P N C Investments L.L.C

Consolidated Financial Statements
For the year ended December 31, 2024

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For the year ended December 31, 2024

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Directors' report

The Directors are pleased to submit their report along with the audited consolidated financial statements of P N C Investments L.L.C (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended December 31, 2024.

Main business and operations

The principal activities of the Group are real estate development, investment in land and properties, security control services, general security guard services, sales development, asset holding company, capital investment, district cooling services, refrigeration and cold storage equipment trading and management in various enterprises.

The operating results and financial position of the Group are fully set out in the attached consolidated financial statements.

The Group reported a net profit for the year amounting to AED 1,860,427 thousand (2023: AED 2,992,430 thousand).

Sukuk listing

On July 17, 2023, Sobha Sukuk Limited, (the "SPV"), issued 300,000 five-year Sukuk Certificates with a face value of USD 1,000 each, listed on London Stock Exchange and Nasdaq Dubai (ISIN: XS2633136234), an international financial exchange in the Middle East, amounting to USD 300 million with a coupon rate of 8.75% per annum payable semi-annually from January 17, 2024.

On December 6, 2023, P N C Investments L.L.C (the obligor of Sukuk Certificates issued by Sobha Sukuk Limited or 'Sukuk Certificates' or 'Trust Certificates') repurchased and cancelled Trust Certificates with a face value of USD 15 million. Further, on May 29, 2024, the Company repurchased and cancelled Trust Certificates with a face value of USD 15 million.

On September 17, 2024, the SPV further issued 230,000 Sukuk Certificates with a face value of USD 1,000 each, to form a single series with the 300,000 Sukuk Certificates previously issued on July 17, 2023, resulting in a total of 500,000 Sukuk Certificates being issued.

As at the reporting date, 500,000 Sukuk Certificates with a face value of USD 500 million remain issued and outstanding. The fair value of the Sukuk Certificates as of the reporting date was USD 1,023.07 (2023: USD 998.25) per Sukuk Certificate.

Going concern

As at the reporting date, the Directors have considered the going concern basis of accounting in preparing the consolidated financial statements. Based on their assessment, the business of the Group is a going concern, with no material uncertainties that would prevent it from continuing its operations for the foreseeable future.

Directors

The Directors of the Company during the year and to the date of this report are:

- Mr. Puthan N C Menon (till November 17, 2024);
- Mr. Francis Alfred;
- Mr. Ravi PNC Menon;
- Mr. Mahmoud Al Burai; and
- Mr. Jyoti Kumar Agarwal.

Auditors

Grant Thornton Audit and Accounting Limited (Dubai Branch) ("Grant Thornton") were appointed as auditors of the Group for the year ended December 31, 2024. The Directors resolved to release Grant Thornton from any liabilities on auditing the consolidated financial statements for the year ended December 31, 2024. Grant Thornton being eligible, have offered themselves for re-appointment for the year ending December 31, 2025.

The consolidated financial statements for the year ended December 31, 2024 (including comparatives) were approved by the Board of Directors on 05 FEB 2025 and signed on their behalf by:

Mr. Jyoti Kumar Agarwal	**Mr. Francis Alfred**
Director	**Director**
Dubai, United Arab Emirates	**Dubai, United Arab Emirates**

Grant Thornton

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Independent Auditor's Report
To the Shareholders of P N C Investments L.L.C

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

i) Valuation of investment properties and assessment of net realisable value and recoverable amount of properties under development (See Note 8 and Note 9 to the consolidated financial statements)

As at the reporting date, the Group's investment properties held at fair value amounted to AED 3,038,826 thousand and properties under development held at the lower of cost and their net realisable value amounted to AED 2,939,949 thousand. The Group engaged professionally qualified external independent valuers to determine the fair value of the investment properties. The valuers performed their scope of work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation Global Standards (2017 Edition). The fair value definition as per RICS Valuation Standards, adopted by the external valuers complies with the fair value definition under IFRS.

The valuation of the investment properties is a significant judgement area and is underpinned by a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any error in determining the fair value could have a material impact on the value of the Group's investment properties and the fair value gain or loss recognised in respect of these investment properties.

Grant Thornton

Independent Auditor's Report
To the Shareholders of P N C Investments L.L.C

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

Key Audit Matters (continued)

i) Valuation of investment properties and assessment of net realisable value and recoverable amount of properties under development (See Note 8 and Note 9 to the consolidated financial statements) (continued)

Properties under development are stated at lower of cost and their net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, while investment properties, subsequent to initial recognition at cost, are accounted for using the fair value model.

How the matter was addressed in our audit:

- We have assessed the qualifications and competence of the external valuer appointed by management and reviewed the terms of their engagement with the Group. This was to determine if there were any factors that could have compromised their objectivity or limited the scope of their work;
- We assessed the adequacy of the disclosures in the consolidated financial statements;
- We have obtained the external valuation reports for all properties valued by the external valuers and assessed the valuation approach used by the valuers in determining the respective fair value of the investment properties;
- We conducted sensitivity analyses on the significant assumptions to assess the potential impact of changes in key assumptions on the conclusions drawn by management;
- We have performed sensitivity analysis on the significant assumptions to evaluate the extent of the impact of changes in the key assumptions to the conclusions reached by management;
- We engaged our real estate valuation specialist, who, on a sample basis, evaluated the valuation methodologies employed in the valuation process. Our specialist also challenged the assumptions and key estimates. These assumptions and key estimates were compared against historical data and available industry benchmarks, while considering comparability and market conditions; and
- We have obtained internally approved budgets and signed sales purchase agreement on sample basis in respect of net realisable value testing.

ii) Revenue recognition on sale of properties (See Note 24 to the consolidated financial statements)

The Group recognizes revenue on sale of properties in accordance with IFRS 15 "Revenue from Contracts with Customers". The Group recognizes revenue on sale of properties either at point in time or over time depending on the terms of the respective contracts with customers and the applicable laws and regulations governing the said contracts. Revenue recognition on sale of properties was considered a key audit matter due to following key elements of judgement and estimation involved that warranted specific audit focus:

- Analysis of whether the contracts comprise one or more performance obligations;
- Determining whether the performance obligations are satisfied over time or at a point in time;
- Estimation of total costs required to meet performance obligations under the contracts with customers and for performance obligations satisfied over time, recognition of proportionate revenue to the extent of satisfaction of performance obligations; and
- Evaluating the probability that the Group will collect the entitled consideration under the contracts with customers.

Independent Auditor's Report
To the Shareholders of P N C Investments L.L.C

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

Key Audit Matters (continued)

ii) Revenue recognition on sale of properties (See Note 24 to the consolidated financial statements) (continued)

How the matter was addressed in our audit:

- We have assessed the appropriateness of the revenue recognition accounting policies adopted by the Group and its compliance with IFRS Accounting Standards;
- We have obtained an understanding of the revenue recognition process followed by the Group;
- We have performed test of design and implementation of relevant controls;
- We have assessed on a sample basis, contracts for sale of properties to identify the performance obligations of the Group under these contracts and assessing whether these performance obligations are satisfied over time or at a point in time, based on the criteria specified under IFRS 15; and
- We have assessed on a sample basis, the appropriateness of the input method applied in respect of the construction of properties by verifying the costs incurred until the reporting date and comparing them to the total estimated costs for the construction, where the performance obligation is satisfied over time.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Directors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and their preparation in compliance with the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021 and their preparation and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Grant Thornton

Independent Auditor's Report
To the Shareholders of P N C Investments L.L.C

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

Grant Thornton

Independent Auditor's Report
To the Shareholders of P N C Investments L.L.C

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021;

iii) The Group has maintained proper books of account in accordance with established accounting principles;

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

v) Refer Note 31 for the details of the Company's acquisition of subsidiaries during the financial year ended December 31, 2024;

vi) Note 14 to the consolidated financial statements discloses material related party transactions and balances, and the terms under which they were conducted;

vii) The Company has not made any social contribution during the financial year ended December 31, 2024; and

viii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2024, any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, or of its Memorandum of Association which would materially affect its activities or its consolidated financial position as at December 31, 2024.

Grant Thornton

Grant Thornton Public Accountants P.O. Box: 1620 DUBAI-U.A.E.

GRANT THORNTON UAE

Dr. Osama El Bakry
Registration No. 935
Dubai, United Arab Emirates

05 February 2025

Consolidated statement of financial position
As at December 31, 2024

	Notes	2024 AED '000	2023 AED '000
ASSETS			
Non-current			
Property and equipment	5	272,753	184,906
Intangible assets	6	5,314	3,172
Right-of-use asset	7	19,567	-
Deferred tax asset	30	-	83
Investment properties	8	3,038,826	2,278,310
Properties under development	9	-	24,109
Investment in joint venture	10	425,391	-
Financial asset	11	-	2,011,692
		3,761,851	4,502,272
Current			
Properties under development	9	2,939,949	2,245,426
Trade and other receivables	12	6,253,750	5,590,549
Due from related parties	14	171,666	977
Cash and cash equivalents	13	2,825,892	2,106,505
		12,191,257	9,943,457
TOTAL ASSETS		15,953,108	14,445,729
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	300	300
Statutory reserve	16	1,150	1,150
Fair value reserve	19	-	1,500,291
Retained earnings		9,019,362	8,181,372
Total equity attributable to Shareholders of the Company		9,020,812	9,683,113
Non-controlling interest	18	188,999	315,010
TOTAL EQUITY		9,209,811	9,998,123
LIABILITIES			
Non-current			
Employees' end of service benefits	20	16,321	15,212
Borrowings	21	1,941,862	1,127,537
Loan from shareholders	14	1,000,000	1,001,650
Finance lease liability	22	20,033	-
Trade and other payables	23	308,014	-
Deferred tax liability	30	38,713	-
		3,324,943	2,144,399
Current			
Borrowings	21	67,594	399,588
Trade and other payables	23	2,946,720	1,654,964
Due to related parties	14	404,040	248,655
		3,418,354	2,303,207
TOTAL LIABILITIES		6,743,297	4,447,606
TOTAL EQUITY AND LIABILITIES		15,953,108	14,445,729

These consolidated financial statements for the year ended December 31, 2024 (including comparatives) were approved by the Board of Directors on 05 FEB 2025 and signed on their behalf by:

Mr. Jyoti Kumar Agarwal	**Mr. Francis Alfred**
Director	**Director**
Dubai, United Arab Emirates	**Dubai, United Arab Emirates**

The accompanying notes from 1 to 39 form an integral part of these consolidated financial statements.

