been derived by determining their redemption value which is generally net asset value per share of the investee companies. There were no transfers made between Level 1 and Level 2 during the period.

14 LOANS TO ASSOCIATES AND JOINT VENTURES

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Emaar Dubai South DWC LLC*	**841,865**	838,069
Amlak Finance PJSC (i)	**39,526**	46,141
Other associates and joint ventures	**83,742**	159,052
	965,133	1,043,262

Other than (i) below, loans to associates and joint ventures are unsecured, repayable on demand / as per the terms of the agreement and do not carry any interest.

* This includes AED 773,127 thousands (31 December 2022: AED 769,483 thousands) which is expected to be recovered after 12 months from the reporting date.

(i) As per the terms of the restructuring agreement entered in 2014, 20% of the principal amount of the loan was repaid by Amlak in 2014, 65% is restructured into a long-term facility maturing in 12 years carrying a profit rate of 2% per annum and 15% is restructured into a 12-year contingent convertible instrument.

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Carrying value of investments in associates and joint ventures:		
Emaar, The Economic City (Saudi Joint Stock Company) - quoted* (i)	**1,512,452**	1,631,561
Amlak Finance PJSC - quoted *	**700,465**	710,481
Downtown DCP LLC *	**480,814**	497,809
DWTC Emaar LLC	**331,241**	332,781
Turner International Middle East Ltd	**278,195**	265,777
Emaar Dubai South DWC LLC	**419,780**	405,578
Old Town Views LLC	**287,802**	284,780
Emaar Industries and Investment (Pvt) JSC*	**131,162**	129,508
Other associates and joint ventures	**1,546,265**	1,542,651
	5,688,176	5,800,926

* Represents Group's investment in associates

(i) A gain of AED 233,406 thousands resulting from restructuring at Emaar, The Economic City was recorded in 2022.

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The Group has the following effective ownership interest in its significant associates and joint ventures:

		Ownership	
	Country	***31 March 2023***	*31 December 2022*
Emaar, The Economic City (Saudi Joint Stock Company)	KSA	**22.95%**	22.95%
Amlak Finance PJSC	UAE	**48.08%**	48.08%
Emaar Bawadi LLC	UAE	**50.00%**	50.00%
Turner International Middle East Ltd	UAE	**65.00%**	65.00%
Eko Temali Parklar Turizm Işletmeleri Anonim Şirketi	Turkey	**50.00%**	50.00%
Emaar Industries and Investments (Pvt) JSC	UAE	**40.00%**	40.00%
Emaar Dubai South DWC LLC	UAE	**50.00%**	50.00%
DWTC Emaar LLC	UAE	**50.00%**	50.00%
Downtown DCP LLC	UAE	**20.00%**	20.00%
Old Town Views LLC	UAE	**61.25%**	61.25%
Rove Hospitality LLC	UAE	**50.00%**	50.00%

16 TRADE AND OTHER PAYABLES

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Project contract cost accruals and provisions	**6,783,478**	7,563,969
Creditors for land purchase	**2,692,880**	2,691,964
Trade payables	**1,952,444**	2,011,974
Lease liabilities	**939,054**	980,824
Payable to non-controlling interests	**253,948**	258,720
Dividends payable	**285,912**	285,644
Income tax payable	**224,144**	242,728
Other payables and accruals	**5,999,044**	5,623,941
	19,130,904	19,659,764

17 INTEREST-BEARING LOANS AND BORROWINGS

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Balance at the beginning of the period / year	**5,300,305**	8,487,267
Add: Borrowings drawdown during the period / year	**921,480**	10,816,461
Less: Borrowings repaid during the period / year	**(2,654,225)**	(13,961,358)
Less: Transferred to liabilities directly associated with assets classified as held for sales	**-**	(42,065)
Balance at the end of the period / year	**3,567,560**	5,300,305
Add: Facilities payable on demand (Note 8)	**-**	42,236
Less: Unamortised portion of directly attributable costs	**(4,396)**	(11,314)
Net interest-bearing loans and borrowings at the end of the period / year	**3,563,164**	5,331,227

17 INTEREST-BEARING LOANS AND BORROWINGS (continued)

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Interest-bearing loans and borrowings maturity profile:		
Within 12 months	**1,211,679**	1,456,757
After 12 months	**2,351,485**	3,874,470
Balance at the end of the period / year	**3,563,164**	5,331,227
Interest-bearing loans and borrowings located:		
Within UAE	**3,780**	1,395,695
Outside UAE	**3,559,384**	3,935,532
	3,563,164	5,331,227

The Group has the following secured and unsecured interest-bearing loans and borrowings:

Secured

- USD 9,117 thousands (AED 33,487 thousands) loan from commercial bank, secured against certain assets in Lebanon, carries interest at 9.5% per annum and is repayable in 2023.