P N C Investments L.L.C
Consolidated Financial Statements

Consolidated statement of comprehensive income
For the year ended December 31, 2024

	Notes	2024 AED '000	2023 AED '000
Revenue	24	**8,889,664**	6,504,427
Direct costs	25	**(5,379,245)**	(3,834,717)
GROSS PROFIT		**3,510,419**	2,669,710
Administrative and general expenses	26	**(569,834)**	(548,957)
Depreciation and amortization	5,6,7	**(19,996)**	(21,302)
Selling and marketing expenses	27	**(1,426,507)**	(1,338,898)
Finance costs – net	28	**(227,844)**	(82,627)
Share of profit from investment in joint venture	10	**22,891**	-
Gain on fair value of investment properties	8	**545,125**	2,204,554
Other income	29	**234,404**	109,950
PROFIT BEFORE TAX		**2,068,658**	2,992,430
Income tax	30	**(181,285)**	-
Profit for the year from continuing operations		**1,887,373**	2,992,430
Loss for the year from discontinued operations	32	**(26,946)**	-
NET PROFIT FOR THE YEAR		**1,860,427**	2,992,430
Other comprehensive income			
Fair value gain on financial asset	11	**-**	807,524
Foreign exchange loss on financial asset	11	**-**	(6,881)
		-	800,643
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,860,427**	3,793,073
Net profit/(loss) for the year attributable to:			
Shareholders of the Company		**1,860,434**	2,993,742
Non-controlling interest		**(7)**	(1,312)
		1,860,427	2,992,430
Total comprehensive income/(loss) attributable to:			
Shareholders of the Company		**1,860,434**	3,794,385
Non-controlling interest		**(7)**	(1,312)
		1,860,427	3,793,073

The accompanying notes from 1 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended December 31, 2024

	Share capital AED '000	Statutory reserve AED '000	Fair value reserve AED '000	Retained earnings AED '000	Shareholders' account AED '000	Attributable to the Shareholders AED '000	Non-controlling interest AED '000	Total equity AED '000
Balance at January 1, 2023	300	1,150	699,648	5,260,213	999,619	6,960,930	374,946	7,335,876
Net profit for the year	-	-	-	2,993,742	-	2,993,742	(1,312)	2,992,430
Increase in investment in a subsidiary (Note 18.1)	-	-	-	28,821	-	28,821	(58,624)	(29,803)
On acquisition of entities under common control (Note 31)	-	-	-	(11,004)	-	(11,004)	-	(11,004)
Net movement in Shareholders' account (Note 17)	-	-	-	-	(999,619)	(999,619)	-	(999,619)
Dividend declared and paid (Note 15.1)	-	-	-	(90,400)	-	(90,400)	-	(90,400)
Other comprehensive income	-	-	800,643	-	-	800,643	-	800,643
Balance at December 31, 2023	300	1,150	1,500,291	8,181,372	-	9,683,113	315,010	9,998,123
Net profit for the year	-	-	-	1,860,434	-	1,860,434	(7)	1,860,427
Increase in investment in a subsidiary (Note 18.1)	-	-	-	90,987	-	90,987	(126,004)	(35,017)
Gain on disposal of branch/subsidiaries (Note 32)	-	-	-	480	-	480	-	480
Dividend declared and paid (Note 15.1)	-	-	-	(602,510)	-	(602,510)	-	(602,510)
Transfer of non-cash asset to shareholders (Note 11)	-	-	-	(2,011,692)	-	(2,011,692)	-	(2,011,692)
Transfer of fair value reserve to retained earnings (Note 19)	-	-	(1,500,291)	1,500,291	-	-	-	-
Balance at December 31, 2024	**300**	**1,150**	**-**	**9,019,362**	**-**	**9,020,812**	**188,999**	**9,209,811**

The accompanying notes from 1 to 39 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended December 31, 2024

	Notes	2024 AED '000	2023 AED '000
OPERATING ACTIVITIES			
Net profit before tax from continuing operations		**2,068,658**	2,992,430
Net loss from discontinued operations		**(26,946)**	-
Adjustments for non-cash and non-operating items	35	**(286,926)**	(2,089,239)
Operating cash flows before net changes in working capital		**1,754,786**	903,191
Net changes in working capital	35	**2,015,726**	2,063,929
Employees' end of service benefits paid	20	**(6,572)**	(6,519)
Net cash from operating activities		**3,763,940**	2,960,601
INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(128,338)**	(6,400)
Investment in joint venture	10	**(201,250)**	-
Proceeds from sale of properties and equipment		**57**	-
Purchase of intangible assets	6	**(2,928)**	(2,493)
Acquisition of subsidiaries, net of cash	31	**10**	(120,323)
Proceeds from sale of subsidiaries, net of cash	32	**2,534**	-
Additions to investment properties	23	**(2,420,618)**	(694,806)
Net cash used in investing activities		**(2,750,533)**	(824,022)
FINANCING ACTIVITIES			
Proceeds from borrowings	21	**1,191,238**	1,942,356
Payment of interest expense on loan from shareholders	14	**(83,087)**	(18,937)
Repayment of finance lease liability	22	**(2,016)**	(52)
Loan processing fees paid	28	**(29,147)**	(17,420)
Dividend declared and paid	15.1	**(602,510)**	(90,400)
Increase in investment in a subsidiary	18.1	**(35,017)**	(29,803)
Repayment of borrowings	21	**(708,481)**	(2,450,473)
Advances paid to minority shareholders		**(25,000)**	(44,500)
Net cash used in financing activities		**(294,020)**	(709,229)
Net change in cash and cash equivalents		**719,387**	1,427,350
Cash and cash equivalents, beginning of year		**2,106,505**	679,155
Cash and cash equivalents, end of year	13	**2,825,892**	2,106,505

Non-cash transactions:			
Net movement in Shareholders' account		-	999,619
Investment property transferred to a related party	8	-	8,325

The accompanying notes from 1 to 39 form an integral part of these consolidated financial statements.

1 Legal status and nature of operations

P N C Investments L.L.C (the "Company") is a limited liability company incorporated in Dubai, United Arab Emirates (UAE) on November 1, 2011, under license no. 661013 issued by Department of Economic Development, Government of Dubai. The registered office of the Company is P.O. Box 125245, Dubai, UAE.

The Company and its Subsidiaries are collectively referred to as the "Group".

The principal activities of the Group are real estate development, investment in land and properties, security control services, general security guard services, sales development, asset holding company, capital investment and management in various enterprises.

On December 9, 2022, the United Arab Emirates (UAE) Ministry of Finance ("MOF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime is effective for accounting periods beginning on or after June 1, 2023. The CT Law confirms the rate of 9% to be applied to taxable income exceeding AED 375,000. As the Group's accounting year ends on December 31, accordingly the effective implementation date for the Group is from January 1, 2024, to December 31, 2024, with the first return to be filed on or before September 30, 2025. Refer Note 30 for the provision of corporate tax estimated for the year ended December 31, 2024.

The following entities (including special purpose vehicle) (the "Subsidiaries") have been consolidated in these consolidated financial statements:

Name	Country of incorporation and operation	Principal activity	Ownership interest 2024	Ownership interest 2023
Sobha L.L.C (a)	UAE	Real estate development	**100%**	100%
Sobha Lifestyle City Limited (b)	UAE	Investment in land and properties	**88.89%**	81.48%
Sobha Jet Limited (c)	Isle of Man	Asset holding company	**-**	100%
Sobha Capital L.L.C (d)	UAE	Capital investment and management in various enterprises	**100%**	100%
Sobha Furniture Systems L.L.C (e)	UAE	Furniture manufacturing	**100%**	100%
Sobha Energy Solutions L.L.C (g)	UAE	District cooling services, refrigeration and cold storage equipment trading	**100%**	-
Subsidiary of Sobha L.L.C				
Sobha Real Estate UK Limited (f)	UK	Sales development	**-**	100%

a) Sobha L.L.C ("SLLC") is a limited liability company under UAE Federal Decree-Law No. (32) of 2021.

b) Sobha Lifestyle City Limited ("SLCL") is a limited liability company under Jebel Ali Free Zone Offshore Companies Regulations of 2018. Refer Note 18.1 for the increase in investment in SLCL made during the year.

c) Sobha Jet Limited ("SJL") is a company limited by shares registered under the license number 019629V issued by Isle of Man under the Companies Act 2006. During the year, the Company disposed of its interest in SJL to a related party (refer Note 32).

d) Sobha Capital L.L.C is a limited liability company registered under the license number 684321 under UAE Federal Decree-Law No. (32) of 2021.

e) Sobha Furniture Systems L.L.C is a limited liability company registered under the license number 1217823 under UAE Federal Decree-Law No. (32) of 2021.

1 Legal status and nature of operations (continued)

f) Sobha Real Estate UK Limited ("SRUKL") is a private company limited by shares incorporated in England and Wales and registered under the license number 11156378. During the year, SLLC disposed of its interest in SRUKL to a related party (refer Note 32).

g) Sobha Energy Solutions L.L.C is a limited liability company registered under the license number 1045580 under UAE Federal Decree-Law No. (32) of 2021 was acquired from a related party on November 11, 2024 (refer Note 31).

On January 1, 2024, the Company disposed of its interest in the business of Latinem Securities (Br of P N C Investments L.L.C) (the "Branch"), an entity registered with Dubai Economy, Dubai, UAE under the license no. 848740 issued on August 21, 2019, to Sobha Constructions L.L.C, a related party (refer Note 32).

During the year, Sobha Furniture Design Studio S.R.L. ("SFSRL") a limited liability company was incorporated in Italy by Sobha Furniture Systems L.L.C, a subsidiary. Further during the year, the subsidiary disposed of its interest in SFSRL to a related party (refer Note 32).

In the prior reporting period, the Company did not have control over the subsidiary mentioned in (g) mentioned above. This subsidiary was acquired during the reporting period through common control transaction.

Accordingly, these consolidated financial statements are not entirely comparable.

Special purpose vehicle

Sobha Sukuk Limited ("SPV") is a limited liability company incorporated in the Cayman Islands. The SPV was established for the specific purpose of acting as a securitisation vehicle. The Group does not hold any direct or indirect interest in the shareholding of the SPV. The arrangement with the SPV has been assessed by the Group in accordance with IFRS 10, considering factors such as power and control, the variability of returns related to economic activities, and the linkages between the Group and the SPV.

Joint venture

On July 10, 2024, the Company entered into a Joint Venture agreement with UAQ PROPERTIES to form a joint venture named Sobha Al Siniya FZC a free zone company registered under license number 010296 under Umm Al Quwain Free Trade Zone Authority.

2 Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2024

Standards, interpretations and amendments that are effective for the first time in 2024 (for entities with a December 31, 2024, year-end) are:

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

These standards, amendments and interpretations do not have a significant impact on the consolidated financial statements and therefore the disclosures have not been made.

3 Standards, interpretations and amendments to existing standards (continued)

3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These amendments are not expected to have a significant impact on the consolidated financial statements in the period of initial application and therefore no disclosures have been made.

4 Material accounting policies

4.1 Overall considerations

These consolidated financial statements are presented in Arab Emirates Dirham (AED), which is the Company's functional currency and Group's presentation currency. Monetary amounts are expressed in AED currency and are rounded to the nearest thousands.

These consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Foreign currency

Foreign currency transactions are converted into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

The consolidated financial statements are presented in Arab Emirates Dirham (AED) and the companies within the Group have a functional currency of Arab Emirates Dirham (AED), United States Dollar (USD) and British Pound Sterling (GBP). As transactions in AED are effectively pegged to the USD, the risk arising from fluctuations in currency exchange rates is only limited to the translation of the subsidiary located in the United Kingdom.

In the consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AED (the Group's presentation currency) are translated into AED upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AED at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve within equity.

4.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at banks including cash held in escrow accounts together with other short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

4 Material accounting policies (continued)

4.4 Investment properties

Investment properties are properties held for capital appreciation.

Investment properties are initially recognised at cost. Transaction costs are included in the initial measurement. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Land held for undetermined use is classified as investment property. When the development of investment property commences, it is classified under properties under development until development is complete, at which time it is transferred to the respective category.

Subsequent to initial recognition, investment properties are accounted for using the fair value model.

Investment properties are revalued periodically and are included in the consolidated statement of financial position at their fair values. Fair value of investment properties at the year-end is based on a valuation by the independent professional valuer where market values are not readily available. Where the market values are readily available, the fair value is ascertained based on latest transacted deals in the open market.

Fair value model

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the consolidated statement of comprehensive income.

Investment properties under development is measured at cost and are not depreciated.

4.5 Properties under development and properties held for sale

Properties under development include properties under construction for trade, which are stated at lower of cost and net realisable value. Cost includes the cost of purchase, construction, design and architecture, capitalised borrowing costs and other related expenditures such as professional fees, project management fees and engineering costs attributable to the project, which are accrued as and when activities that are necessary to get the assets ready for the intended use are in progress. Direct costs from start to completion of the project are accrued to development properties.

Completion is defined as the earlier of issuance of a certificate of practical completion, or when management considers the project as completed. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the cost of development of the properties. The amount of any write down of or provision for properties held for sale is recognised as an expense in the period when the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the consolidated statement of comprehensive income in the period in which increase takes place.

4.6 Intangible assets

Intangible assets include acquired computer software used in administration that qualify for recognition as an intangible asset. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.24. The estimated useful lives of the Group's intangible assets are 5 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Costs associated with maintaining computer software, i.e., expenditure relating to patches and other minor updates as well as their installation, is expensed as incurred.

4 Material accounting policies (continued)

4.6 Intangible assets (continued)

The gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in the consolidated profit or loss within other income/(expense) - net.

Intangible assets under development are measured at cost and are not amortised.

4.7 Basis of consolidation

The Group's consolidated financial statements consolidate the financial position and results of the Company and all of its subsidiaries as at December 31, 2024 and December 31, 2023. Subsidiaries are all entities over which the Company has control. Control is presumed to exist when the Company:

- has power over the investee;
- is exposed, or has right, to variable return from its investment with the investee; and
- has the ability to use its power to affect the return.

The consolidated financial statements of the subsidiaries are consolidated on a line-by-line basis from the date on which control is transferred to the Company and they will be de-consolidated from the date that control ceases.

All transactions and balances between Group companies are eliminated in full on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the shareholders of the Company and the non-controlling interests based on their respective ownership interests.

Changes in the proportion held by non-controlling interests

The entity shall recognise directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, and attribute it to the Shareholders of the Company.

4.8 Property and equipment

The cost of an item of property and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Property and equipment are carried at acquisition cost less subsequent depreciation and impairment losses, if any.

Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognised.

4 Material accounting policies (continued)

4.8 Property and equipment (continued)

Depreciation is recognised on a straight-line basis to write down property and equipment to its residual value. The following estimated useful lives are applied:

- Buildings 5 years
- Machinery and other equipment 5 years
- Furniture and fixtures 5 years
- Vehicles 5 years
- Aircraft 10 years
- Other assets 1 - 5 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in the consolidated profit or loss unless it is included in the carrying amount of another asset. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the consolidated statement of comprehensive income within other income.

Cost and accumulated depreciation values of fully depreciated items of property and equipment which are still being used in operations are not removed from the accounts until these are retired or disposed of.

Capital work in progress is measured at cost and are not depreciated.

4.9 Value-Added Tax (VAT)

Revenue, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sale of goods and/or services (output VAT) exceeds VAT passed on from purchase of goods or services (input VAT), the excess is recognized as a payable in the consolidated statement of financial position. When VAT passed on from purchase of goods or services (input VAT) exceeds VAT from sale of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

4.10 Impairment testing of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduces first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4 Material accounting policies (continued)

4.11 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset has expired, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or has expired.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs.

Financial assets and financial liabilities are measured subsequently as follows:

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the conditions mentioned in the previous page, or only one of the conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

As at the reporting date, the Group's financial assets comprise trade and other receivables, due from related parties, quoted equity investments and cash and cash equivalents. Discounting is omitted where the effect of discounting is immaterial.

All income and expenses relating to financial assets measured at amortised cost are recognised in consolidated statement of comprehensive income and presented within 'finance costs – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Quoted equity investments

Quoted equity investments are designated as at fair value through other comprehensive income (FVOCI). The Group elects to present in OCI changes in fair value of equity investments as they are not held for trading. The election is made on initial recognition and is irrevocable. Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in OCI.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

4 Material accounting policies (continued)

4.11 Financial instruments (continued)

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trade and other payables, due to related parties, loan from shareholders, borrowings and finance lease liability.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in the consolidated statement of comprehensive income.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the consolidated statement of comprehensive income are included within 'finance costs - net'.

Offsetting financial instruments

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

4.12 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.13 Employees' benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

4 Material accounting policies (continued)

4.13 Employees' benefits (continued)

Employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the U.A.E. Labour Law and is reported as separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in U.A.E. Labour Law. The expected costs of these benefits are accrued over the period of employment. The provision for staff terminal benefit is based on the liability that would arise if the employment of all the employees was terminated at the end of the reporting period.

4.14 Leases

The Group as a lessee

For any new contracts, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which as explained below:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Lease payments not recognized as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

4 Material accounting policies (continued)

4.15 Share capital and reserves

Share capital represents the nominal value of shares that have been issued.

Statutory reserve is required to be created by UAE Federal Decree-Law No. (32) of 2021, as described in Note 16.

Fair value reserve comprises the cumulative net change in the fair value of financial assets at FVOCI until the said financial assets are derecognised or impaired.

Retained earnings include all current and prior year profits and losses and adjustments arising as a result of acquisition of subsidiaries through common control transactions.

Shareholders' account represents amount contributed by the shareholders which are not subject to withdrawal in the foreseeable future.

4.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Group, excluding discounts, rebates and duty.

Revenue from contracts with customers

Step 1 Identify the contract 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 each of those rights and obligations.

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

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the 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 consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

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

The Group recognises revenue over time if any one of the following criteria is met:

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

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

The Group allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.

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.

4 Material accounting policies (continued)

4.16 Revenue recognition (continued)

Revenue from contracts with customers (continued)

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable can be measured reliably.

4.17 Direct costs

Direct costs include the cost of land, development costs, material costs, finance costs and salaries and other benefits.

Development costs include the cost of infrastructure and construction. The cost of revenue in respect of sale of properties is recognised on the basis of per square feet average cost of construction. Per square feet average cost of construction is derived from total saleable area and total construction cost.

4.18 Operating expenses

Operating expenses are recognised in the consolidated statement of comprehensive income upon utilisation of the service or at the date of their origin.

4.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs - net', if any.

4.20 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The Subsidiaries that form part of the tax group as at the end of the reporting period are disclosed as below:

Name	Country of incorporation and operation
P N C Investments L.L.C ('Parent Company')	UAE
Sobha L.L.C (Note 1(a))	UAE
Sobha Capital L.L.C (Note 1 (d))	UAE
Sobha Furniture Systems L.L.C (Note 1 (e))	UAE
Sobha Energy Solutions L.L.C (Note 1 (g))	UAE

Further, during the year, the Group disposed of its interest in certain entities as disclosed under Note 32 which have not be included in the tax group for corporate tax purposes.

Current and deferred tax for entities within a tax group are determined on a consolidated basis and paid according to the tax group's current tax liability.

As per CT Law, each tax group member is jointly and severally liable for the corporate tax liability, although the tax group's Parent Company is responsible for making the payment and ensuring compliance on behalf of all members.

Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date in the countries where the Group entities operate and generate taxable income, and any adjustment to tax payable in respect of previous periods. Deferred income taxes are calculated based on the balance sheet liability method.

4 Material accounting policies (continued)

4.20 Income tax (continued)

Deferred tax

Deferred tax is recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are recovered, based on the laws that have been enacted or substantively enacted by the reporting date in the countries where the Group entities operate and generate taxable income.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions, the Group does not recognise deferred tax on temporary differences related to its investment in subsidiaries.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4.21 Operating segments

An operating segment is a component of the Group that engages in revenue earning business activities; whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available.

Once an operating segment has been identified, the Group needs to report segment information if the segment meets any of the following quantitative thresholds:

- its reported revenue (external and inter-segment) is 10% or more of the combined revenue, internal and external, of all operating segments or
- its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined profit of all operating segments that did not report a loss and (ii) the combined loss of all operating segments that reported a loss or
- its assets are 10% or more of the combined assets of all operating segments.

IFRS 8 specifies that if the total external turnover reported by the operating segments identified by the size criteria is less than 75% of total Group revenue then additional segments need to be reported on until the 75% level is reached.

If segments have similar economic characteristics, then they can be aggregated into a single operating segment and viewed together for the purposes of the size criteria.

4.22 Acquisitions involving entities or businesses under common control

Management uses the following criteria to evaluate whether an acquisition has substance to apply the purchase method or the pooling of interest method where the transaction lacks substance:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transaction is conducted at fair value;
- the existing activities of the entities involved in the transactions;
- whether or not it is bringing entities together into a reporting entity that did not exist before; and
- where a new company is established, whether it is undertaken in connection with an IPO or spin-off or other change in control and significant change in ownership.

4 Material accounting policies (continued)

4.22 Acquisitions involving entities or businesses under common control (continued)

Accounting for acquisitions involving entities or businesses under common control is outside the scope of IFRS 3 "Business Combinations". In the case of an absence of specific guidance in IFRS, management use their judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement the management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS.

Management has adopted the pooling of interest method of accounting for acquisitions under common control. Under this method, there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created upon transfer of ownership as the balances remain at book value.

4.23 Investment in a joint venture

The Company's control over the joint venture is established through a joint venture agreement.

Investment in joint a venture is accounted for using the equity method.

The carrying amount of the investment in a joint venture is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Where the Group's share of losses in investment in joint venture equals or exceeds its equity accounted interest in the entities, including any other unsecured long-term receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains and losses on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

4.24 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements management undertakes significant judgments, estimates and assumptions in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Impairment of financial assets

The carrying amounts of the Group's financial assets are reviewed at each consolidated statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the recoverable value of the financial assets is estimated. An impairment loss is recognised where the carrying amount of a financial asset exceeds its recoverable value. Impairment losses are recognised in the consolidated statement of comprehensive income.

Use of estimates and judgements - IFRS 15

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 with specific identification of unit, 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.

4 Material accounting policies (continued)

4.24 Significant management judgment in applying accounting policies and estimation uncertainty (continued)

Use of estimates and judgements - IFRS 15 (continued)

Determination of transaction prices

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

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets that is subject to the contract is transferred to the customer. In case of contracts to sell real estate assets, this is generally when the unit is handed over to the customers.

Allocation of transaction price to performance obligations in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to 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 performance obligations provides the best reference for revenue actually earned. In applying the input method, the Group estimates the costs to complete the project in order to determine the amount of revenue to be recognised. The 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.

Cost to complete the projects

The Group has estimated the costs to complete the projects in order to determine the cost attributable to the revenue being recognised. The 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.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Control assessment

The Company reassesses whether or not it controls or has significant influence over an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control listed in Note 4.7. Management has reviewed its control assessments in accordance with IFRS 10 and IAS 28 and has concluded that there is no effect on the classification of any of the Company's investee held during the year or comparative periods covered by or under these consolidated financial statements.

Income tax

There are considerable estimates required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. In the event that the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could potentially impact the income tax and deferred tax provisions in the period in which such determination is made.

4 Material accounting policies (continued)

4.25 Estimation uncertainty

Determination and measurement of useful lives of property and equipment and intangible assets

The Group estimates the useful lives of its property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property and equipment and intangible assets based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives would increase the recorded depreciation expense for property and equipment and amortization expense for intangible assets and decrease the carrying value of the related assets. Residual values are not considered as they are deemed immaterial.

Properties under development

Management estimates the net realisable values of properties, taking into account the most reliable evidence available at each reporting date. The future realisation of these properties may be affected by future circumstances that may reduce future selling prices.

Fair value of investment properties

Investment property is stated at fair value as at the reporting date. Gain or losses arising from changes in the fair values are included in the consolidated statement of comprehensive income in the year in which they arise. The fair value of investment properties' are determined by independent real estate valuation experts using recognised valuation techniques. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group's properties. When the fair value of the properties is assessed to be not significantly different from its last valuation, such properties are recorded at the value of the last valuation.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of the reporting period.

Where market values are readily available, determining fair values of investment property is dependent on management's judgment as to what it considers as comparable units in the active market. Judgment is influenced by various criteria such as but not limited to unit type, floor area and unit location within a property. If the assumptions used under these methods are changed, the fair value may also change significantly.