Unsecured

- The Group have AED 5,509,500 thousands of Revolving Credit Line Facility (the "Facility") availed from the syndication of commercial banks in UAE, carries interest / profit at EIBOR plus 1% per annum and is repayable by 2025. The facility is presented in the interim condensed consolidated financial statements at AED 3,619 thousands net of unamortised directly attributable transaction cost.

- The Group have AED 3,673,000 thousands of Revolving Credit Line Facility (the "Facility") availed from the syndication of commercial banks in UAE, carries profit at EIBOR plus 1% per annum and is repayable by 2025. The facility is presented in the interim condensed consolidated financial statements at AED 161 thousands net of unamortised directly attributable transaction cost.

- AED 1,384,721 thousands loan from a commercial bank in the United Arab Emirates, bearing interest at 3 month EIBOR plus 1.20% per annum and repayable in 2027.

- EGP 1,615,523 thousands (AED192,163 thousands) of funding facilities from a commercial bank in Egypt, bearing interest at rates ranging up to 11.28% and repayable in 2027.

- USD 7,000 thousands (AED 25,711 thousands) loans from commercial banks in Lebanon, bearing interest up to 3.65% per annum and repayable in 2023.

- SAR 100,000 thousands (AED 98,000 thousands) loan from a commercial bank bearing interest at SIBOR plus 1% per annum and are repayable in 2023.

- INR 40,841,578 thousands (AED 1,825,302 thousands) loans from commercial banks in India, bearing interest from 5.80% to 9.93% per annum and repayable by 2028.

18 SUKUK

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Emaar Sukuk Limited:		
- Series 3	**2,749,594**	2,749,339
- Series 4	**1,833,627**	1,833,356
- Series 5	**1,833,171**	1,833,053
EMG Sukuk Limited:		
- Sukuk	**2,751,564**	2,750,936
Total Sukuk liability as at period / year-end (all payable after 12 months)	**9,167,956**	9,166,684

A. Emaar Sukuk Limited:

Emaar Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly- owned subsidiary of the Group, has established a trust certificate issuance programme (the "Programme") pursuant to which the Issuer may issue from time to time up to USD 2,000,000 thousands (AED 7,346,000 thousands) of trust certificates in series.

Series 3:

On 15 September 2016, the Issuer had issued the third series of the trust certificates (the "Sukuk 3") amounting to USD 750,000 thousands (AED 2,754,750 thousands) under the Programme. The Sukuk 3 is listed on NASDAQ Dubai and is due for repayment in 2026. Sukuk 3 carries a profit distribution at the rate of 3.64% per annum to be paid semi-annually. The carrying value of Sukuk 3 is as follows:

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Sukuk liability as at period / year-end	**2,749,594**	2,749,339

Series 4:

On 17 September 2019, the Issuer has issued the fourth series of the trust certificates (the "Sukuk 4") amounting to USD 500,000 thousands (AED 1,836,500 thousands) under the Programme. The Sukuk 4 is listed on NASDAQ Dubai and is due for repayment in 2029. Sukuk 4 carries a profit distribution at the rate of 3.875% per annum to be paid semi-annually. The carrying value of Sukuk 4 is as follows:

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Sukuk liability as at period / year-end	**1,833,627**	1,833,356

18 SUKUK

A. Emaar Sukuk Limited (continued):

Series 5:
On 6 July 2022, the Issuer has issued fifth series of trust certificates (the "Sukuk 5") amounting to AED 1,836,500 thousands (USD 500,000 thousands) under the Programme. The Sukuk 5 is listed on NASDAQ Dubai and is due for repayment in 2031. Sukuk 5 carries a profit distribution at the rate of 3.7% per annum to be paid semi-annually. The carrying value of Sukuk 5 is as follows:

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Sukuk liability as at period / year-end	**1,833,171**	1,833,053