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

5 Property and equipment

	Land AED '000	Buildings AED '000	Machinery and other equipment AED '000	Furniture and fixtures AED '000	Vehicles AED '000	Aircraft AED '000	Other assets AED '000	Capital work in progress (a) AED '000	Total AED '000
2024									
Cost									
Balance at January 1, 2024	-	77,747	15,454	2,763	6,317	158,836	11,257	-	272,374
Additions	-	4,873	9,959	445	1,500	-	-	111,561	128,338
Transferred from investment properties (Note 8)	114,511	-	-	-	-	-	-	-	114,511
Transferred from properties under development (Note 9)	6,800	-	-	-	-	-	-	-	6,800
Disposals	-	-	-	-	(529)	-	-	-	(529)
On disposal of branch/subsidiaries (Note 32)	-	-	(3,246)	(383)	(16)	(158,836)	-	(171)	(162,652)
Balance at December 31, 2024	**121,311**	**82,620**	**22,167**	**2,825**	**7,272**	**-**	**11,257**	**111,390**	**358,842**
Accumulated depreciation									
Balance at January 1, 2024	-	41,027	10,167	2,089	6,018	17,276	10,891	-	87,468
Charge for the year*	-	15,793	2,785	321	216	14,538	366	-	34,019
Disposal	-	-	-	-	(529)	-	-	-	(529)
On disposal of branch/subsidiaries (Note 32)	-	-	(2,752)	(300)	(3)	(31,814)	-	-	(34,869)
Balance at December 31, 2024	-	56,820	10,200	2,110	5,702	-	11,257	-	86,089
Carrying amounts at December 31, 2024	**121,311**	**25,800**	**11,967**	**715**	**1,570**	**-**	**-**	**111,390**	**272,753**

5 Property and equipment (continued)

	Buildings AED '000	Machinery and other equipment AED '000	Furniture and fixtures AED '000	Vehicles AED '000	Aircraft AED '000	Other assets AED '000	Capital work in progress AED '000	Total AED '000
2023								
Cost								
Balance at January 1, 2023	74,646	10,259	1,729	8,778	-	11,257	2,274	108,943
Additions	3,101	2,496	652	151	-	-	-	6,400
On acquisition of subsidiaries (Note 31)	-	2,699	382	-	158,836	-	-	161,917
Written-off	-	-	-	(2,612)	-	-	(2,274)	(4,886)
Balance at December 31, 2023	77,747	15,454	2,763	6,317	158,836	11,257	-	272,374
Accumulated depreciation								
Balance at January 1, 2023	25,507	7,178	1,561	7,894	-	9,578	-	51,718
On acquisition of subsidiaries (Note 31)	-	2,373	286	-	14,622	-	-	17,281
Charge for the year	15,520	616	242	579	2,654	1,313	-	20,924
Written-off	-	-	-	(2,455)	-	-	-	(2,455)
Balance at December 31, 2023	41,027	10,167	2,089	6,018	17,276	10,891	-	87,468
Net carrying amount as at December 31, 2023	36,720	5,287	674	299	141,560	366	-	184,906

(a) Capital work in progress represents the following:

- Construction and design cost for temporary office building which is expected to be ready for use by the end of first quarter of the year 2025. As of the reporting date, the Company has a capital commitment amounting to AED 8,774 thousand relating to the temporary office building.
- Construction and design cost for factory building which is expected to be ready for use by the end of the year 2025. As of the reporting date, the Company has a capital commitment amounting to AED 364,756 thousand relating to the factory building.
- Construction and design cost for office building which is expected to be ready for use by the end of the year 2026. As of the reporting date, the Company has a capital commitment amounting to AED 429,815 thousand relating to the office building.

*Depreciation charge of AED 14,926 thousand pertains to discontinued operations.

6 Intangible assets

	Computer software AED '000	Intangible assets under development AED '000	Total AED '000
2024			
Cost			
Opening balance	7,940	-	7,940
Additions	-	2,928	2,928
Written-off	(360)	-	(360)
Closing balance	**7,580**	**2,928**	**10,508**
Accumulated amortization			
Opening balance	4,768	-	4,768
Charge for the year	426	-	426
Closing balance	**5,194**	**-**	**5,194**
	2,386	**2,928**	**5,314**

	Computer software AED '000	Intangible assets under development AED '000	Total AED '000
2023			
Cost			
Opening balance	5,447	-	5,447
Additions	2,493	-	2,493
Written-off	-	-	-
Closing balance	7,940	-	7,940
Accumulated amortization			
Opening balance	4,390	-	4,390
Charge for the year	378	-	378
Closing balance	4,768	-	4,768
	3,172	-	3,172

Intangible assets under development pertains to ERP software being developed by the Group, as of the reporting date. The ERP software is expected to be ready for use before the end of the fiscal year 2025. As of the reporting date, the Group has a capital commitment amounting to AED 4,237 thousand pertaining to the ERP software. (refer Note 34)

7 Right-of-use asset

	2024 AED'000	2023 AED'000
Land		
Cost		
Addition (Note 22)	**20,044**	-
Closing balance	**20,044**	-
Accumulated depreciation		
Charge for the year	**477**	-
Closing balance	**477**	-
Net carrying value as at December 31,	**19,567**	-

During the year, Sobha Furniture Systems L.L.C, a subsidiary, entered into a lease agreement with Dubai Industrial City L.L.C ("DIC") which grants the entity the use of a parcel of land owned by DIC for a period of 49 years from the lease commencement date.

8 Investment properties

	2024	2023
	AED '000	AED '000
Opening balance	**2,278,310**	1,303,186
Fair value gain	**545,125**	2,204,554
Additions (Note 23)	**2,752,855**	1,216,519
Additions to investment properties under development	**20,056**	-
On acquisition of subsidiary (Note 31)	**-**	84,557
Transferred to property and equipment (a) (Note 5)	**(114,511)**	-
Transferred to a related party (Note 14)	**-**	(8,325)
Transferred to properties under development (Note 9)	**(2,443,009)**	(2,522,181)
	3,038,826	2,278,310

		2024	2023
Particulars	**Location**	**AED '000**	AED '000
Building	7 units of commercial space in 'Sobha Sapphire' – Business Bay, Dubai, UAE	**24,847**	24,847
Building	Neighborhood clubhouse, Sobha Hartland, Dubai, UAE (f)	**14,656**	-
Land	Plot No 194, Bukadra, Dubai (a)	**669,627**	2,119,544
Land	Plot 31 – 32, Sobha Hartland, Al Merkadh, Dubai, UAE (b)	**88,180**	87,890
Land	Plot No 1374, Jebel Ali Industrial First, Dubai, UAE (c)	**46,029**	46,029
Land	Plot No 11, Al Yufrah 1, Dubai, UAE (d)	**769,475**	-
Land	Plot No 489, Jebel Ali First Community, Dubai, UAE (e)	**1,405,956**	-
Under development	Sobha Mall, Sobha Hartland, Dubai, UAE (g)	**19,617**	-
Under development	Technicians' residence, Jebel Ali Industrial First, Dubai, UAE (h)	**439**	-
		3,038,826	2,278,310

Certain plots of land and building have been pledged as security for the Group's borrowings (Note 21).

(a) On January 1, 2023 and April 1, 2023, the Group transferred investment property located at Plot No. 194, Bukadra, Dubai, UAE, amounting to AED 150,000 thousand and AED 71,898 thousand respectively to properties under development, for the purpose of developing real estate projects on the said investment properties. On July 10, 2023, the Group transferred investment property amounting to AED 1,511,452 thousand to properties under development. Further, on December 1, 2023, the Group purchased additional rights to Gross Floor Area (GFA) for change in the development scope and usage of the investment property amounting to AED 500,000 thousand. Further, during the year 2023, the Group transferred certain portion of the plot to key management personnel of the Company amounting to AED 8,325 thousand. Based on fair valuation exercises carried out during the year the Company recorded fair value gains amounting to AED 2,201,221 thousand in respect of Plot No. 194.

On May 31, 2024, and June 15, 2024, the Group transferred investment property amounting to AED 209,935 thousand and AED 151,799 thousand respectively to properties under development, for the purpose of developing real estate projects on the said property.

8 Investment properties (continued)

The Group recorded a fair value gain of AED 58,371 thousand in respect of this property, pursuant to the fair valuation exercise carried out on June 29, 2024. On July 8, 2024, October 23, 2024, and November 25, 2024, the Group transferred investment property amounting to AED 313,604 thousand, AED 160,315 thousand and AED 558,124 thousand respectively to properties under development, for the purpose of developing real estate projects on the said property. Further, during the year, the Group transferred AED 114,511 thousand to property and equipment for the construction of Global square office.

(b) Plot 31 – 32, Sobha Hartland, Al Merkadh, Dubai, UAE pertains to land parcels acquired as a result of acquisition of Sobha Capital LLC, through a common control transaction on September 30, 2023. The Group recorded a fair value gain of AED 3,333 thousand in respect of this property, pursuant to the fair valuation exercise carried out on December 31, 2023. Further, the Group recorded a fair value gain of AED 290 thousand in respect of this property, pursuant to the fair valuation exercise carried out on June 29, 2024.

(c) On May 3, 2023, the Company purchased an investment property located at Plot No. 1374 (599-221), Jebel Ali Industrial First, Dubai, UAE for an amount of AED 46,029 thousand (including Dubai Land Department (DLD) fees).

(d) On May 31, 2024, the Company purchased an investment property located at Plot No. 11, Al Yufrah 1, Dubai, UAE for an amount of AED 634,400 thousand (including DLD fees). The Group recorded a fair value gain of AED 204,679 thousand in respect of this property, pursuant to the fair valuation exercise carried out on June 29, 2024. On August 8, 2024, the Group transferred investment property amounting to AED 69,604 thousand to properties under development, for the purpose of developing real estate projects on the said property.

(e) On June 21, 2024, the Company entered into an agreement to purchase an investment property located at Plot No 489, Jebel Ali first community, Dubai, UAE for a total consideration amount of AED 1,508,000 thousand (including DLD fees), payable in instalments over a period of 2 years. Accordingly, the cash price equivalent value of the investment property amounted to AED 1,405,956 thousand.

(f) During the current year, the Company developed a building "Neighbourhood clubhouse" located at Sobha Hartland, Dubai, UAE for an amount of AED 14,656 thousand which comprises of construction costs amounting to AED 14,087 thousand and design and supervision costs amounting to AED 569 thousand.

(g) During the current year, the Company started developing "Sobha Mall" located at Sobha Hartland, Dubai, UAE. The addition to investment property under development amounted to AED 19,617 thousand which comprises of construction costs amounting to AED 17,553 thousand and design and supervision costs amounting to AED 2,064 thousand. The said investment property is expected to be ready for use by the end of the year 2026.

(h) During the current year, the Group started developing "Technicians' residence" located at Jebel Ali Industrial First, Dubai, UAE. The addition to investment under development amounted to AED 439 thousand which comprises of construction costs amounting to AED 438 thousand and design and supervision costs amounting to AED 1 thousand. Development is expected to be ready for use by the end of the year 2025.

(i) On February 1, 2024, the Company entered into an agreement to purchase an investment property located at Plot No. 674 – (258, 260 & 301-303), Motor City Dubai, UAE for a total consideration of AED 408,005 thousand (including DLD fees), payable in instalments over a period of 2 years. Accordingly, the cash price equivalent value of the investment property amounted to AED 377,746 thousand. The Group recorded a fair value gain of AED 167,841 thousand in respect of this property, pursuant to the fair valuation exercise carried out on March 29, 2024. On March 29, 2024, the Group transferred investment property amounting to AED 545,587 thousand to properties under development, for the purpose of developing real estate projects on the said property.

8 Investment properties (continued)

On March 27, 2024, the Company purchased an investment property located at Plot No. 674 – (318 & 319), Motor City Dubai, UAE for an amount of AED 320,097 thousand (including DLD fees). The Group recorded a fair value gain of AED 113,944 thousand in respect of this property, pursuant to the fair valuation exercise carried out on June 30, 2024. On September 5, 2024, the Group transferred investment property amounting to AED 434,041 thousand to properties under development, for the purpose of developing real estate projects on the said property.

(j) On June 9, 2022, the Company purchased an investment property located at Plot No. 1238 (643-8092), Wadi Al Safa Two, Dubai, UAE for an amount of AED 80,591 thousand (including DLD fees) at an auction. On December 31, 2022, the Group recorded a fair value gain of AED 37,748 thousand in respect of this property, pursuant to the fair valuation exercise carried out on December 31, 2022. On March 2, 2023, the Company paid an additional amount of AED 40,014 thousand to DUBAI LAND (LLC) for change in the development scope and usage of the investment property. On April 1, 2023, and July 1, 2023, the Group transferred AED 75,498 thousand and AED 82,856 thousand to properties under development, for the purpose of developing real estate projects on the said property.

On January 26, 2023, the Company purchased and transferred the investment property to properties under development located at Plot No. 855 (393-5816), Al Thanyah Fifth Community, Dubai, UAE for an amount of AED 147,173 thousand (including DLD fees) for the purpose of developing real estate projects on the said properties.

During the year 2023, the Company purchased an investment property Plot No. 3681 (392-661) and Plot No. 3682 (392-662), Marsa, Dubai, UAE amounting to AED 483,302 thousand (including DLD fees) from a third party which was transferred to properties under development for the purpose of developing real estate projects on the said property.

As of the reporting date, the Company's outstanding payables in relation to the purchase of investment properties amounted to AED 1,086,838 thousand (2023: AED 691,425 thousand) (refer Note 23).

As of the reporting date, the Company has a capital commitment amounting to AED 135,038 thousand and AED 68,656 thousand related to the development of "Sobha Mall" and "Technician residence", respectively (refer Note 34).

Note 37 sets out the method used for the determination of the estimated fair value of the investment properties.

9 Properties under development

	2024 AED '000	2023 AED '000
Properties under development	**2,939,949**	2,269,535

Movement in the properties under development during the year is as follows:

	2024 AED '000	2023 AED '000
Opening balance	**2,269,535**	1,520,735
Transferred from investment properties (Note 8)	**2,443,009**	2,522,181
Additions during the year	**3,613,450**	2,050,617
Transferred to property and equipment (Note 5)	**(6,800)**	-
Transferred to direct costs – net	**(5,379,245)**	(3,823,998)
Closing balance	**2,939,949**	2,269,535
Less: Non-current portion	**-**	(24,109)
Current portion	**2,939,949**	2,245,426

9 Properties under development (continued)

Properties under development represents the cost of land, development cost of villas, apartments and infrastructure being developed within the Sobha Hartland project, located at Mohammed Bin Rashid Al Maktoum City, Sobha One project located at Ras Al Khor, S-Tower project located at Sheikh Zayed Road, Dubai, Sobha Verde project located at Al Thanyah Fifth Community, Dubai, Sobha Reserve project located at Plot No 1238 (643-8092), Wadi Al Safa Two, Dubai, Sobha Sea Haven project located at Al Marsa, Dubai Marina, Dubai, UAE, Sobha Hartland II project located at Bukadra, Dubai, UAE, Sobha Orbis project located at Motor City, Dubai, UAE, Sobha Elwood project located at Al Yufrah 1, Dubai, UAE and Sobha Solis project located at Motor City, Dubai, UAE.

Additions to properties under development include capitalized borrowing costs amounting to AED 77,294 thousand (2023: AED 33,751 thousand) (refer Note 28).

10 Investment in joint venture

Name of the joint venture	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at year end	
			2024	2023
Sobha Al Siniya FZC	United Arab Emirates	Real estate development and sales	**50%**	-

On July 10, 2024, the Company entered into a Joint Venture agreement with UAQ PROPERTIES to form a joint venture Sobha Al Siniya FZC.

The investment in Sobha Al Siniya FZC is accounted for using the equity method in accordance with IAS 28 - Investments in Associates and Joint Ventures.

Summarised financial information of Sobha Al Siniya FZC is set out below:

	2024 AED'000
Non-current assets	300,495
Current assets*	1,446,626
Total assets	**1,747,121**
Current liabilities	896,340
Total liabilities	**896,340**
Net assets	**850,781**
*Includes cash and cash equivalents	864,899

	2024 AED'000
Revenue	113,237
Profit and total comprehensive income for the year	45,781
Depreciation and amortisation	-
Tax expense	(4,491)

10 Investment in joint venture (continued)

A reconciliation of the summarised financial information to the carrying amount of the investment in Sobha Al Siniya is set out below:

	2024 AED'000
Total net assets of Sobha Al Siniya FZC	850,781
Proportion of ownership interests held by the Group	50%
Carrying amount of the investment in Sobha Al Siniya FZC	**425,391**

	2024 AED'000
Investment in Sobha Al Siniya FZC*	402,500
Share of profit	22,891
Carrying amount of the investment in Sobha Al Siniya FZC	**425,391**

*Investment amount of AED 201,250 thousand remains payable as at the reporting date.

No dividends were received from Sobha Al Siniya FZC during the year ended December 31, 2024.

11 Financial asset

	2024 AED '000	2023 AED '000
Future sale proceeds of equity instrument at FVOCI	-	2,011,692

Movement in the financial asset is as follows:

	2024 AED '000	2023 AED '000
Opening balance	2,011,692	1,211,049
Change in fair value (Note 19)	-	807,524
Foreign exchange loss (Note 19)	-	(6,881)
Transfer of non-cash asset to shareholders*	(2,011,692)	-
Closing balance	-	2,011,692

The shareholders (the "Declarants") of the Company, being the legal and beneficial owners of 48.58% of the shares in Sobha Limited, an entity listed in India ("Sobha Limited Shares"), had entered into a Deed of Declaration in favour of the Company, declaring to assign to the Company any sale proceeds received in the event of any sale, transfer or other similar disposal of the Sobha Limited Shares. Consequently, the Company accounted for such assignment to receive the proceeds as a financial asset and the valuation was linked to the fair value of the Sobha Limited Shares as determined with reference to the published price in the quoted market.

*On March 4, 2024, the Company and the Declarants mutually terminated the Deed of Declaration with an effective date of January 1, 2024, and accordingly, the Company no longer has the rights to proceeds from any sale, transfer or other similar disposal of the Sobha Limited Shares. Consequently, the Company has cancelled the rights to sale proceeds from Sobha Limited Shares, with the resulting impact recorded in the retained earnings of the Group. Further, the corresponding fair value reserve amounting to AED 1,500,291 thousand has been transferred to retained earnings (Note 19).

12 Trade and other receivables

	2024 AED '000	2023 AED '000
Financial assets		
Trade receivables	**5,809,178**	5,141,323
Deposits	**56,994**	129,660
Other receivables	**246**	2,124
	5,866,418	5,273,107
Non-financial assets		
Prepayments	**25,728**	5,150
Advance to suppliers	**149,118**	57,651
Advances**	**57,500**	44,500
VAT receivable – net	**61,486**	46,371
Deferred expenses*	**90,113**	160,477
Staff advances	**3,387**	3,293
	387,332	317,442
	6,253,750	5,590,549

*This represents commission paid to third party brokers.

**Advances of AED 57,500 thousand (2023: AED 44,500 thousand) represents amounts paid in advance to certain minority shareholders of Sobha Lifestyle City Limited, in relation to the purchase of certain shares of the minority shareholders. The said advances shall be treated as an increase in investment in subsidiary after the completion of the necessary legal process.

13 Cash and cash equivalents

	2024 AED '000	2023 AED '000
Cash on hand	**379**	8,766
Cash at banks		
- in escrow account*	**2,414,257**	689,149
- in current account	**390,731**	1,408,590
- in DSRA/FSRA accounts	**20,525**	-
	2,825,513	2,097,739
	2,825,892	2,106,505

*The balance in escrow account relates to advances collected from customers which are available for payments relating to the construction of properties under development.

Certain escrow accounts maintained in the name of Sobha L.L.C are under lien against the Group's borrowings (Note 21).

14 Related parties

The Group in the normal course of business carries on business with other enterprises that fall within the definition of a related party. The Group's related parties include its Shareholders, key management personnel, joint venture and entities controlled by such parties. Transactions with related parties normally comprise transfer of resources, services, or obligations between the parties. Transactions carried out with related parties are measured at amounts agreed by both parties.

14 Related parties (continued)

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

	2024 AED '000	2023 AED '000
Due from related parties		
Joint venture		
Sobha Al Siniya FZC	**132,142**	-
Shareholder		
Mr. Puthan N C Menon	**39,524**	-
Associated undertakings		
Sobha Furniture Industries - L.L.C - O.P.C	-	274
Sobha Modular Industries LLC - O.P.C	-	499
SIA Landscaping	-	204
	171,666	977

	2024 AED '000	2023 AED '000
Due to related parties		
Associated undertakings		
Sobha Constructions L.L.C	**361,775**	177,625
Sobha Corporate L.L.C	**879**	16,322
PNC Architects	**31,964**	45,304
Latinem Facilities Management L.L.C	**4,805**	9,404
Latinem Securities L.L.C	**1,141**	-
Latinem Private Limited – India	**512**	-
Sobha Furniture Industries - L.L.C - O.P.C	**527**	-
Latinem Landscaping L.L.C	**2,335**	-
Sobha Aviation DWC LLC	**102**	-
	404,040	248,655

	2024 AED '000	2023 AED '000
Loan from shareholders		
Opening balance	**1,001,650**	-
Transfer from shareholders' account* (Note 17)	-	999,619
Interest expense on loan from shareholders (Note 28)	**81,437**	20,968
Repaid during the year	**(83,087)**	(18,937)
Closing balance	**1,000,000**	1,001,650

*On October 1, 2023, the Company entered into a loan agreement with Mr. Puthan NC Menon and Mrs. Sobha Menon (together referred to as the "Shareholders") to grant the Company an unsecured term loan facility of a total principal amount not exceeding AED 5,000,000,000 including any transfer of funds from the Shareholders' account which shall be available to the Company in multiple tranches as and when requested by the Company, on the terms, and subject to the conditions specified in the agreement. The Company shall pay interest on the drawn amount at the rate of 3 Months SOFR (Secured Overnight Financing Rate) + 300 basis points. The loan shall be repaid after 10 years from the date of first of drawdown. Consequently, effective October 1, 2023, the Board of Directors of the Company, resolved to transfer the amount of AED 999,619 thousand from the shareholders' account to the loan account (Note 17).

14 Related parties (continued)

Key management personnel compensation

Key management personnel of the Group are the Chairman, Co-Chairman, Group Chief Financial Officer, Chief Executive Officer, Directors and the Manager. During the year, the key management personnel compensation was as follows:

	2024	2023
	AED '000	AED '000
Salaries and benefits	70,130	67,005
Transfer of investment property (Note 8)	-	8,325

Transactions with related parties

Significant transactions carried out with related parties are as follows:

	2024	2023
	AED '000	AED '000
Construction and development expenses for properties under development	3,220,768	1,757,199
Royalty expenses (Note 27)	88,897	16,322
Interest on loan from shareholders (Note 28)	81,437	20,968
Project design and supervision fee charged by a related party	193,989	124,309
Transfer of end of service benefits to a related party (Note 20)	3,360	-
Transfer of accrued leave salary to a related party	770	-
Administration and management fee (Note 26)	-	10,068
Development management fees (Note 29)	3,521	-
Dividends (Note 15.1)	602,510	90,400

15 Share capital

The authorised, issued and fully paid-up share capital of the Company is AED 300,000 divided into 300 shares of AED 1,000 each.

	2024	2023
	AED '000	AED '000
Authorised, issued and fully paid-up share capital (300 shares)	300	300

The shareholding is as follows:

		2024			2023	
	%	No. of shares	AED'000	%	No. of shares	AED'000
Mr. Puthan N C Menon	53%	159	159	53%	159	159
Mrs. Sobha Menon Raghavan Nair	47%	141	141	47%	141	141
	100%	300	300	100%	300	300

15.1 Dividends

On February 13, 2024, the board of directors approved the consolidated financial statements of the Group for the year ended December 31, 2023 and declared a dividend of AED 262,690 thousand based on the financial results of the Group. Further, on April 29, 2024 , July 29, 2024 and October 25, 2024, the Company declared and paid interim dividends amounting to 109,830 thousand , AED 102,130 thousand and AED 127,860 thousand, respectively. (2023: AED 90,400 thousand).

16 Statutory reserve

In accordance with the Articles of Association of the Company and Article 103 of the Federal Decree-Law No. (32) of 2021, a minimum of 5% of the net profit of the Company and its subsidiaries' are required to be allocated every year. Such transfers are required to be made until the balance on the statutory reserve equals one half of the Company and its subsidiaries' paid-up share capital.

17 Shareholders' account

	2024	2023
	AED '000	AED '000
Opening balance	-	999,619
Transferred to loan from related parties* (Note 14)	-	(999,619)
	-	-

*On October 1, 2023, the Board of Directors of the Company, resolved to transfer the amount of AED 999,619 thousand from the shareholders' account to loan from shareholders (Note 14).