B. EMG Sukuk Limited:

On 18 June 2014, the EMG Sukuk Limited (the "Issuer"), a limited liability company registered in the Cayman Islands and a wholly-owned subsidiary of Emaar Malls Group PJSC ("EMG"), has issued trust certificates (the "Sukuk") amounting to USD 750,000 thousands (AED 2,754,750 thousands). The Sukuk is listed on the NASDAQ Dubai and is due for repayment in June 2024. The Sukuk carries a profit distribution rate of 4.6% per annum to be paid semi-annually. The carrying value of Sukuk is as follows:

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Sukuk liability as at period / year-end	**2,751,564**	2,750,936

19 SHARE CAPITAL

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Authorised capital 8,838,789,849 shares of AED 1 each (31 December 2022: 8,838,789,849 shares of AED 1 each)	**8,838,790**	8,838,790
Issued and fully paid-up 8,838,789,849 shares of AED 1 each (31 December 2022: 8,838,789,849 shares of AED 1 each)	**8,838,790**	8,838,790

20 RESERVE

	Statutory reserve AED'000	*Capital reserve AED'000*	*General reserves AED'000*	*Share premium AED'000*	*Net unrealised gains/(losses) reserve AED'000*	*Foreign currency translation reserve AED'000*	*Total AED'000*
Balance as at 31 December 2022 *(Audited)*	**20,409,050**	**3,660**	**8,004,046**	**578,234**	**(1,086,228)**	**(5,909,132)**	**21,999,630**
Decrease in unrealised reserve	**-**	**-**	**-**	**-**	**(42,882)**	**-**	**(42,882)**
Decrease in foreign currency translation reserve	**-**	**-**	**-**	**-**	**-**	**(748,052)**	**(748,052)**
Net loss recognised directly in equity	**-**	**-**	**-**	**-**	**(42,882)**	**(748,052)**	**(790,934)**
Balance as at 31 March 2023	**20,409,050**	**3,660**	**8,004,046**	**578,234**	**(1,129,110)**	**(6,657,184)**	**21,208,696**
Balance at 1 January 2022	17,318,101	3,660	7,320,841	578,234	(1,400,267)	(3,773,964)	20,046,605
Decrease in unrealised reserve	-	-	-	-	170,339	-	170,339
Decrease in foreign currency translation reserve	-	-	-	-	-	(747,635)	(747,635)
Net loss recognised directly in equity	-	-	-	-	170,339	(747,635)	(577,296)
Balance as at 31 March 2022	17,318,101	3,660	7,320,841	578,234	(1,229,928)	(4,521,599)	19,469,309

21 DIVIDEND

A cash dividend of AED 0.25 per share for the year ended 31 December 2022 was approved by the shareholders of the Company at the Annual General Meeting of the Company held on 17 April 2023.

22 RELATED PARTY DISCLOSURES

The Group in the normal course of business enters into transactions with individuals and other entities that falls within the definition of related party. The Group's related parties include key management personnel, entities held under common control, associates, joint ventures and others.

The Group is partly owned by Investment Corporate of Dubai ("ICD"), an entity owned by the Government of Dubai ("Government"). The Group enters into transactions, in the normal course of business, with Government-owned entities and entities wherein ICD has control, joint control or significant influence. In accordance with the exemption available in IAS 24, management has elected not to disclose such transactions, which are primarily in nature of financing and operational related activities, and entered in the normal course of business at commercial terms.

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

	Three-month period ended	
	31 March 2023 AED'000	*31 March 2022 AED'000*
Associates and Joint Ventures:		
Property development expenses	**824**	6,213
Islamic finance income	**-**	533
Selling, general and administrative expenses	**1,565**	17,500
Revenue from leasing, retail and related income	**49**	49
Other operating income	**-**	40
Directors, Key management personnel and their related parties:		
Selling, general and administrative expenses	**8,387**	23,295
Rental income from leased properties and related income	**20,261**	19,189
Finance costs	**62,133**	9,415
Cost of revenue	**1,199**	2,465
Property development expenses	**3,682**	9,581
Other operating income	**38,261**	5,569

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

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Associates and joint ventures:		
Trade and other payables	**6,903**	7,877
Trade and unbilled receivables	**1,174**	1,305
Advance from customer	**-**	4,104

22 RELATED PARTY DISCLOSURE (continued)

Related party balances (continued)

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Directors, Key management personnel and their related parties:		
Trade and unbilled receivables	**25,650**	7,483
Other assets, receivables, deposits and prepayments	**16,579**	66,047
Advance from customers	**3,410**	3,117
Trade and other payables	**335,669**	422,070

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	31 March 2023 AED'000	*31 March 2022 AED'000*
Short-term benefits	**77,289**	59,204
Employees' end-of-service benefits	**4,235**	6,581
	81,524	65,785

23 GUARANTEES AND CONTINGENCIES

a) Guarantees

1. The Group has issued financial guarantees and letters of credit of AED 1,388,158 thousands (31 December 2022: AED 1,369,284 thousands).