18 Non-controlling interest (NCI)

	2024	2023
	AED '000	AED '000
Sobha Lifestyle City Limited (a)	**188,999**	315,010

(a) This represents 11.11% (2023: 18.52%) interest held by various shareholders in the capital and reserves of Sobha Lifestyle City Limited at the reporting date.

The movement in NCI is as follows:

	Sobha Lifestyle City Limited
2024	**AED '000**
Balance at January 1, 2024	**315,010**
Increase of investment in a subsidiary	**(126,004)**
Share of loss for the year	**(7)**
Balance at December 31, 2024	**188,999**
2023	AED '000
Balance at January 1, 2023	374,946
Increase of investment in a subsidiary	(58,624)
Share of loss for the year	(1,312)
Balance at December 31, 2023	315,010

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

18 Non-controlling interest (continued)

18.1 Subsidiary with material non-controlling interests

The Group's consolidated financial statements include following subsidiary, with material non-controlling interests (NCI):

Name	Proportion of ownership interests held by the NCI 2024	Proportion of ownership interests held by the NCI 2023	Loss allocated to NCI 2024	Loss allocated to NCI 2023	Principal activity and principal place of business
			AED '000	AED '000	
Sobha Lifestyle City Limited	11.11%	18.52%	7	1,312	Investment in land and properties approved by JAFZA or any other free hold property in the United Arab Emirates

Summarised financial information for the subsidiary in which material non-controlling interests has been identified before intragroup eliminations, is set out below:

	Sobha Lifestyle City Limited	
	2024	2023
	AED '000	AED '000
Non-current	-	-
Current assets	2,019,767	2,019,809
Total assets	**2,019,767**	2,019,809
Non-current	-	-
Current liabilities	318,771	318,757
Total liabilities	**318,771**	318,757
Equity attributable to Shareholders of the Company	**1,511,997**	1,386,042
Non-controlling interests	**188,999**	315,010

18 Non-controlling interest (continued)

18.1 Subsidiary with material non-controlling interests (continued)

	Sobha Lifestyle City Limited	
	2024	2023
	AED '000	AED '000
Revenue	**-**	-
Loss for the year attributable to Shareholders of the Company	**(54)**	(5,170)
Loss for the year attributable to NCI	**(7)**	(1,312)
Net loss for the year	**(61)**	(6,482)
Net cash used in operating activities	**-**	(1)
Net cash from investing activities	**-**	-
Net cash from financing activities	**-**	-
Net cash outflow	**-**	(1)

The increase in investment in the subsidiary was affected as follows:

	Sobha Lifestyle City Limited	
	2024	2023
	AED '000	AED '000
Consideration for purchase of additional interests	**35,017**	29,803
Carrying value of the additional interests acquired	**(126,004)**	(58,624)
Recognised in retained earnings	**(90,987)**	(28,821)

19 Fair value reserve

The carrying value of fair value reserve as at the reporting date and the movement during the year can be analysed as follows:

	2024	2023
	AED '000	AED '000
Opening balance	**1,500,291**	699,648
Fair value change on financial assets (Note 11)	**-**	807,524
Foreign exchange loss on financial assets (Note 11)	**-**	(6,881)
Transfer to retained earnings on transfer of non-cash asset to shareholders (Note 11)	**(1,500,291)**	-
Closing balance	**-**	1,500,291

20 Employees' end of service benefits

	2024	2023
	AED '000	AED '000
Opening balance	**15,212**	12,776
Charge for the year	**11,279**	8,955
On disposal of subsidiary	**(238)**	-
Transferred to a related party (Note 14)	**(3,360)**	-
Payments made during the year	**(6,572)**	(6,519)
Closing balance	**16,321**	15,212

21 Borrowings

	2024			2023		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	AED '000	**AED '000**	**AED '000**	AED '000	AED '000	AED '000
Term finance	**67,594**	**101,299**	**168,893**	217,755	80,874	298,629
Short term loan	**-**	**-**	**-**	181,833	-	181,833
Sukuk Certificates	**-**	**1,840,563**	**1,840,563**	-	1,046,663	1,046,663
	67,594	**1,941,862**	**2,009,456**	399,588	1,127,537	1,527,125

The movement in borrowings is as follows:

	2024	2023
	AED '000	AED '000
Opening balance	**1,527,125**	1,877,490
Proceeds during the year	**1,191,238**	1,942,356
On acquisition of subsidiary (Note 31)*	**-**	110,175
On disposal of subsidiary (Note 32)	**(89,868)**	-
Interest expense on borrowings	**89,442**	47,577
Repayments during the year	**(708,481)**	(2,450,473)
Closing balance	**2,009,456**	1,527,125

*This pertains to a loan obtained by Sobha Jet Limited, prior to the acquisition of this entity by the Company (Note 31). During the previous year, on December 21, 2023, this loan was fully settled by this entity.

21 Borrowings (continued)

Sukuk Certificates

On July 17, 2023, Sobha Sukuk Limited, (the SPV), issued 300,000 five-year Sukuk Certificates with a face value of USD 1,000 each, listed on London Stock Exchange and Nasdaq Dubai (ISIN: XS2633136234), an international financial exchange in the Middle East, amounting to USD 300 million with a coupon rate of 8.75% per annum payable semi-annually from January 17, 2024.

On December 6, 2023, P N C Investments L.L.C (the obligor of Sukuk Certificates issued by Sobha Sukuk Limited) repurchased and cancelled Sukuk Certificates with a face value of USD 15 million. Further, on May 29, 2024, the Company repurchased and cancelled Sukuk Certificates with a face value of USD 15 million.

On September 17, 2024, the SPV further issued 230,000 Sukuk Certificates with a face value of USD 1,000 each, to form a single series with the 300,000 Sukuk Certificates previously issued on July 17, 2023, resulting in a total of 500,000 Sukuk Certificates being issued.

As at the reporting date, 500,000 Sukuk Certificates with a face value of USD 500 million remain issued and outstanding. The fair value of the Sukuk Certificates as of the reporting date was USD 1,023.07 (2023: USD 998.25) per sukuk.

Loan from financial institutions

Loan from financial institutions represents term finance and foreign currency loan obtained from financial institutions.

1) Term finance:

During the year 2023, SLLC availed a new term loan facility ("Facility 1") from a financial institution amounting to AED 256 million (USD 69.8 million) of which SLLC received AED 169 million during the year 2023. Further, during the year 2023, SLLC availed a term loan facility ("Facility 2") from a financial institution amounting to AED 220 million (USD 60 million) of which SLLC received AED 81 million during the year 2023. Both Facility 1 and Facility 2 were settled in full by SLLC during the 2023.

During the year 2021, SLLC availed a term loan facility ("Facility 3") from a financial institution with a sanctioned limit of AED 735 million, of which SLLC received an amount of AED 105 million during the 2022. In the year 2023, SLLC received an additional amount of AED 208 million from the financial institution. The total principal balance outstanding on this loan as of December 31, 2023, amounted to AED 200 million. During the current year the loan was settled in full by SLLC.

During the year 2014, the Company obtained a term finance facility ("Facility 4") from a financial institution amounting to AED 500 million. The term finance facility carried variable profit rate at prevailing market rates. The facility was for a period of 5 years. During the year 2019, the Company signed an amendment agreement with the financial institution to extend the repayment of AED 480 million, the outstanding loan amount as of the date of amendment, over a period of 4 years, from the date of amendment. Facility 4 having an outstanding balance of AED 334 million was fully repaid by the Company in the year 2023.

During the year 2018, the Company obtained a term of loan facility ("Facility 5") from a financial institution amounting to AED 140 million. The term finance facility carried variable interest rate at the prevailing market rates. Facility 5 having an outstanding balance of AED 45 million was fully repaid by the Company in the year 2023.

21 Borrowings (continued)

Loan from financial institutions (continued)

1) Term finance (continued):

During the year 2020, the Company obtained a term loan ("Facility 6") facility from a financial institution amounting to AED 1,400 million. The term finance facility carries variable profit rate at the prevailing market rates. The facility is for a period of 5 years. During the year 2023, AED 1,147 million was paid against Facility 6 and the liability was settled in full.

Sobha Jet Limited entered into a new term loan facility amounting to USD 30 million ("Facility 7") on December 21, 2023, in respect of the purchase of an aircraft. The loan is to be repaid in 60 equal monthly instalments commencing January 2024. The principal outstanding loan as of the reporting date amounted to USD 27 million (AED 99 million). As a result of disposal of Sobha Jet Limited, the outstanding amount of USD 24 million (AED 90 million) as of December 24, 2024, was transferred to a related party (refer Note 32).

On June 24, 2024, the Company entered into a new term loan facility ("Facility 8") amounting to AED 400 million of which the Company received AED 205 million during the year. The loan is to be repaid in 12 quarterly equal instalments. The term finance facility carries variable profit rate at the prevailing market rates. The principal outstanding loan as of the reporting date amounted to AED 169 million.

2) Short term finance:

On November 1, 2023, the Company entered into a new short-term working capital loan facility ("Facility 9") with a financial institution carrying an interest rate of SOFR + 3.6% per annum. During the current year, the loan amounting to USD 50 million (AED 181 million) was settled in full by the Company. Further, on June 7, 2024, the Company availed an additional amount of USD 20 million (AED 74 million). Further, during the current year the outstanding loan amounting to USD 20 million (AED 74 million) was settled in full by the Company.

3) Foreign currency loan:

During the year 2017, SLLC obtained a foreign currency loan ("Facility 10") from a financial institution amounting to USD 50 million (AED 184 million) towards development of certain projects at Sobha Hartland. In 2018, the facility agreement was amended and an additional USD 50 million (AED 184 million) was sanctioned of which USD 48 million (AED 176 million) was disbursed by the financial institution. The loan tenure was 7 years from date of initial disbursement and carried interest at the prevailing market rates and is payable semi-annually. During the year 2021, the repayment of the foreign currency loan commenced upon completion of the moratorium period of 4 years from the date of the agreement amendment. Facility 10 having an outstanding balance of AED 210 million was fully repaid by SLLC in the year 2023.

The above outstanding borrowing facilities are secured by way of:

- Pledge by way of mortgage on Plot 31 and 32, Sobha Hartland, Al Merkadh, Dubai, UAE, Plot No 1374, Jebel Ali Industrial First, Dubai, UAE and Plot No. 463, 464, 466, 467, 468 and 470, Bukadra, Dubai, UAE
- Pledge of 'Facility Service Reserve Account' / 'Debt Service Reserve Account.';
- Assignment of insurance policies to respective financial institutions, as per the agreed terms;

The table below analyses the borrowings into relevant maturity groupings based on the contractual maturity date.

	Within one year AED '000	More than one year AED '000	Total AED '000
December 31, 2024	**67,594**	**1,941,862**	**2,009,456**
December 31, 2023	399,588	1,127,537	1,527,125

22 Finance lease liability

Finance lease liability recognised in the consolidated statement of financial position can be analysed as follows:

	2024		2023	
	Current	**Non-current**	Current	Non-current
	AED '000	**AED '000**	AED '000	AED '000
Finance lease liability	**-**	**20,033**	-	-

The movement in the finance lease liability is as follows:

	2024	2023
	AED'000	AED'000
Opening balance	**-**	46
Addition (Note 7)	**20,044**	-
Finance cost (Note 28)	**2,005**	6
Repayments	**(2,016)**	(52)
Closing balance	**20,033**	-

Future minimum finance lease payments at the end of each reporting period were as follows:

	Minimum lease payments due		
	Within 1 year	**More than 1 year**	**Total**
December 31, 2024	**AED '000**	**AED '000**	**AED '000**
Lease payments	**-**	**94,547**	**94,547**
Finance charges	**-**	**(74,514)**	**(74,514)**
Net present value	**-**	**20,033**	**20,033**
December 31, 2023			
Lease payments	-	-	-
Finance charges	-	-	-
Net present value	-	-	-

During the year, Sobha Furniture Systems L.L.C, a subsidiary, entered into a lease agreement with Dubai Industrial City L.L.C ("DIC") which grants the Group the use of a parcel of land owned by DIC for a period of 49 years from the lease commencement date. The lease payments for the said lease shall commence from May 2026.

23 Trade and other payables

	2024	2023
	AED '000	AED '000
Financial liabilities		
Trade payables*	**1,200,598**	822,267
Staff payables	**234**	63,918
Accruals	**417,893**	231,039
Interest accrued on Sukuk Certificates	**77,080**	30,407
Other	**6,603**	2,345
	1,702,408	1,149,976
Non-financial liabilities		
Provision for corporate tax (Note 30)	**142,572**	-
Advance from customers**	**1,281,448**	472,426
Excess billings	**128,306**	32,562
	1,552,326	504,988
	3,254,734	1,654,964
Less: current portion	**(2,946,720)**	(1,654,964)
Non-current portion	**308,014**	-

*Trade payables as of the reporting date include AED 1,086,838 thousand (2023: AED 691,425 thousand) payable in relation to the purchase of investment properties (refer Note 8).

23 Trade and other payables (continued)

The movement in consideration payable with respect to investment property is as follows:

	2024	2023
	AED '000	AED '000
Opening balance	**691,425**	169,712
Purchase of investment properties (Note 8)	**2,752,855**	1,216,519
Unwinding impact (Note 28)	**63,176**	-
Repayments during the year	**(2,420,618)**	(694,806)
Closing balance	**1,086,838**	691,425
Less: current portion	**(778,824)**	(691,425)
Non-current portion	**308,014**	-

The table below analyses the consideration payable in respect of investment property purchases into the relevant maturity groupings based on the contractual maturity date.

	Within one year	More than one year	Total
	AED '000	**AED '000**	**AED '000**
December 31, 2024			
Payments	**840,100**	**315,866**	**1,155,966**
Finance charges	**(61,276)**	**(7,852)**	**(69,128)**
Net present value	**778,824**	**308,014**	**1,086,838**
December 31, 2023			
Payments	691,425	-	691,425
Finance charges	-	-	-
Net present value	691,425	-	691,425

**Advance from customers substantially represent amounts received from customers in relation to the sale of villas, apartments and properties in accordance with the payment schedule stated in the sale and purchase agreements with customers.

24 Revenue

	2024	2023
	AED '000	AED '000
Revenue from sale of apartments and villas	**8,963,895**	6,552,585
Less: units cancelled during the year*	**(74,231)**	(59,852)
Revenue from security services	**-**	11,694
	8,889,664	6,504,427

*As a result of customer defaults, sales and purchase agreements with customers for 48 units (2023: 50 units) have been cancelled and the Group has reinstated these units.

25 Direct costs

	2024	2023
	AED '000	AED '000
Land cost	**1,844,497**	1,555,704
Construction cost	**2,981,219**	1,651,278
Infrastructure cost	**216,097**	152,350
Finance cost	**102,050**	80,471
Design cost	**128,978**	100,039
Overheads	**148,198**	322,734
Less: cost of units cancelled during the year	**(41,794)**	(38,578)
Other direct costs	**-**	10,719
	5,379,245	3,834,717

26 Administrative and general expenses

	2024	2023
	AED '000	AED '000
Salaries and other benefits	**230,281**	196,765
Commission expense	**221,307**	252,066
Legal and professional	**19,319**	19,933
Communication expense	**19,084**	15,276
Charity and donation	**18,000**	-
Repairs and maintenance	**17,498**	17,941
Aircraft management fees	**11,278**	880
Bank charges	**3,319**	3,983
Printing and stationary	**2,282**	2,872
Utilities	**1,522**	5,563
Rent**	**958**	738
Administration and management fee* (Note 14)	**-**	10,068
Property and equipment written-off (Note 5)	**-**	2,431
Vehicle maintenance	**-**	699
Other	**24,986**	19,742
	569,834	548,957

*Administration and management fee include service fees previously charged by a related party for the management services provided to the Group and cost of association charges to the Owners' association.

** The Group has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets as per the practical expedients available under IFRS 16. Payments under such leases are expensed on a straight-line basis.

27 Selling and marketing expenses

	2024	2023
	AED '000	AED '000
Commission expense	**833,129**	998,466
Advertisement and marketing	**439,046**	273,529
Business promotion	**65,435**	50,581
Royalty expense (Note 14)	**88,897**	16,322
	1,426,507	1,338,898

28 Finance costs – net

	2024	2023
	AED '000	AED '000
Interest on borrowings*	136,115	77,984
Interest capitalised to properties under development (Note 9)	(77,294)	(33,751)
Net interest on borrowings	58,821	44,233
Interest on borrowings pertaining to discontinued operations	(6,742)	-
Net interest on borrowings from continuing operations	52,079	44,233
Interest on loan from shareholders (Note 14)	81,437	20,968
Interest on finance lease liability (Note 22)	2,005	6
Unwinding impact on consideration payable (Note 23)	63,176	-
Loan processing fees	29,147	17,420
	227,844	82,627

*Interest on borrowings include interest accrued on Sukuk Certificates.

29 Other income

	2024	2023
	AED '000	AED '000
Late payment charges	125,956	64,643
Interest income on deposits	92,205	9,729
Gain on sale of properties and equipment	57	-
Development management fees (Note 14)	3,521	-
Other	12,665	35,578
	234,404	109,950

30 Income tax

Tax expense recognised in consolidated statement of comprehensive income comprises the sum of deferred tax and current tax expense not recognised in other comprehensive income or directly in equity.

The calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income.

Furthermore, the income tax expense relates to Group's operations in the United Arab Emirates and the United Kingdom which is subject to an effective tax rate of 9% and 19% respectively.

The Group offsets tax assets and 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 tax authority.

Income tax expense comprises of the following:

	2024	2023
	AED '000	AED '000
Current tax expense		
Current period	142,572	-
Deferred tax expense		
Temporary differences	38,713	-
Tax expense	181,285	-

30 Income tax (continued)

Movement in the income tax payable is as follows:

	2024 AED '000	2023 AED '000
Provided during the period	**142,572**	-
Closing balance	**142,572**	-

Reconciliation of effective tax rate is as follows:

	2024 AED '000	2023 AED '000
Profit before tax (including loss from discontinued operations)	**2,041,712**	-
Profit on non-taxable entity	**(5,656)**	-
Loss on non- taxable entities	**233**	-
Share of profit from equity accounted investment	**(22,891)**	-
Basic exemption	**(375)**	-
	2,013,023	-

	2024 AED '000	2023 AED '000
Tax using the domestic tax rate of 9%	**181,172**	-
Effect of inadmissible income	**(38,713)**	-
Effect of inadmissible expense	**113**	-
	142,572	-

Deferred tax liability attributable to the following item has been recognised:

		2024	
	Assets AED '000	**Liabilities AED '000**	**Net AED '000**
Fair value gain on investment properties	-	**38,713**	**38,713**
	-	**38,713**	**38,713**

Movement recognised in deferred tax liabilities during the year:

	Balance as at January 1, 2024 AED '000	Movement during the year AED '000	Balance as at December 31, 2024 AED '000
Fair value gain on investment properties	-	**(38,713)**	**(38,713)**
	-	**(38,713)**	**(38,713)**

Deferred tax asset attributable to the following item has been recognised.

		2023	
	Assets AED '000	Liabilities AED '000	Net AED '000
Property and equipment	83	-	83
	83	-	83

Movement recognised in deferred tax asset during the period/year:

	Balance as at January 1, 2024 AED '000	On disposal of subsidiary AED '000	Balance as at December 31, 2024 AED '000
Property and equipment	**83**	**(83)**	-
	83	**(83)**	-

30 Income tax (continued)

	Balance as at January 1, 2023 AED '000	On acquisition of subsidiary AED '000	Balance as at December 31, 2023 AED '000
Property and equipment	-	83	83
	-	83	83

31 Acquisition involving entities under common control

On November 11, 2024, the Company acquired the business of Sobha Energy Solutions L.L.C, a related party for AED 39 thousand. The net assets recognized on acquisition involving entity under common control can be analysed as follows:

	Sobha Energy Solutions L.L.C November 11, 2024 AED '000
ASSETS	
Due from related parties	**300**
Cash and bank balance	**10**
	310
LIABILITIES	
Trade and other payables	**229**
Due to related parties	**42**
	271
Net asset value on acquisition of Sobha Energy Solutions L.L.C	**39**

	2024 AED '000
Net asset value on acquisition	**39**
Consideration payable	**39**
Gain/(loss) on acquisition (recognized in retained earnings)	**-**

The net cash inflow on acquisition of subsidiary through common control transactions can be analysed as follows:

	2024 AED '000
Cash acquired on acquisition of subsidiary	**10**
Consideration paid during the year	**-**
Net cash inflow on acquisition of subsidiary	**10**

31 Acquisition involving entities under common control (continued)

On December 31, 2023, the Company acquired the business of Sobha Real Estate UK Limited, a related party for AED 5 thousand. The net assets recognized on acquisition involving entity under common control can be analysed as follows:

	Sobha Real Estate UK Limited December 31, 2023 AED '000
ASSETS	
Property and equipment	422
Deferred tax asset	83
Trade and other receivables	930
Cash and bank balance	262
	1,697
LIABILITIES	
Trade and other payables	119
Due to related parties	9,439
	9,558
Net asset value on acquisition of Sobha Real Estate UK Limited (A)	(7,861)

On December 13, 2023, the Company acquired the business of Sobha Jet Limited., a related party for AED 44,186 thousand. The net assets recognized on acquisition involving entity under common control can be analysed as follows:

	Sobha Jet Limited December 13, 2023 AED '000
ASSETS	
Property and equipment	144,214
Trade and other receivables	7,437
Due from related parties	357
Cash and bank balance	171
	152,179
LIABILITIES	
Trade and other payables	956
Borrowings	110,175
	111,131
Net asset value on acquisition of Sobha Jet Limited (B)	41,048

31 Acquisition involving entities under common control (continued)

On September 30, 2023, the Company acquired the business of Sobha Capital L.L.C, a related party for AED 85,296 thousand. The net assets recognized on acquisition involving entity under common control can be analysed as follows:

	Sobha Capital L.L.C September 30, 2023 AED '000
ASSETS	
Investment properties	84,557
Cash and bank balance	8,731
Trade and other receivables	39
	93,327
LIABILITIES	
Trade and other payables	8,031
Net asset value on acquisition of Sobha Capital L.L.C (C)	85,296

	2023 AED '000
Net asset value on acquisition (A+B+C)	118,483
Consideration payable	(129,487)
Loss on acquisition (recognized in retained earnings)	(11,004)

The net cash outflow on acquisition of subsidiaries through common control transactions can be analysed as follows:

	2023 AED '000
Cash acquired on acquisition of subsidiaries	9,164
Consideration paid during the year	(129,487)
Net cash outflow on acquisition of subsidiaries	(120,323)

32 Discontinued operations

During the year, the Company disposed of the following entities to related parties as disclosed below:

- Latinem Securities (Br of P N C Investments L.L.C) (the "Branch") ("LSL"), to Sobha Constructions L.L.C, for AED 3,890 thousand on January 1, 2024;
- Sobha Furniture Design Studio S.R.L ("SFSRL") to PNC Architects, for AED 239 thousand on December 4, 2024;
- Sobha Real Estate UK Limited. ("SRUKL") to Sobha Corporate L.L.C, for AED 5 on December 20, 2024; and
- Sobha Jet Limited ("SJL") to Mr. Puthan N C Menon for AED 43,692 thousand on December 24, 2024.