2. The Group has provided a financial guarantee of AED 5,000 thousands (31 December 2022: AED 5,000 thousands) as security for the letter of guarantee issued by a commercial bank for issuance of a trade license from the Government of Dubai.

3. The Group has provided a performance guarantee of AED 5,385,950 thousands (31 December 2022: AED 5,773,727 thousands) to the Real Estate Regulatory Authority (RERA), Dubai for its new projects as per RERA regulations.

4. The Group has provided guarantee of AED 430,577 thousands (31 December 2022: AED 430,577 thousands) to commercial banks as security for a joint venture of the Group and against promissory notes issued by an entity with which Group is developing a project under development agreements.

5. The Group has provided performance guarantees of AED 97,628 thousands (31 December 2022: AED 98,848 thousands) to various government authorities in India for its projects. The banks have a lien of AED 213,133 thousands (31 December 2022: AED 192,377 thousands) towards various facilities (refer note 8).

6. The Group has provided a letter of credit and credit card facility of AED 223 thousands (31 December 2022: AED 278 thousands) in Egypt for its project. The bank has a lien of AED 223 thousands (31 December 2022: AED 278 thousands) towards this letter of credit and credit card (refer note 8).

7. The Group has provided a bank guarantee of EGP 50,000 thousands (AED 5,945 thousands) (2022: AED 7,415 thousands) to government authority in Egypt for its project. The bank has a lien of EGP 50,000 thousands (AED 5,945 thousands) (31 December 2022: AED 7,415 thousands) (refer note 8) towards this bank guarantee.

23 GUARANTEES AND CONTINGENCIES (continued)

b) Contingencies

1. (a) Andhra Pradesh Industrial Infrastructure Corporation Ltd. ('APIIC'), a joint venture partner in certain subsidiaries of the Group in India, issued a legal notice to the Emaar India Land Ltd. (Emaar India) to terminate certain development and operational management agreements which were entered into between Emaar India, Emaar Hills Township Private Limited ('EHTPL' – a joint venture of the Group with APIIC) and Boulder Hills Leisure Private Limited ('BHLPL' – a joint venture of the Group with APIIC). APIIC has filed another suit against Emaar India to restrain Emaar India from carrying out any activity related to these developments. In addition thereto, a number of litigations were initiated against the Group by third parties on the grounds of irregularities in acquisition and allocation of land, sale plots etc. Under the matter, the Group had also received an attachment order of certain properties from Enforcement Directorate. The Group has assets and liabilities of INR 4,290.77 million (AED 191.8 million) and INR 1,288.2 million (AED 57.6 million) respectively.

   The management based on legal advice, is of the opinion that all the aforesaid suits filed by APIIC which are now being contested by Telangana State Industrial Infrastructure Corporation ('TSIIC'), shall be settled amicably by the parties through local and legal provisions available.

   (b) TSIIC has filed a Petition before the National Company Law Tribunal, ("NCLT") Hyderabad Bench against EHTPL and certain other parties under Section 241 and 242 of the Indian Companies Act 2013. The management believes that since the factual position with respect to demerger proceedings between APIIC and TSIIC has not changed and are still pending, therefore TSIIC has no locus standi to file the petition as it is not a shareholder and recorded member of EHTPL, and its name has not been entered into the Statutory Register of Members as maintained in terms of the provisions of the Indian Companies Act 2013. Accordingly, management believes that the petition filed by TSIIC is not tenable. However, on 25 July 2022, the maintainability issue has been decided by the NCLT, Hyderabad Bench in favour of the TSIIC and the Group or its representatives have been restrained from dealing with the assets and properties of EHTPL. The Group appealed the judgement of the NCLT before the NCLAT. The NCLAT vide judgement dated on 10 October 2022 decided the maintainability issue in favour of TSIIC, however, the interim order granting compensation has been set aside by the NCLAT. The Group had filed an appeal before the Supreme Court of India to challenge the judgement by NCLAT where the Supreme Court declined to interfere in the orders of the NCLAT, however, has left the decision on maintainability open till final adjudication of the matter. The replies by all respondents have been filed. EHTPL has filed an application seeking reference of the matter to arbitration as provided under the contractual agreements between the parties. TSIIC is yet to file a response to the said application.

2. Emaar MGF Construction Private Limited (EMCPL), a subsidiary of the Group, had developed and constructed the Commonwealth Games Village (CWGV) in India on a Public Private Partnership model in furtherance to the Project Development Agreement (PDA) entered with Delhi Development Authority (DDA) on 14 September 2007. The project completion was acknowledged by the DDA and Occupancy Certificate was issued in furtherance to the same. However, DDA invoked the performance Bank Guarantee of INR 1,830 million (AED 82 million) (BG) on account of Liquidated Damages (LD) and other claims on account of excess Floor Area Ratio (FAR) consumed and utilized, forfeiture of certain number of apartments, and certain other claims, alleging that EMCPL had not been able to achieve the timelines as per the terms of PDA. EMCPL contested the invocation of BG by filing a Petition with the Hon'ble Delhi High Court, for stay of encashment of the Bank Guarantees. Later, the Hon'ble Delhi High Court disposed of the said appeal by forming an Arbitral Tribunal and gave liberty to the parties to refer all their disputes to the Arbitral Tribunal. The Arbitral Tribunal directed both the parties to file their respective claims. Pursuant to this, EMCPL filed statement of claims amounting to INR 14,182 million (AED 633.9 million). DDA filed their reply to EMCPL's statement of facts and claims and also filed their counter claims amounting to INR 14,460 million (AED 646.4 million) including LD. The cross examinations before the Arbitral Tribunal have been completed and the parties are in the process of filing their written submissions.

   Based on legal opinion, the Management believes that EMCPL has met the requirements as per PDA and the LD imposed / BG invoked and other claims raised by DDA are not justifiable.

3. Ahluwalia Contracts (India) Limited (the "Contractor") appointed by EMCPL for the construction of the CWGV project in Delhi had filed certain claims which were not accepted by EMCPL. Consequently, the Contractor invoked the arbitration clause under the contract and filed claims amounting to INR 5,280 million (AED 236 million) relating to the works supposed to have been carried out by it. EMCPL also filed its Counter Claims amounting to INR 11,703 million (AED 523.1 million) against the Contractor for deficient and defective works, adjustments in billing and payments in line with the contract as well as a back-to-back claim on account of the invocation of BG as stated above. The above matter is pending before the Arbitral Tribunal for arguments and currently the parties are in the process of appointing the Presiding Arbitrator since ACIL objected to the fee of the previous Arbitrators. In the interim, the Parties are also exploring the possibility of an amicable settlement.

23 GUARANTEES AND CONTINGENCIES (continued)

b) Contingencies (continued)

4. In connection with the debt-to-equity conversion by Emaar, The Economic City (EEC) of the investor loan novated to the Public Investment Fund (PIF), several group entities of Emaar, as shareholders in EEC (Emaar Warrantors), gave certain warranties and indemnities to PIF which expires at varying periods. Till date, there has been no notice of claim given to any of the Emaar Warrantors by PIF against such warranties or indemnities.

24 COMMITMENTS

At 31 March 2023, the Group had commitments of AED 11,797,754 thousands (31 December 2022: AED 11,619,330 thousands) which include project commitments of AED 11,229,248 thousands (31 December 2022: AED 11,015,649 thousands). This represents the value of contracts entered into by the Group including contracts entered for purchase of plots of land at period end net of invoices received and accruals made at that date.

Furthermore, in accordance with the Development Agreement entered by the Group with the joint venture of Mina Rashid project, the Group has a commitment to pay 30% of future profits of the project over the project life cycle.

The Group has provided minimum performance guarantees for a specified period to owners of the hotel which it operates under the hotel management contracts.

There are certain claims submitted by contractors and other parties relating to various projects of the Group in the ordinary course of business from which it is anticipated that no material unprovided liabilities will arise.

Operating lease commitments - Group as lessor
The Group has entered into leases on its investment property portfolio. The future minimum rentals receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	31 March 2023 AED'000	*31 December 2022 AED'000 (Audited)*
Within one year	**3,391,809**	3,237,966
After one year but not more than five years	**6,171,609**	6,067,242
More than five years	**1,936,978**	1,066,167
	11,500,396	10,371,375

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

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include bank balances and cash, trade and unbilled receivables, investment in securities, loans and advances, other receivables and due from related parties. Financial liabilities of the Group include customer deposits, interest-bearing loans and borrowings, sukuk, accounts payable, retentions payable and other payable.

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