32 Discontinued operations (continued)

The financial performance of the discontinued operations for the period to the date of disposal is set out below:

	LSL January 1, 2024	SFSRL December 4, 2024	SRUKL December 20, 2024	SJL December 24, 2024	Total
	AED '000	AED '000	AED '000	AED '000	AED '000
Administrative and general expenses	-	(2,790)	(332)	(2,156)	(5,278)
Depreciation and amortization	-	(388)	-	(14,538)	(14,926)
Operating loss	-	(3,178)	(332)	(16,694)	(20,204)
Finance costs – net	-	-	-	(6,742)	(6,742)
Loss for the year from discontinued operations	-	(3,178)	(332)	(23,436)	(26,946)

The carrying amounts of assets and liabilities transferred were as follows:

	LSL January 1, 2024	SFSRL December 4, 2024	SRUKL December 20, 2024	SJL December 24, 2024	Total
	AED '000	AED '000	AED '000	AED '000	AED '000
ASSETS					
Property and equipment	13	173	576	127,021	127,783
Deferred tax asset	-	-	83	-	83
Trade and other receivables	5,488	31	1,704	7,178	14,401
Due from related parties	6,720	-	-	-	6,720
Cash and bank balance	696	43	383	234	1,356
	12,917	247	2,746	134,433	150,343
LIABILITIES					
Trade and other payables	1,840	8	57	11	1,916
Employees' end of service benefits	238	-	-	-	238
Borrowings	-	-	-	89,868	89,868
Due to related parties	10,118	-	-	862	10,980
	12,196	8	57	90,741	103,002
Net assets (A)	721	239	2,689	43,692	47,341
Purchase consideration (B)	3,890	239	-	43,692	47,821
Gain/(loss) on disposal (recognized in retained earnings) [(B)-(A)]	3,169	-	(2,689)	-	480

The net cash inflow on discontinued operations can be analysed as follows:

	AED '000
Consideration received during the year	3,890
Cash balance on date of disposal	(1,356)
Net cash inflow on discontinued operations	2,534

33 Segment information

The internal management reports that are prepared under IFRS are reviewed by the Board of Directors based on the different sectors in which the Group operates. The Group has identified the following as its basis of its segmentation:

Reportable segments	**Operation**
Real estate	Sale of units
Other segments*	Security services

For management purposes, the Group has identified one major segment, namely, real estate.

*Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 Operating Segments. During the year, the Company discontinued its security services operations by selling the business of Latinem Securities (a branch of P N C Investments L.L.C), to Sobha Constructions L.L.C, a related party (Note 32).

	For the year ended December 31, 2024		
	AED '000	**AED '000**	**AED '000**
	Real estate	**Other segments**	**Total**
Segment revenue	**8,889,664**	**-**	**8,889,664**
Direct costs	**(5,379,245)**	**-**	**(5,379,245)**
Administrative and general expenses	**(569,834)**	**-**	**(569,834)**
Selling and marketing expenses	**(1,426,507)**	**-**	**(1,426,507)**
Depreciation and amortization	**(19,996)**	**-**	**(19,996)**
Other income	**234,404**	**-**	**234,404**
Finance cost	**(227,844)**	**-**	**(227,844)**
Share of profit from investment in joint venture	**22,891**	**-**	**22,891**
Gain on fair value of investment properties	**545,125**	**-**	**545,125**
Segment operating profit	**2,068,658**	**-**	**2,068,658**
Segment assets	**15,953,108**	**-**	**15,953,108**
Segment liabilities	**6,743,297**	**-**	**6,743,297**

	For the year ended December 31, 2023		
	Real estate	Other segments	Total
	AED '000	AED '000	AED '000
Segment revenue	6,492,733	11,694	6,504,427
Direct costs	(3,823,997)	(10,720)	(3,834,717)
Administrative and general expenses	(548,717)	(240)	(548,957)
Selling and marketing expenses	(1,338,898)	-	(1,338,898)
Depreciation and amortization	(18,647)	(2,655)	(21,302)
Other income	109,950	-	109,950
Finance cost	(81,282)	(1,345)	(82,627)
Gain on fair value of investment properties	2,204,554	-	2,204,554
Segment operating profit	2,995,696	(3,266)	2,992,430
Segment assets	14,293,667	152,062	14,445,729
Segment liabilities	4,336,475	111,131	4,447,606

34 Contingencies, guarantees and capital commitments

	2024	2023
	AED '000	AED '000
Capital commitments for properties under development	**18,267,476**	12,961,000
Performance guarantees	**173,607**	251,250
Capital commitment for capital work in progress	**803,345**	-
Capital commitment for investment property under development	**203,694**	-
Capital commitment for intangible assets under development	**4,237**	-

There are considerable estimates required in determining the provision for income taxes (Note 30). However, due to the novelty of CT Law, there may be transactions for which the ultimate tax liability may not be ascertained during the tax assessment period. The final tax impact on such transactions if any, will be assessed and recorded in the period in which the probability of such tax liabilities' settlement would be more likely than not.

35 Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to net profit to arrive at operating cash flow:

	Notes	2024	2023
		AED '000	AED '000
Adjustments for:			
Depreciation and amortization	5,6,7	**34,922**	21,302
Gain on fair value of investment properties	8	**(545,125)**	(2,204,554)
Loan processing fees	28	**29,147**	17,420
Property and equipment written off	5	**-**	2,431
Net interest expense on borrowings	28	**58,821**	44,233
Unwinding impact on consideration payable	28	**63,176**	-
Interest expense on loan from shareholders	28	**81,437**	20,968
Interest expense on finance lease liability	28	**2,005**	6
Gain on sale of properties and equipment	29	**(57)**	-
Profit share from investment in joint venture	10	**(22,891)**	-
Intangible assets written-off	6	**360**	-
Provision for employees' end of service benefits	20	**11,279**	8,955
		(286,926)	(2,089,239)
Net changes in working capital:			
Trade and other receivables		**(652,602)**	(295,665)
Other financial assets		**-**	43,974
Due from related parties		**(358,122)**	(620)
Due to related parties		**166,562**	(31,994)
Trade and other payables		**1,016,799**	541,102
Properties under development		**1,843,089**	1,807,132
		2,015,726	2,063,929

36 Financial instruments risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated by the key management personnel and Shareholders; and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed to are described as follows.

36.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which results from both its operating and investing activities.

Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in United Arab Emirates and is exposed to foreign currency risk arising from foreign currency exposures, with respect to Indian Rupee ("INR") as the Group had investments in equity shares in the said currency.

Following is the breakup of financial instruments exposed to foreign currency risk:

	2024	2023
	AED '000	AED '000
Future sale proceeds of equity instrument at FVOCI (Note 11)	-	2,011,692

The following table details the Group's sensitivity to a +/- 5% (2023: +/- 5%) in the AED against INR. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

	Other comprehensive (loss)/income for the year		Equity	
	AED '000	AED '000	AED '000	AED '000
	+5%	-5%	+5%	-5%
December 31, 2024	-	-	-	-
December 31, 2023	(100,585)	100,585	(100,585)	100,585

36 Financial instruments risk (continued)

36.1 Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk with respect to its borrowings.

The following table illustrates the sensitivity of profit/(losses) and equity to a reasonably possible change in interest rates of +/- 1% (2023: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates and all other variables are held constant.

	(Loss)/profit for the year		Equity	
	AED '000	AED '000	AED '000	AED '000
	+1%	-1%	+1%	-1%
December 31, 2024	**(11,689)**	**11,689**	**(11,689)**	**11,689**
December 31, 2023	(14,821)	14,821	(14,821)	14,821

Price risk

Price risk is the risk that the value of a financial instrument would fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Group is exposed to price risk with respect to its investments in equity shares.

The following table illustrates the sensitivity of other comprehensive income/(loss) and equity to a reasonably possible change in interest rates of +/- 5% (2023: +/- 5%). The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period.

	Other comprehensive income/(loss) for the year		Equity	
	AED '000	AED '000	AED '000	AED '000
	+5%	-5%	+5%	-5%
December 31, 2024	**-**	**-**	**-**	**-**
December 31, 2023	100,585	(100,585)	100,585	(100,585)

36.2 Credit risk analysis

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

36 Financial instruments risk (continued)

36.2 Credit risk analysis (continued)

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date as summarised below:

	Notes	2024 AED '000	2023 AED '000
Trade and other receivables	12	**5,866,418**	5,273,107
Due from related parties	14	**171,666**	977
Cash at banks	13	**2,825,513**	2,097,739
		8,863,597	7,371,823

Trade and other receivables

The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good. The Group's exposure to trade receivables' credit risk is mainly influenced by the individual characteristics of the customers; however, the Group's policy is to collect the advance from the customers on a periodical basis and the handover of properties to the customers will take place only after final settlement of all dues by them.

The ageing of trade receivables as of the reporting date can be analysed as follows:

			Days overdue		
	Unbilled	**0-90**	**91-180**	**Over 180**	**Total**
Trade receivables	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**
December 31, 2024	**3,721,658**	**1,482,294**	**452,020**	**153,206**	**5,809,178**
December 31, 2023	4,108,444	794,506	110,883	127,490	5,141,323

Cash at banks

The Group seeks to limit its credit risk with respect to bank balances and other financial assets held with banks by dealing only with reputable banks and continuously monitoring outstanding balances.

Due from related parties

The management of the Group is directly involved in the Group's operations and reviews and approves all transactions with related parties. The receivable balances are reconciled periodically with the related parties through intercompany reconciliations and confirmations.

36.3 Liquidity risk analysis

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis. Long-term liquidity needs are identified monthly.

36 Financial instruments risk (continued)

36.3 Liquidity risk analysis (continued)

The Group's undiscounted financial liabilities as at the reporting date are summarised below:

	Within 1 year	More than 1 year	Total
December 31, 2024	**AED '000**	**AED '000**	**AED '000**
Borrowings (Note 21)	67,594	1,941,862	2,009,456
Due to related parties (Note 14)	404,040	-	404,040
Trade and other payables (Note 23)	1,455,670	315,866	1,771,536
Finance lease liability (Note 22)	-	94,547	94,547
Loan from shareholders (Note 14)	-	1,000,000	1,000,000
Total	**1,927,304**	**3,352,275**	**5,279,579**
December 31, 2023			
Borrowings (Note 21)	399,588	1,127,537	1,527,125
Due to related parties (Note 14)	248,655	-	248,655
Trade and other payables (Note 23)	1,149,976	-	1,149,976
Loan from shareholders (Note 14)	-	1,001,650	1,001,650
Total	1,798,219	2,129,187	3,927,406

37 Fair value measurement

Assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the levels within the hierarchy of financial and non-financial asset measured at fair value:

	Notes	Level 1	Level 2	Level 3	Total
		AED '000	**AED '000**	**AED '000**	**AED '000**
December 31, 2024					
Investment properties (Note 8)	(i)	-	**3,038,826**	-	**3,038,826**
December 31, 2023					
Investment properties (Note 8)	(i)	-	2,278,310	-	2,278,310
Financial asset (Note 11)	(ii)	2,011,692	-	-	2,011,692

(i) Investment properties

Fair value of the investment property is estimated based on an appraisal performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with the management. The valuation processes and fair value changes are reviewed by the management at each reporting date.

37 Fair value measurement (continued)

(i) Investment properties (continued)

The valuation was carried out towards the end of the reporting period by the valuers using a market approach considering the Gross Floor Area (GFA) of the plot of land and units of commercial space in the building. In determining the fair value, the valuers considered the sales comparison method. The significant unobservable input in the fair value estimation is an adjustment to reflect recent market transactions and factors specific to the subject properties. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

(ii) Financial asset

Financial asset represented the future sale proceeds of equity instrument which are denominated in Indian Rupee (INR) and are publicly traded in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), India. Fair values had been determined by reference to their quoted closing prices at the reporting date.

38 Capital management policies and procedures

Capital includes equity attributable to the equity holders of the Group. The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the Group's business.

The management of the Group currently monitors the leverage on a periodic basis to ensure that the overall leverage is at manageable levels and that adequate profitability is being retained in the business to ensure a healthy capital structure.

The Group's capital management objectives are to maintain a strong credit rating and healthy ratios in order to support its business; to provide adequate returns to and maximise shareholder value; and to maintain an optimal capital structure to reduce the cost of capital.

The Group's capital structure follows:

	2024	2023
	AED '000	AED '000
Equity attributable to the shareholders of the Company	**9,020,812**	9,683,113
Cash and cash equivalents	**2,825,892**	2,106,505

39 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation.