DUBAI RESIDENTIAL LLC AND ITS SUBSIDIARIES

SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

Contents

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Dubai Residential LLC
Dubai
United Arab Emirates

REPORT ON THE AUDIT OF THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS

Opinion

We have audited the special purpose carve-out financial statements of Dubai Residential LLC (the "Company") and its Subsidiaries (together, the "Group"), which comprise the special purpose carve-out balance sheets as at 31 December 2022, 31 December 2023 and 31 December 2024, and the special purpose carve-out statements of income, special purpose carve-out statements of comprehensive income, special purpose carve-out statements of changes in equity and special purpose carve-out statements of cash flows for the years ended 31 December 2022, 31 December 2023 and 31 December 2024, and notes to the special purpose carve-out financial statements financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose carve-out financial statements present fairly, in all material respects, the special purpose carve-out financial position of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024, and its financial performance and its cash flows for the years ended 31 December 2022, 31 December 2023 and 31 December 2024, in accordance with the accounting policies described in note 2 to the special purpose carve-out financial statements.

Basis for opinion

We conducted our audits 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 special purpose carve-out financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the Group's special purpose carve-out financial statements in the United Arab Emirates, 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.

Emphasis of matter- basis of accounting and restriction of use

We draw attention to note 1 and 2 to the special purpose carve-out financial statements, which describe the basis of accounting. The special purpose carve-out financial statements have been prepared to assist the Group to comply with the financial reporting provisions relating to the listing of the Group's ownership on the Dubai Financial Market. As a result, the special purpose carve-out financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Cont'd…

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Dubai Residential LLC (continued)

Responsibilities of management and those charged with governance for the special purpose carve-out financial statements

Management is responsible for the preparation and fair presentation of the special purpose carve-out financial statements in accordance with the accounting policies described in note 2 to the special purpose carve-out financial statements, and for such internal control as management determines is necessary to enable the preparation of special purpose carve-out financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the special purpose carve-out financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out financial statements, including the disclosures, and whether the special purpose carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the special purpose carve-out financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Dubai Residential LLC (continued)

Auditor's responsibilities for the audit of the special purpose carve-out financial statements (continued)

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.

Deloitte & Touche (M.E.)

Musa Ramahi
Registration No.: 872
28 March 2025
Dubai
United Arab Emirate

SPECIAL PURPOSE CARVE-OUT BALANCE SHEET
AS AT 31 DECEMBER 2024, 31 DECEMBER 2023 AND 31 DECEMBER 2022

	Note	As at 31 December 2024 AED'000	2023 AED'000	2022 AED'000
ASSETS				
Property and equipment	5	17,822	20,056	23,613
Investment property	6	21,633,000	19,679,300	17,068,300
Intangible assets	7	2,528	2,144	1,278
Derivative financial instruments	8	19,558	41,599	70,406
Trade and other receivables	9	68,498	59,862	110,374
Due from related parties	10	23,717	6,150,338	6,733,782
Cash and bank balances	11	1,968,472	575,190	768,789
Total assets		**23,733,595**	**26,528,489**	**24,776,542**
EQUITY AND LIABILITIES				
Equity				
Share capital		300	300	300
Contributed capital		2,560,134	1,957,662	-
Legal reserve		5,750	450	300
Hedge reserve		21,541	41,599	70,406
Retained earnings		15,736,233	16,964,644	17,875,475
Total equity		**18,323,958**	**18,964,655**	**17,946,481**
Liabilities				
Provision for employees' end of service benefits	12	10,880	8,396	9,283
Borrowings	13	2,582,247	1,345,280	1,425,706
Trade and other payables	14	525,059	463,814	457,012
Due to related parties	10	675,453	4,448,814	4,696,779
Advances from customers		350,162	269,214	241,281
Deferred tax liabilities	25	1,196,430	1,028,316	-
Current tax liabilities	25	69,406	-	-
Total liabilities		**5,409,637**	**7,563,834**	**6,830,061**
Total equity and liabilities		**23,733,595**	**26,528,489**	**24,776,542**

These special purpose carve-out financial statements were approved by the General Manager on 28 MAR 2025 and signed by:

Malek Sultan Rashed Almalek
General Manager

Junaid Rahimullah
Chief Financial Officer

The notes on pages 9 to 57 are an integral part of these special purpose carve-out financial statements.

SPECIAL PURPOSE CARVE-OUT STATEMENT OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

		Year ended 31 December		
		2024	2023	2022
	Note	AED'000	AED'000	AED'000
Revenue	15	1,792,811	1,646,927	1,455,672
Direct costs	16	(521,944)	(494,134)	(478,530)
Gross profit		**1,270,867**	**1,152,793**	**977,142**
Other operating income	17	7,164	7,915	6,616
		1,278,031	**1,160,708**	**983,758**
Expenses				
General and administrative	18	(98,497)	(109,540)	(114,438)
Marketing and selling	19	(21,650)	(22,412)	(17,235)
		(120,147)	**(131,952)**	**(131,673)**
Operating profit		**1,157,884**	**1,028,756**	**852,085**
Finance income	21	46,966	23,254	12,653
Finance costs	21	(88,109)	(73,685)	(84,525)
Finance costs – net		**(41,143)**	**(50,431)**	**(71,872)**
Profit before tax and change in fair value of investment property		**1,116,741**	**978,325**	**780,213**
Gain on fair value of investment property	6	1,545,567	2,423,183	1,819,972
Profit before tax		**2,662,308**	**3,401,508**	**2,600,185**
Income tax expense	25	(239,503)	(1,028,316)	-
Profit for the year		**2,422,805**	**2,373,192**	**2,600,185**

The notes on pages 9 to 57 are an integral part of these special purpose carve-out financial statements.

SPECIAL PURPOSE CARVE-OUT STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

		Year ended 31 December		
	Note	2024 AED'000	2023 AED'000	2022 AED'000
Profit for the year		**2,422,805**	**2,373,192**	**2,600,185**
Other comprehensive income				
Items that may be subsequently reclassified to statement of income				
Fair value (loss)/gain on cash flow hedges	8	(22,041)	(28,807)	59,657
Deferred tax impact	25	1,983	-	-
Other comprehensive (loss)/income for the year		**(20,058)**	**(28,807)**	**59,657**
Total comprehensive income for the year		**2,402,747**	**2,344,385**	**2,659,842**

The notes on pages 9 to 57 are an integral part of these special purpose carve-out financial statements.

SPECIAL PURPOSE CARVE-OUT STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

	Note	Share capital AED'000	Contributed capital AED'000	Legal reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2022		**300**	**-**	**300**	**10,749**	**14,795,455**	**14,806,804**
Total comprehensive income:							
Profit for the year		-	-	-	-	2,600,185	2,600,185
Other comprehensive income		-	-	-	59,657	-	59,657
		300	**-**	**300**	**70,406**	**17,395,640**	**17,466,646**
Transactions with owners:							
Increase as a result of group reorganisation	2.2	-	-	-	-	479,835	479,835
		-	**-**	**-**	**-**	**479,835**	**479,835**
At 31 December 2022		**300**	**-**	**300**	**70,406**	**17,875,475**	**17,946,481**
At 1 January 2023		**300**	**-**	**300**	**70,406**	**17,875,475**	**17,946,481**
Total comprehensive income/(loss):							
Profit for the year		-	-	-	-	2,373,192	2,373,192
Other comprehensive loss		-	-	-	(28,807)	-	(28,807)
		300	**-**	**300**	**41,599**	**20,248,667**	**20,290,866**
Transactions with owners:							
Additional contribution*		-	1,957,662	-	-	-	1,957,662
Dividends declared		-	-	-	-	(900,000)	(900,000)
Decrease as a result of group reorganisation	2.2	-	-	-	-	(2,383,873)	(2,383,873)
Transfer of legal reserve		-	-	150	-	(150)	-
		-	**1,957,662**	**150**	**-**	**(3,284,023)**	**(1,326,211)**
At 31 December 2023		**300**	**1,957,662**	**450**	**41,599**	**16,964,644**	**18,964,655**
At 1 January 2024		**300**	**1,957,662**	**450**	**41,599**	**16,964,644**	**18,964,655**
Total comprehensive income/(loss):							
Profit for the period		-	-	-	-	2,422,805	2,422,805
Other comprehensive loss		-	-	-	(20,058)	-	(20,058)
		300	**1,957,662**	**450**	**21,541**	**19,387,449**	**21,367,402**
Transactions with owners:							
Transfer of legal reserve		-	-	5,300	-	(5,300)	-
Dividends paid		-	-	-	-	(1,221,000)	(1,221,000)
Additional contribution		-	602,472	-	-	-	602,472
Decrease as a result of group reorganisation	2.2	-	-	-	-	(2,424,916)	(2,424,916)
		-	**602,472**	**5,300**	**-**	**(3,651,216)**	**(3,043,444)**
At 31 December 2024		**300**	**2,560,134**	**5,750**	**21,541**	**15,736,233**	**18,323,958**

*During the year ended 31 December 2023 and 31 December 2024, DXBR (as defined in Note 1) settled certain net payable balances with related parties amounting to AED 1,957,662,000 and AED 602,472,176 in the form of capital contribution from its parent company, DHAM LLC.

SPECIAL PURPOSE CARVE-OUT STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

		Year ended 31 December		
		2024	2023	2022
	Note	AED'000	AED'000	AED'000
Cash flows from operating activities				
Profit before tax		2,662,308	3,401,508	2,600,185
Adjustments for:				
Fair value gain on investment property	6	(1,545,567)	(2,423,183)	(1,819,972)
Provision for employees' end of service benefits	12	470	526	413
Loss allowance for trade and other receivables	18	7,427	22,191	36,557
Depreciation and amortisation	18	4,055	4,133	4,773
Loss on disposal of property and equipment	5	39	-	-
		1,128,732	**1,005,175**	**821,956**
Reclassification to other categories:				
Finance income	21	(46,966)	(23,254)	(12,653)
Finance cost	21	88,109	73,685	84,525
		1,169,875	**1,055,606**	**893,828**
Changes in working capital:				
Trade and other receivables		(9,830)	26,052	7,442
Trade and other payables		61,245	6,802	78,235
Advances from customers		80,948	27,932	(1,379)
Due from related parties		6,920,612	(316,556)	553,419
Due to related parties		(4,449,015)	(247,788)	(1,649,032)
		3,773,835	**552,048**	**(117,487)**
Payment of employees' end of service benefits	12	(352)	(1,060)	(273)
Net cash generated from / (used in) operating activities		**3,773,483**	**550,988**	**(117,760)**
Cash flows from investing activities				
Movement in fixed deposits with maturity greater than three months		(506,635)	(304,246)	148,057
Additions in investment property	6	(183,827)	(187,817)	(224,828)
Interest received		40,729	25,523	9,237
Purchase of property and equipment and intangible assets	5 & 7	(4,753)	(1,972)	(806)
Proceeds from disposal of property and equipment	5	1,269	-	-
Net cash used in investing activities		**(653,217)**	**(468,512)**	**(68,340)**
Cash flows from financing activities				
Repayment of borrowings	13	(1,360,000)	(80,000)	(160,000)
Proceeds from borrowings, net of transaction costs	13	2,581,635	-	-
Reduction in/ (addition to) restricted cash against borrowing facilities		(219)	72,219	(86,983)
Interest paid		(72,777)	(74,110)	(81,231)
Dividends paid		(1,221,000)	-	-
Net increase/ (decrease) as a result of group reorganisation	2.2	(2,161,477)	(426,211)	479,835
Net cash generated (used in)/ from financing activities		**(2,233,838)**	**(508,102)**	**151,621**
Net increase/(decrease) in cash and cash equivalents		**886,428**	**(425,626)**	**(34,479)**
Cash and cash equivalents at beginning of the year		222,409	648,035	682,514
Cash and cash equivalents at end of the year	11	**1,108,837**	**222,409**	**648,035**
Non-cash transactions:				
Unwinding of net related party balances	10(c)	115,705	-	-
Transfer of investment property from related parties	6	224,306	-	-
Loan transferred to a related party	13 & 10	-	-	1,574,527
Settlement of dividend against due from the Parent Company	26	-	900,000	-

The notes on pages 9 to 57 are an integral part of these special purpose carve-out financial statements.

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022

1. STATUS AND ACTIVITIES

Dubai Residential LLC (previously known as 'Dubai Asset Management LLC') (the "Company") is a limited liability company incorporated in the Emirate of Dubai, United Arab Emirates ("UAE") on 22 February 2007. The Company's registered address is P.O. Box 66000, Dubai, United Arab Emirates.

The Company was a wholly owned subsidiary of DHAM LLC (the "Parent Company") prior to the change in capital structure on account of the initial public offering, as described below. Dubai Holding Commercial Operations Group LLC is the legal owner of the Parent Company (herein referred to as the "Intermediate Parent Company") and Dubai Holding LLC is the ultimate parent company (the "Ultimate Parent Company"). The "Ultimate Shareholder" of the Company was His Highness Sheikh Mohammed Bin Rashid Al Maktoum till 8 January 2023. On 8 January 2023, the Ultimate Shareholder and Ruler of Dubai issued Law No. 1 of 2023, transferring his direct ownership in the Ultimate Parent Company to the Government of Dubai. The Company and its subsidiaries (as listed below) are collectively referred to as the "DXBR Group" (prior to the Group Reorganization (as defined below) that has been undertaken by the Ultimate Parent Company).

- Dubai Residential LLC (previously known as 'Dubai Asset Management LLC');
- Dubai Residential Assets LLC;
- Dubai Commercial Assets LLC;
- Dubai Properties Community Management LLC;
- Dubai AM Real Estate LLC;
- Dubai AM Investments LLC;
- Culture Village Hotel LLC;**
- Dubai Enterprises LLC
- Dubai Properties Land LLC and its subsidiaries Prospect Heights Phase 1 LLC and JBR Hotel LLC**
- The Walk LLC;
- BW Residences LLC*; and
- Al Khail Towers LLC*

**Note: BW Residences LLC and Al Khail Towers LLC was transferred to the DXBR Group from 1 January 2023. During the year ended 31 December 2022, these entities were under the ownership of Meraas Estates LLC (an entity under common control).*

***JBR Hotel LLC and Culture Village Hotel LLC were liquidated during the year ended 31 December 2023.*

On 18 March 2024, the ownership of Nakheel PJSC and Meydan Group LLC ("Meydan") along with their respective subsidiaries were transferred by the Government of Dubai to certain other entities (outside the Residential Leasing Business Portfolio, as defined below) owned by the Ultimate Parent Company. Certain entities from the Nakheel PJSC group and assets from Meydan Group LLC group were transferred on 1 July 2024 to the Company by entering into various business transfer agreements. In addition, certain assets and entities have been carved-out to establish the IPO perimeter (hereinafter referred to as "DXBR" or the "Residential Leasing Business Portfolio"). These carve-ins to and carve-outs from the Residential Leasing Business Portfolio (as explained below) are collectively referred to as "Group Reorganisation".

Carve-ins

- The Gardens Co. LLC was transferred from Nakheel PJSC (an entity outside the Residential Leasing Business Portfolio) to the Company; and
- Nakheel Residential Properties LLC was transferred from Nakheel PJSC (an entity outside the Residential Leasing Business Portfolio) to the Company.
- All the subsidiaries of the Dubai Residential LLC (as listed above) except, Dubai Residential Assets LLC, BW Residences LLC and Al Khail Towers LLC have been transferred to the other entities (outside the Residential Leasing Business Portfolio) owned by the Parent Company.

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

1. LEGAL STATUS AND ACTIVITIES (CONTINUED)

Carve-outs:

In addition to the aforementioned carve-ins and carve-outs of legal entities, these special purpose carve-out financial statements incorporate carve-out of certain specifically identified assets and associated liabilities and certain carve-out adjustments as explained in Note 2.

As a result of the aforementioned Group Reorganisation, the Residential Leasing Business Portfolio includes the following legal entities:

Name of the legal entity	Principal business activity	Place of business/incorporation	Effective ownership*
Dubai Residential LLC (previously known as 'Dubai Asset Management LLC')	Leasing and property management	UAE	N/A
Dubai Residential Assets LLC	Leasing and property management	UAE	100%
BW Residences LLC	Leasing and property management	UAE	100%
Al Khail Towers LLC	Leasing and property management	UAE	100%
The Gardens Co. LLC**	Leasing and property management	UAE	100%
Nakheel Residential Properties LLC**	Leasing and property management	UAE	100%
DAM FZ LLC *(newly incorporated on 1 October 2024)*	Leasing and property management	UAE	100%

**The Company legally owns 99% of the shareholding in all the companies (except DAM FZ LLC which is 100% legally owned by the Company) while the remaining 1% is held by DAM FZ LLC.*

***The Gardens Co. LLC and Nakheel Residential Properties LLC have been collectively referred to as "Nakheel Entities".*

The Ultimate Parent Company will transfer its residential leasing real estate asset portfolio into a Real Estate Investment Trust ("REIT") structure, with a view to listing the REIT, through an Initial Public Offering ("IPO"), on the Dubai Financial Market ("DFM" or the "Exchange"). The REIT will be externally managed by a fund manager, of which 99% shares are held by the Parent Company while the remaining 1% share is held by DHAM FZ LLC. The Ultimate Parent Company will retain significant ownership through a newly incorporated entity, DHAM Investments LLC (a wholly owned subsidiary of the Parent Company) in the REIT post-IPO with the remainder to be held by minority unit-holders.

These special purpose carve-out financial statements were approved on [28 MAR 2025] and signed on behalf of Dubai Residential LLC (previously known as 'Dubai Asset Management LLC') by Malek Sultan Rashed Almalek (General Manager).

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Statement of compliance

These special purpose carve-out financial statements of the Residential Leasing Business Portfolio have been prepared in accordance with International Financial Reporting Standard (“IFRS Accounting Standards”), except for the Group Reorganisation undertaken to establish the Residential Leasing Business Portfolio as explained in Note 1 to the special purpose carve-out financial statements.

2.2 Basis of preparation

The special purposes carve-out financial statements have been prepared from the following sources:

DXBR Group entities:

- The standalone financial statements of the DXBR Group entities (included within the Residential Leasing Business Portfolio) outlined in Note 1 and the consolidated financial statements of the DXBR Group as at and for the years ended 31 December 2022 and 2023; and
- The underlying accounting records of the DXBR Group entities as at and for the year ended 31 December 2024 since the DXBR Group entities have not prepared financial statements in accordance with IFRS Accounting Standards for year ended 31 December 2024.

Nakheel Entities:

- The consolidated financial statements of Nakheel PJSC in accordance with IFRS Accounting Standards and the underlying accounting records pertaining to the Nakheel Entities as at and for the years ended 31 December 2024, 2023 and 2022, since the Nakheel Entities have not prepared separate financial statements in accordance with IFRS Accounting Standards for these years.

These special purpose carve-out financial statements of the Residential Leasing Business Portfolio as at and for the years ended 31 December 2024, 2023 and 2022 have been prepared on a carve-out basis representing consolidation of all assets, liabilities, revenues and expenses of the DXBR Group that were historically reported in the individual financial statements of the DXBR Group entities as listed above (which have been included in the Residential Leasing Business Portfolio) by applying the consolidation principles of IFRS 10 *‘Consolidated Financial Statements’* subject to the following carve-out adjustments from the DXBR Group and Nakheel Entities:

DXBR Group

- Carve-out and transfer of a vacant plot of land titled as ‘Al-Khail Gate 2’ along with the related government grant which was previously held by Dubai Residential Assets LLC (an entity included within the Residential Leasing Business Portfolio) to another company owned by the Parent Company outside the Residential Leasing Business Portfolio;
- Carve-out and transfer of property held for development and sale which was previously held by Dubai Residential LLC (previously known as ‘Dubai Asset Management LLC’) (an entity included within the Residential Leasing Business Portfolio) to an entity outside the Residential Leasing Business Portfolio;
- Carve-out and transfer of specifically identified assets, liabilities, income and expenses of certain units of Remraam community which were previously held by Dubai Residential Assets LLC (an entity included within the Residential Leasing Business Portfolio) to another company owned by the Parent Company outside the Residential Leasing Business Portfolio;
- Carve-out and transfer of certain units of Executive Towers, Vision Tower and The Villa which were previously held by Dubai Residential Assets LLC (an entity included within the Residential Leasing Business Portfolio) to another company owned by the Parent Company outside the Residential Leasing Business Portfolio;

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

DXBR Group (continued)

- Carve-out and transfer of investment property related to Ghoroob external retail space from Dubai Residential Assets LLC (an entity included within the Residential Leasing Business Portfolio) to another company outside the Residential Leasing Business Portfolio;
- Carve-out and transfer of Umm Al Sheif Villas from BW Residences LLC (an entity included within the Residential Leasing Business Portfolio) to another company outside the Residential Leasing Business Portfolio; and
- An investment in joint venture namely 'Arady Developments LLC' which was held by the Company and was transferred as on 1 January 2023 to an entity (outside the Residential Leasing Business Portfolio) owned by the Intermediate Parent Company. This has not been included within the special purpose carve-out financial statements as it did not relate to the principal business activity of the Residential Leasing Business Portfolio.

Nakheel Entities

These special purpose carve-out financial statements also take into account the impact of the transfer of the Nakheel Entities (referred to in Note 1 to the special purpose carve-out financial statements) to the Company under the principles of business combination under common control (given that on the date of transfer, the ownership of Nakheel PJSC and the Ultimate Parent Company rested with the Government of Dubai) applied on a retrospective basis from 1 January 2022, i.e. the net book values recognised in the consolidated financial statements of Nakheel PJSC and the underlying accounting records pertaining to the Nakheel Entities have been considered except for the following:

- Investment properties have been included in the special purpose carve-out financial statements on a fair value basis and any related depreciation and impairment has been disregarded; and
- The provision for doubtful debts has been adjusted to include the impact of application of expected credit loss methodology as mentioned in Note 2.

In arriving at the amounts to be considered with respect to the Nakheel Entities within the special purpose carve-out financial statements, the following carve-out adjustments have been incorporated:

- Specifically identified assets, liabilities, incomes and expenses relating to Veneto villas which were previously held by Nakheel Residential Properties LLC (an entity included within the Residential Leasing Business Portfolio);
- Specifically identified assets, liabilities, incomes and expenses relating to Omran corporate housing which were previously held by Nakheel Residential Properties LLC (an entity included within the Residential Leasing Business Portfolio);
- Specifically identified assets, liabilities, incomes and expenses relating to certain identified Garden View Villas; and
- Sewerage treatment plant's assets, liabilities, income and expenses which were previously held by The Gardens Co. LLC.

These special purposes carve-out financial statements have been prepared on a historical cost basis, except for the following:

- Financial instruments, including derivative financial instruments, that are measured at fair value; and
- Investment properties that are measured at fair value.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Basis of preparation (continued)

Nakheel Entities

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Residential Leasing Business Portfolio takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these special purpose carve-out financial statements is determined on such a basis.

Other important accounting principles applied in the preparation of these special purpose carve-out financial statements are as follows:

- The financial statements represent the assets, liabilities, revenues, expenses, and cash flows of the Residential Leasing Business Portfolio during the periods presented. All intercompany balances, transactions, revenues and expenses between entities included within the Residential Leasing Business Portfolio have been eliminated.
- Any adjustments arising from the Group Reorganisation within the statement of income and the balance sheet are reflected within Retained Earnings of the special purpose carve-out financial statements.
- Certain expenses including selling and marketing expenses, general and administrative expenses and staff costs, associated with the entities included within the Residential Leasing Business Portfolio, have been allocated in these special purpose carve-out financial statements. These costs relate to the services that were historically provided by entities outside the Residential Leasing Business Portfolio. These costs represent certain corporate and shared service functions including, but not limited to, accounting and finance, human capital, business services, legal, strategy & industry development, project development & planning, procurement, information technology, security, marketing, and other shared services. These expenses have been allocated to the entities within the Residential Leasing Business Portfolio to reflect an estimated usage of these services by the respective entities. The basis of allocation is described in Note 3.
- The special purpose carve-out financial statements may not be indicative of the Residential Leasing Business Portfolio's future performance and they do not necessarily reflect what its carve-out result of operations, financial position and cashflows would have been, had the Residential Leasing Business Portfolio actually been in existence during the periods covered by these special purpose carve-out financial statements.
- All amounts have been rounded to the nearest AED thousands ('000s), expect the footnotes in the disclosure or unless stated otherwise.

The principal accounting policies applied in the preparation of these special purpose carve-out financial statements are set out below. These policies have been consistently applied to all the periods presented.

2.3 Use of judgements and estimates

In preparing these special purpose carve-out financial statements, management has made judgements, estimates and assumptions that affect the application of the DXBR's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the special purpose carve-out financial statements are disclosed in Note 3.

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Use of judgements and estimates (continued)

New standards and interpretations effective for periods beginning on or after 1 January 2023

During the years covered by these special purpose carve-out financial statements, DXBR has applied a number of amendments to IFRS Accounting standards and interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these special purpose carve-out financial statements of DXBR.

New standards and interpretations issued but not yet effective nor early adopted.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting year end and have not been early adopted by DXBR. None of these are expected to have a significant effect on the special purpose carve-out financial statements of DXBR.

2.5 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which DXBR has control. DXBR controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to DXBR. They are de-consolidated from the date that control ceases.

Business combinations are defined as transactions or other events in which the Company obtains control of one or more businesses. Business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income or generating other income from ordinary activities. The consideration transferred for the acquisition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by DXBR. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. DXBR recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the special purpose carve-out statement of income.

Any contingent consideration to be transferred is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 'Financial Instruments' either in the special purpose carve-out statement of income or as a change to special purpose carve-out statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the special purpose carve-out statement of income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Principles of consolidation (continued)

(a) Subsidiaries (continued)

Where settlement of any part of the net identifiable assets acquired is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowings could be obtained from independent financier under comparable terms and conditions.

Contingent consideration, if any, is recognised at the acquisition date fair value whether or not it is probable that a payment will be made or not. The Company classifies an obligation to pay contingent consideration that meets the definition of a financial instrument under IFRS Accounting Standards as a financial liability or as equity. Contingent consideration recognised as a financial liability is subsequently remeasured to its fair value at each reporting date with the corresponding fair value gain or loss being recognised in the statement of income.

If the business combination is achieved in stages, the acquisition date carrying value of the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in the statement of income.

(b) Transfer of businesses under common control

Business combinations involving entities under common control do not fall under the scope of IFRS 3 'Business Combinations'. Transfer of businesses under common control is accounted for under the uniting of interest method. Under the uniting of interest method, there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created as the balances remain at book value. The businesses under common control have been combined from the beginning of the earliest comparative period using retrospective presentation method. The assets and liabilities are accounted for at carrying amounts previously recorded in the accounting records of transferor subject to certain exceptions as mentioned above.

(c) Eliminations on consolidation

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

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the special purpose carve-out financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The special purpose carve-out financial statements are presented in United Arab Emirates Dirhams ("AED"), which is DXBR's functional and presentation currency.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the special purpose carve-out statement of income , except when deferred in other comprehensive income and accumulated in equity as qualifying cash flow hedges and qualifying net investment hedges.

Balances and transactions denominated in US dollars (“USD”) have been translated into the presentation currency at a fixed rate as the exchange rate of AED to USD has been pegged since 1981.

All foreign exchange gains and losses are presented in the special purpose carve-out statement of income within ‘Other operating income’.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in amortised cost are recognised in the special purpose carve-out statement of income, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the special purpose carve-out statement of income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

2.8 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as the Parent Company’s Chief Executive Officer that makes strategic decisions.

2.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to DXBR and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance costs are charged to the special purpose carve-out statement of income during the financial period in which they are incurred.

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.9 Property and equipment (continued)

Depreciation on other assets is calculated using straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

Type of assets	Years
Building interior improvements, furniture, and fixtures	3 – 10
Computer hardware	3 – 5
Motor vehicles	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'Other operating income' in the special purpose carve-out statement of income.

Capital work-in-progress is stated at cost and includes property that is being constructed or developed for future use. When completed, capital work-in-progress is transferred to appropriate classifications within property and equipment and depreciated in accordance with the aforementioned policy.

2.10 Investment property

(i) Recognition and measurement

Investment properties, are held for long-term rental yields and are not occupied by DXBR. Investment properties are measured at fair value. Any changes in fair values are presented in the special purpose carve-out statement of income as "Gain / (loss) on fair value of investment property". Investment property also includes capital work-in-progress which relates to building improvements. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period in which it is incurred.

(ii) Reclassification

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale or becomes owner-occupied, the property is transferred to property held for development and sale or property and equipment respectively. All transfers are made at carrying value.

(iii) De-recognition

When an investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are recognised in the special purpose carve-out statement of income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Intangible assets

(a) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

(b) Licenses and re-use rights

The total cost of acquiring the license is capitalised and any subsequent annual license fee is expensed when incurred. Licenses are carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost over the term of the licenses or rights.

2.12 Financial assets

2.12.1 Classification

Financial assets are classified in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through statement of income); and
- Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in the special purpose carve-out statement of income or special purpose carve-out statement of comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether an irrevocable election has been made at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Debt instruments are reclassified only when its business model for managing those assets changes.

2.12.2 Recognition and derecognition

Purchases and sales of financial assets are recognised on the date on which DXBR commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive the contractual cash flows from the asset have expired or have been transferred and DXBR has transferred substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the special purpose carve-out statement of income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.12 Financial assets (continued)

2.12.3 Measurement

At initial recognition, a financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in the special purpose carve-out statement of income.

Debt instruments

Subsequent measurement of debt instruments depends on DXBR's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which DXBR classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance.
income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the special purpose carve-out statement of income and presented in 'Other operating income'.

Impairment losses are presented under 'General and administrative expenses' in the special purpose carve-out statement of income.

Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income.

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the special purpose carve-out statement of income.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the special purpose carve-out statement of income and recognised in 'Other operating income'. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method. Exchange gains and losses are presented in 'Other operating income/expenses' and impairment losses are presented under 'General and administrative expenses' in the special purpose carve-out statement of income.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the special purpose carve-out statement of income within 'Other operating income in the year they arise.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.12 Financial assets (continued)

2.12.4 Impairment of financial assets

IFRS 9 requires DXBR to record an allowance for expected credit losses ('ECLs') for the trade and unbilled receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that DXBR expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and unbilled receivables and other receivables, DXBR has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. DXBR has established a provision matrix that is based on DXBR's historical credit loss experience, adjusted for forward-looking factors specific to the debtor's general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting day, including time value of money where appropriate.

DXBR measures the loss allowance for the balances that are due from related parties at an amount equal to 12-month ECL since the credit risk on the financial instruments has not increased significantly since the initial recognition.

(i) Definition of default

DXBR considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor.
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including DXBR, in full (without taking into account any collateral held by DXBR).

Irrespective of the above analysis, DXBR considers that default has occurred when a financial asset is more than 90 days past due unless DXBR has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- The disappearance of an active market for that financial asset because of financial difficulties.

(iii) Write-off policy

DXBR writes off a financial asset considering various factors which includes but not limited to the information indicating debtor's severe financial difficulty and no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under DXBR's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the special purpose carve-out statement of income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.12 Financial assets (continued)

2.12.4 Impairment of financial assets (continued)

(iv) Measurement and recognition of expected credit losses

The measurement of ECLs is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, DXBR's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to DXBR in accordance with the contract and all the cash flows that DXBR expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECLs is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 "Leases".

DXBR recognises an impairment gain or loss in the special purpose carve-out statement of income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2.13 Financial liabilities and equity

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by DXBR are recognised at the proceeds received, net of direct issue costs. Repurchase of DXBR's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the special purpose carve-out statement of income on the purchase, sale, issue or cancellation of DXBR's own equity instruments.

(c) Financial liabilities

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in the special purpose carve-out statement of income to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in the special purpose carve-out statement of income incorporates any interest paid on the financial liability and is included in the 'Finance costs-net' line item in the special purpose carve-out statement of income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.13 Financial liabilities and equity (continued)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

DXBR derecognises financial liabilities when, and only when, DXBR's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the special purpose carve-out statement of income.

2.14 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the special purpose carve-out balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of DXBR or the counterparty.

2.15 Trade receivables

Trade receivables are amounts due from customers for lease of properties or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value in accordance with IFRS 9 and IFRS 16 and subsequently measured at amortised cost using effective interest method, less loss allowance for expected credit losses.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances in current accounts, call accounts and term deposits with original maturity of three months or less with no withdrawal restrictions and which are subject to an insignificant risk of changes in value.

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less from the balance sheet date (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.18 Advances from customers

Advances from customers include instalments received from customers for lease of property and provision of services. These are subsequently released to the special purpose carve-out statement of income once the revenue recognition criteria are met.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the special purpose carve-out statement of income over the period of the borrowings using the effective interest method.

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the special purpose carve-out statement of income.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Borrowings are classified as current and non-current in accordance with the repayment schedule as mentioned in the respective borrowing agreement.

2.20 Provisions

Provisions are recognised when DXBR has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where DXBR has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.21 Employee benefits

(a) End of service benefits to non-UAE nationals

Provision is made for the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date.

(b) Pension and social security policy within the UAE

DXBR is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the special purpose carve-out statement of income, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. DXBR has no further payment obligations once the contributions have been paid.

2.22 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

DXBR designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At inception of the hedge relationship, DXBR documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. DXBR documents its risk management objective and strategy for undertaking its hedge transactions.

Derivatives are only used by DXBR for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria under IFRS, they are classified as ‘held for trading’ for accounting purposes only. The fair values of various derivative instruments used for hedging are disclosed in Note 4. Movements in the hedging reserve is disclosed in the special purpose carve-out statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability when expected to be settled within 12 months; otherwise, they are classified as non-current.

DXBR uses interest rate swaps for hedging, which are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. DXBR’s credit risk represents the potential cost to replace the interest rate swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Derivative financial instruments and hedging activities (continued)

(a) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the special purpose carve-out statement of income within Finance income/costs.

Amounts accumulated in equity are recycled in the special purpose carve-out statement of income in the periods when the hedged item affects statement of income (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the special purpose carve-out statement of income within 'Finance costs'. However when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory or fixed assets), the gains and losses previously recorded in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in direct costs.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss and deferred costs of hedging existing in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset (such as inventory) and is recognised when the forecast transaction is ultimately recognised in the special purpose carve-out statement of income.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the special purpose carve-out statement of income within 'Finance income/costs'.

(b) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognised immediately in the special purpose carve-out statement of income within 'Finance income/costs'.

2.23 Revenue recognition

DXBR recognises revenue from contracts with customer based on five step model as outlined under IFRS 15 '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 DXBR expects to be entitled in exchange for transferring the promised goods and 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, DXBR will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which DXBR expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue as and when DXBR satisfies a performance obligation.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.23 Revenue recognition (continued)

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

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

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When DXBR satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance – unbilled receivables. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability – contract advances.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. DXBR 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 special purpose carve-out financial statements to the extent that it is probable that the economic benefits will flow to DXBR and the revenue and costs, if and when applicable, can be measured reliably.

(a) Operating lease income

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

(c) Services income

Services revenue relates to certain value added services offered to tenants. The revenue is recognised over the period of time when the services are rendered.

(d) Interest income

Interest income is recognised in the special purpose carve-out statement of income using the effective interest method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.24 Leases

(a) DXBR as a Lessee

At inception of a contract, DXBR assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for DXBR for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, DXBR assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- DXBR has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- DXBR has the right to direct the use of the asset. DXBR has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, DXBR has the right to direct the use of the asset if either:
  - DXBR has the right to operate the asset; or
  - DXBR designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, DXBR allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

However, where the contract is not separable into lease and non-lease component then DXBR has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

DXBR recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, DXBR's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that DXBR is reasonably certain to exercise, lease payments in an optional renewal period if DXBR is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless DXBR is reasonably certain not to terminate early.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.24 Leases (continued)

(a) DXBR as a Lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in DXBR's estimate of the amount expected to be payable under a residual value guarantee, or if DXBR changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the special purpose carve-out statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using DXBR's incremental borrowing rate ("IBR"). For calculation of IBR, DXBR has taken appropriate benchmarks after adjusting for DXBR's specific risk, term risk and underlying asset risk.

(b) DXBR as a Lessor

DXBR enters into lease arrangements as a lessor with respect to its investment property. Leases for which DXBR is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

Operating leases

DXBR earns revenue from acting as a lessor in operating leases which do not transfer substantially all the risks and rewards incidental to ownership of an investment property.

Operating lease income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the special purpose carve-out statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, DXBR is reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the special purpose carve-out statement of income when the right to receive them arises.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.24 Leases (continued)

(b) DXBR as a Lessor (continued)

Finance leases

To classify each lease, DXBR makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, DXBR considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Lease payments are payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the fixed payments, less any lease incentives; variable lease payments; the exercise price for a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. When DXBR is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which DXBR applies the exemption described above, then it classifies the sub-lease as an operating lease. Amounts from leases under finance lease are recognised as receivables at the amount of DXBR's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on DXBR's net investment outstanding in respect of the leases. When a contract includes both lease and non-lease components, DXBR applies IFRS 15 to allocate the consideration under the contract to each component.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in DXBR's special purpose carve-out financial statements in the period in which the dividends are approved by the Company's shareholders.

2.26 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the special purpose carve-out financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxable entity and tax authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in special purpose carve-out statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

DXBR makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Calculation of loss allowance

DXBR assesses the impairment of its financial assets based on the ECL model. Under the ECL model, DXBR accounts for ECLs and changes in those ECLs at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. DXBR measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

When measuring ECL, DXBR uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. There has been no change in the estimation techniques or significant assumptions made in assessing the ECL during the current year.

(b) Valuation of investment property

DXBR engaged external, independent, and qualified valuers to determine the fair value of DXBR's investment properties for each year end presented i.e., as at 31 December 2022, as at 31 December 2023 and as at 31 December 2024. As at each year end, the fair value of the investment properties has been determined by an independent registered valuer. At the end of each reporting year, management updates its assessment of the fair value of each property, taking into account the most recent independent valuations. Management determines a property's value within a range of reasonable fair value estimates.

A summary of the valuation technique adopted by the external independent valuer for determining the fair value of the investment properties have been explained and outlined in Note 6.

Management of DXBR has reviewed the assumption and methodology used by the independent registered valuer and/or internal specialist and in their opinion these assumptions and methodology seems reasonable as at the reporting date considering the current economic and real estate outlook in UAE.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.1 Key sources of estimation uncertainty (continued)

(c) Common cost allocations

In the preparation of these special purpose carve-out financial statements, management has made judgements, estimates and assumptions relating to the allocation of certain costs and expenses historically incurred by entities outside DXBR in providing services to the companies forming part of DXBR. Historically, there were no costs recharged by Nakheel PJSC to the Nakheel Entities, however, PropertyCorp. LLC (an entity within the Nakheel PJSC group, which is not part of the Residential Leasing Business Portfolio) charged a certain percentage of Nakheel Entities' revenue as management fee. This allocation by PropertyCorp. LLC has been excluded and the total common costs have been assessed and allocated to the respective Nakheel entities including Meydan assets based on the most relevant allocation method that is reasonable for inclusion in the special purpose carve-out statement of income. This allocation method is considered by management as a close approximation to the actual costs incurred during the periods presented.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

DXBR's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. DXBR's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on DXBR's financial performance. DXBR uses derivative financial instruments to hedge interest rate risk exposure.

Risk management is carried out by the Parent Company's Risk Management Department, under policies approved by the Parent Company's Executive Committee. The Risk Management Department identifies, evaluates and hedges financial risks in close co-operation with DXBR's operating units.

The Executive Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as market risk, credit risk and liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not DXBR's functional currency. The Parent Company has set up a policy to require the DXBR entities to manage their foreign exchange risk against their functional currency. However, DXBR has no significant exposure to foreign exchange risk as majority of its transactions are in the respective functional currencies of DXBR companies, which is AED.

(ii) Price risk

Price risk arises from changes in fair value of equity instruments. DXBR is not exposed to any price risk as it does not have any equity securities or similar assets.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

DXBR is exposed to interest rate risk on its interest-bearing assets and liabilities. Borrowings at variable rates expose DXBR to cash flow interest rate risk.

Based on the various scenarios, DXBR manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. Under the interest rate swaps, DXBR agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At 31 December 2024, if interest rates on interest bearing financial assets had been 200 basis points (31 December 2023: 200 basis points and 31 December 2022: 200 basis points) higher/lower with all other variables held constant, profit for the year before tax would have been AED 11,123,000 (31 December 2023: AED 7,156,000 and 31 December 2022: AED 415,000) higher/lower, mainly as a result of higher/lower interest income.

In addition, at 31 December 2024 had DXBR not entered in any interest rate swap agreements, if interest rates on borrowings had been 200 basis points (31 December 2023: 200 basis points and 31 December 2022: 200 basis points) higher/lower with all other variables held constant, profit for the year before tax would have been AED 30,597,000 (31 December 2023: AED 27,200,000 and 31 December 2022: AED 28,513,000) lower/higher, mainly as a result of higher/lower interest expense.

(b) Credit risk

DXBR is exposed to credit risk in relation to its monetary assets, mainly trade receivables and other receivables, derivatives, due from related parties and bank balances.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. When such an event happens it is considered as a default event. DXBR’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established policies under which each new customer is analysed for creditworthiness before DXBR’s standard payment and service delivery terms and conditions are offered.

The credit review can include customer reputation, customer segmentation, business plans, bank references and external credit worthiness databases when available.

Derivative financial instruments and bank deposits are limited to high-credit-quality financial institutions. DXBR has policies that limit the amount of credit exposure to any financial institution.

The credit quality of cash and bank balances at the balance sheet date can be assessed by reference to external credit ratings as illustrated in the table below:

		As at 31 December		
		2024	2023	2022
Rating	Note	AED’000	AED’000	AED’000
A1		860,317	213,489	22,152
A2		645,230	322,082	702,345
A3		462,925	-	-
Baa1		-	39,619	44,292
	11	**1,968,472**	**575,190**	**768,789**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

With respect to the credit risk arising from other financial assets of DXBR, which comprise due from related parties, other receivables and deposits and financial assets at fair value through other comprehensive income, DXBR's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these assets. DXBR's exposure to credit risk arising from trade and other receivables is disclosed in Note 9.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, DXBR aims to maintain flexibility in funding by keeping committed credit lines available. Management reviews cash flows at regular intervals.

The table below analyses DXBR's financial liabilities into relevant maturity groupings based on the remaining period at the special purpose carve-out balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 3 months AED'000	Between 3 months and 1 year AED'000	Between 1 year and 5 years AED'000	More than 5 years AED'000
At 31 December 2024				
Borrowings	33,272	105,171	3,139,242	-
Trade and other payables	525,059	-	-	-
Due to related parties	675,453	-	-	-

	Less than 3 months AED'000	Between 3 months and 1 year AED'000	Between 1 year and 5 years AED'000	More than 5 years AED'000
At 31 December 2023				
Borrowings	23,471	70,930	787,616	998,228
Trade and other payables	463,814	-	-	-
Due to related parties	4,448,814	-	-	-

	Less than 3 months AED'000	Between 3 months and 1 year AED'000	Between 1 year and 5 years AED'000	More than 5 years AED'000
At 31 December 2022				
Borrowings	105,436	311,068	1,274,803	-
Trade and other payables	454,257	-	2,755	-
Due to related parties	4,696,779	-	-	-

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Capital risk management

DXBR's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

DXBR monitors capital on the basis of its compliance with the loan covenants as required by the borrowing facility agreements as explained in Note 13.

Under the terms of the borrowing facility agreements, DXBR is required to comply with certain covenants. Below are major financial covenants as required by the terms of the borrowing facility agreements:

	As at 31 December		
	2024	2023	2022
Leverage for each period not to exceed	5:1	5:1	5:1
Debt service cover ratio not to be less than	2:1	1.2:1	1.2:1
Minimum tangible net worth (AED' 000)	2,000,000	-	-
Guarantor cover to exceed	80%	-	-
Loan to fair value of assigned properties ratio not to exceed	-	75%	75%
Maintenance of minimum balance in the bank account	-	Required	Required

DXBR has complied with applicable covenants under the borrowing facility agreements at each reporting date.

DXBR's gearing ratio is as follows:

	As at 31 December		
	2024	2023	2022
	AED'000	AED'000	AED'000
Total borrowings	2,582,247	1,345,280	1,425,706
Total equity	18,323,958	18,964,655	17,946,481
Total capital	**20,906,205**	**20,309,935**	**19,372,187**
Gearing ratio	**12.35%**	**6.62%**	**7.36%**

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the special purpose carve-out balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by DXBR is the current bid price. These instruments are included in level 1.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market is based on valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, these instruments are included in level 2. All derivative financial instruments held by DXBR have been categorised as level 2 as shown below, where the fair valuation of such instruments has been determined based on discounting future cash flows using observable discount factors. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. There is no change in the valuation technique in comparison to prior years.

If one or more of the significant inputs is not based on observable market data, these instruments are included in level 3.

The following table presents DXBR's assets and liabilities that are measured at fair value as at 31 December 2024, 31 December 2023 and 31 December 2022:

	Level 2 AED '000	Level 3 AED '000	Total AED '000
As at 31 December 2024			
Assets			
Investment property	-	21,633,000	21,633,000
Derivatives designated as cash flow hedges	19,558	-	19,558
	Level 2 AED '000	**Level 3 AED '000**	**Total AED '000**
As at 31 December 2023			
Assets			
Investment property	-	19,679,300	19,679,300
Derivatives designated as cash flow hedges	41,599	-	41,599

	Level 2 AED '000	Level 3 AED '000	Total AED '000
As at 31 December 2022			
Assets			
Investment property	-	17,068,300	17,068,300
Derivatives designated as cash flow hedges	70,406	-	70,406

There were no transfers between the levels for recurring fair value measured during the year.

The carrying value of trade receivables and other receivables, due from related parties, cash and bank balances, trade and other payables, borrowings and due to related parties are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to DXBR for similar financial instruments.

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

5. PROPERTY AND EQUIPMENT

2024	Note	Building interior improvements, furniture and fixtures AED'000	Computer hardware AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost						
At 1 January 2024		23,666	17,223	3,324	1,285	45,498
Additions		687	1,330	-	739	2,756
Disposal		(6,957)	(716)	(3,106)	-	(10,779)
Transfer to intangible assets	7	-	(15,238)	-	-	(15,238)
Other adjustments		50	(293)	-	-	(243)
Cost adjustment		(1,240)	-	-	-	(1,240)
Transfer to a related party		-	(19)	-	-	(19)
At 31 December 2024		**16,206**	**2,287**	**218**	**2,024**	**20,735**
Accumulated depreciation						
At 1 January 2024		7,415	15,148	2,879	-	25,442
Charge for the year	18	784	268	-	-	1,052
Disposal		(6,441)	(369)	(2,661)	-	(9,471)
Transfer to intangible assets	7	-	(13,848)	-	-	(13,848)
Other adjustments		50	(293)	-	-	(243)
Transfer to a related party		-	(19)	-	-	(19)
At 31 December 2024		**1,808**	**887**	**218**	**-**	**2,913**
Net book value						
At 31 December 2024		**14,398**	**1,400**	**-**	**2,024**	**17,822**

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

5. PROPERTY AND EQUIPMENT (CONTINUED)

2023	Note	Building interior improvements, furniture and fixtures AED'000	Computer hardware AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost						
At 1 January 2023		19,753	18,884	3,344	2,014	43,995
Additions		188	219	55	56	518
Other adjustments		1,114	476	(75)	-	1,515
Cost adjustment		-	-	-	(530)	(530)
Reclassifications		2,611	(2,356)	-	(255)	-
At 31 December 2023		**23,666**	**17,223**	**3,324**	**1,285**	**45,498**
Accumulated depreciation						
At 1 January 2023		3,131	14,520	2,731	-	20,382
Charge for the year	18	563	2,759	223	-	3,545
Other adjustments		1,114	476	(75)		1,515
Reclassifications		2,607	(2,607)	-	-	-
At 31 December 2023		**7,415**	**15,148**	**2,879**	**-**	**25,442**
Net book value						
At 31 December 2023		**16,251**	**2,075**	**445**	**1,285**	**20,056**

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

5. PROPERTY AND EQUIPMENT (CONTINUED)

2022	Note	Land AED'000	Building interior improvements, furniture and fixtures AED'000	Computer hardware AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost							
At 1 January 2022		200	39,522	-	3,344	962	44,028
Additions		-	18	88	-	49	155
Transfer to intangible assets	7	-	-	-	-	(188)	(188)
Reclassifications		(200)	(19,787)	18,796	-	1,191	-
At 31 December 2022		-	**19,753**	**18,884**	**3,344**	**2,014**	**43,995**
Accumulated depreciation							
At 1 January 2022		-	13,974	-	2,552	-	16,526
Charge for the year	18	-	774	2,903	179	-	3,856
Reclassifications		-	(11,617)	11,617	-	-	-
At 31 December 2022		-	**3,131**	**14,520**	**2,731**	-	**20,382**
Net book value							
At 31 December 2022		-	**16,622**	**4,364**	**613**	**2,014**	**23,613**

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

6. INVESTMENT PROPERTY

2024	Note	AED'000
At 1 January 2024		**19,679,300**
*Transfer of investment property from related parties	10 (c)	224,306
Additions		183,827
Net gain on fair valuations		1,545,567
At 31 December 2024		**21,633,000**

*This includes AED 223,329,000 relating to investment properties transferred from Meydan (Note 2.2).

2023	AED'000
At 1 January 2023	**17,068,300**
Additions	187,817
Net gain on fair valuations	2,423,183
At 31 December 2023	**19,679,300**

2022	AED'000
At 1 January 2022	**15,023,500**
Additions	224,828
Net gain on fair valuations	1,819,972
At 31 December 2022	**17,068,300**

The following amounts have been recognised in the special purpose carve-out statement of income in respect of investment property:

		For the year ended 31 December		
		2024	2023	2022
	Note	AED'000	AED'000	AED'000
Operating lease income	15	1,781,867	1,638,936	1,452,802
Direct costs arising from investment property that generated operating lease income (excluding payroll and related costs)	16	(486,989)	(457,006)	(448,678)
Net gain on fair valuations		1,545,567	2,423,183	1,819,972

Investment properties are held for long-term rental yields and are not occupied by DXBR. They are carried at fair value. Net gain on fair valuations is presented in the special purpose carve-out statement of income as "Gain / (loss) on fair value of investment property".

DXBR classifies cash outflows to acquire or construct an investment property as investing activities and rental inflows as operating activities in the special purpose carve-out statement of cashflows.

6. INVESTMENT PROPERTY (CONTINUED)

See note 24 for disclosure of capital commitments to purchase, construct or develop an investment property or for repairs, maintenance or enhancements.

The investment properties are leased to tenants under operating leases with rentals payable as per the agreed terms of the lease contract. Lease income from operating leases where DXBR is a lessor is recognised in income on a straight line basis over the lease term.

The entire investment property portfolio of DXBR is located within Dubai, United Arab Emirates.

Where considered necessary to reduce credit risk, DXBR may obtain security deposits for the term of the lease. Although DXBR is exposed to changes in the residual value at the end of the current leases, DXBR typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Operating non-cancellable leases relate to the investment properties owned by DXBR with lease terms of between one to six years.

Minimum lease payments receivable on leases of investment properties are as follows:

	As at		
	31 December 2024 AED'000	31 December 2023 AED'000	31 December 2022 AED'000
Within one year	750,138	687,160	628,212
After one year but not more than five years	179,827	306,663	300,576
More than 5 years	63	-	-
	930,028	**993,823**	**928,788**

Valuation techniques, inputs and processes used to determine fair values

DXBR engaged external, independent, and qualified valuers to determine the fair value of DXBR's investment properties for each year end presented i.e., as at 31 December 2022, as at 31 December 2023 and as at 31 December 2024. As at each year end, the fair value of the investment properties has been determined by an independent registered valuer. At the end of each reporting year, management updates its assessment of the fair value of each property, taking into account the most recent independent valuations. Management determines a property's value within a range of reasonable fair value estimates.

6. INVESTMENT PROPERTY (CONTINUED)

The following is a summary of the valuation technique adopted by the external independent valuer for determining the fair value of the investment properties:

Property category	Valuation method	Significant unobservable inputs
Buildings / Compounds	**Income approach or Discounted Cash Flows (DCF) approach**: The property is valued by discounting the expected future net income for a holding period at an appropriate discount rate to produce a Present Value (PV) of expected cash flows. This method includes discounting the forecast disposal price/exit value at the end of the cash flow period, by applying an exit yield to the forecast 6th year income, after a 5-year holding period. The sum of these discounted income streams is the fair market value. RERA rental caps, market rents and market rental growth rates are projected over the 5-year holding period and applied to the income stream whenever current leases end. Vacant units are leased at market rents in accordance with the market.	Estimated rental rates, Let-up period, Growth rates, Project discount rate and Capitalisation rate/yield
Individual units / Unit titles	**Market approach or Comparable approach**: This approach entails benchmarking and analysis of comparable transactions, bids and asking prices where available, for similar apartments, villas, townhouses and land plots. These values are adjusted for differences in key attributes such as size, gross floor area and location.	Discount applied in the market for tenanted properties

The fair value of investment properties is classified under level 3 fair value hierarchy.

The main level 3 inputs used by DXBR are derived and evaluated as follows:

- **Buildings / Compounds** – Estimated rental rates, Let-up period, Growth rates, Project discount rate and capitalization rate / yield are estimated by the independent valuers based on comparable transactions and industry data.
- **Individual units / Unit titles –** Discount applied in the market for tenanted properties is estimated by the independent valuers based on comparable transactions and industry data.

There were no changes to the valuation techniques during the periods presented.

For all investment properties valued under income approach or DCF approach, their current use approximately equates to the highest and best use. However, for investment properties valued under the market approach, their current use does not necessarily equate to the highest and best use.

The fair value measurement of investment properties valued using the income approach or DCF approach is sensitive to changes in:

- Estimated rental rates (an increase in the input will increase fair value);
- Let-up period (an increase in the input will decrease fair value);
- Growth rates (an increase in the input will increase fair value);
- Project discount rate (an increase in the input will decrease fair value); and
- Capitalisation rate/yield (an increase in the input will decrease fair value).

6. INVESTMENT PROPERTY (CONTINUED)

For the income approach, there are interrelationships between the estimated rental rates, let-up period, growth rates, project discount rate, and capitalisation rate/yield. For example, an increase in the estimated rental rates may lead to a decrease in the capitalisation rate, and vice versa. An increase in the let-up period may lead to an increase in the project discount rate, and vice versa. An increase in the growth rates may lead to a decrease in the capitalisation rate, and vice versa. An increase in the project discount rate may lead to an increase in the capitalisation rate, and vice versa. These interrelationships may magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

In terms of investment properties valued using the comparable approach, the fair value measurement is sensitive to changes in the discounts applied in the market for tenanted properties derived from comparables. An increase in the discount applied would lead to a decrease in fair value.

Certain investment properties were pledged as securities against loans obtained by related parties as at 31 December 2023 and 31 December 2022. As at 31 December 2024, there were no investment properties that were pledged as securities against loans obtained by DXBR or any of its related parties.

7. INTANGIBLE ASSETS

2024	Note	Computer software AED'000	Others AED'000	Total AED'000
Cost				
At 1 January 2024		2,111	2,400	4,511
Transfers from property and equipment	5	13,742	1,496	15,238
Additions		120	1,877	1,997
At 31 December 2024		**15,973**	**5,773**	**21,746**
Accumulated amortisation				
At 1 January 2024		2,111	256	2,367
Transfers from property and equipment	5	12,333	1,515	13,848
Charge for the year	18	1,529	1,474	3,003
At 31 December 2024		**15,973**	**3,245**	**19,218**
Net book value				
At 31 December 2024		**-**	**2,528**	**2,528**

2023	Note	Computer software AED'000	Others AED'000	Total AED'000
Cost				
At 1 January 2023		2,111	946	3,057
Additions		-	1,454	1,454
At 31 December 2023		**2,111**	**2,400**	**4,511**
Accumulated amortisation				
At 1 January 2023		1,551	228	1,779
Charge for the year	18	560	28	588
At 31 December 2023		**2,111**	**256**	**2,367**
Net book value				
At 31 December 2023		**-**	**2,144**	**2,144**

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

8. INTANGIBLE ASSETS (CONTINUED)

2022	Note	Computer software AED'000	Others AED'000	Total AED'000
Cost				
At 1 January 2022		2,111	107	2,218
Additions		-	651	651
Transfers from property and equipment	5	-	188	188
At 31 December 2022		**2,111**	**946**	**3,057**
Accumulated amortisation				
At 1 January 2022		847	15	862
Charge for the year	18	704	213	917
At 31 December 2022		**1,551**	**228**	**1,779**
Net book value				
At 31 December 2022		**560**	**718**	**1,278**

8. DERIVATIVE FINANCIAL INSTRUMENTS

	Notional amount AED '000	Assets AED '000
At 31 December 2024		
Designated as cash flow hedges		
Interest rate swap contracts	600,000	19,558
		19,558
Less: non-current portion		(19,558)
Current portion		-

	Notional amount AED '000	Assets AED '000
At 31 December 2023		
Designated as cash flow hedges		
Interest rate swap contracts	840,000	41,599
		41,599
Less: non-current portion		(41,599)
Current portion		-

	Notional amount AED '000	Assets AED '000
At 31 December 2022		
Designated as cash flow hedges		
Interest rate swap contracts	1,200,000	70,406
		70,406
Less: non-current portion		(54,465)
Current portion		**15,941**

Interest rate swaps are commitments to exchange one set of cash flows for another. The swaps result in an economic exchange of interest rates, no exchange of principal takes place.

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

8. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

These swap transactions entitle DXBR to receive or pay amounts derived from interest rate differentials between an agreed fixed interest rate and the applicable floating rate prevailing at the beginning of each interest period.

At 31 December 2024, the fixed interest rate is 1.21% per annum (2023: 1.21% per annum and 2022: 1.21% per annum). The floating rates are linked to Emirates Interbank Offered Rate ("EIBOR"). Changes in the fair market values of interest rate swaps that are considered effective and designated as cash flow hedges are recognised in the hedge reserve in other comprehensive income. Amounts are reclassified to statement of income when the associated hedged transaction affects statement of income. There was no ineffectiveness to be recorded from the cash flow hedges for all the years presented. The change in fair values of interest rate swaps designated as cash flow hedges for the year ended 31 December 2024 amounted to a loss of AED 22,041,000 (31 December 2023: loss of AED 28,807,000 and 31 December 2022: a gain of AED 59,657,000).

During the year ended 31 December 2024, the interest income on derivatives recognised in 'Finance income/costs' amounts to AED 29,814,566 (31 December 2023: AED 39,104,000 and 31 December 2022: AED 9,845,000) (Note 21).

As at 31 December 2024, derivative financial instruments include interest rate swaps entered into with a related party financial institution with a fair value of AED 7,302,000 (31 December 2023: AED 15,708,000 and 31 December 2022: NIL).

9. TRADE AND OTHER RECEIVABLES

	As at 31 December		
	2024 AED'000	**2023 AED'000**	**2022 AED'000**
Trade receivables	265,510	287,769	280,724
Less: loss allowance	(249,886)	(242,455)	(220,264)
	15,624	**45,314**	**60,460**
Unbilled receivables	5,114	6,382	5,777
Less: loss allowance	(4,609)	(4,609)	(4,609)
	505	**1,773**	**1,168**
Advances to suppliers	34,163	7,438	19,537
Prepayments	6,222	1,713	4,333
Other receivables	11,984	3,624	24,876
	68,498	**59,862**	**110,374**
Less: non-current portion	-	(5,987)	(36,524)
Current portion	**68,498**	**53,875**	**73,850**

The carrying amount of DXBR's trade and other receivables are denominated in AED.

The fair values of trade and other receivables approximate their carrying amounts. The fair values are within level 3 of the fair value hierarchy.

DXBR has a broad base of customers with no concentration of credit risk within trade receivables at 31 December 2024, 31 December 2023 and 2022.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

	2024 AED'000	2023 AED'000	2022 AED'000
Trade receivables and unbilled receivables			
Not past due	5,114	51,372	25,179
Up to 3 months	20,390	9,730	34,470
3 to 6 months	16,744	21,322	29,371
Over 6 months	228,376	211,727	197,481
	270,624	**299,641**	**286,501**

	2024 AED'000	2023 AED'000	2022 AED'000
Loss allowance against trade receivables and unbilled receivables			
Not past due	4,609	10,609	4,609
Up to 3 months	13,244	6,168	13,231
3 to 6 months	8,266	18,560	17,678
Over 6 months	228,376	211,727	189,355
	254,495	**247,064**	**224,873**

The provision against not past due receivables reflect loss allowance against specific customers considered having a higher probability of default.

The movement in DXBR's loss allowance on trade and unbilled receivables is as follows:

	Note	2024 AED'000	2023 AED'000	2022 AED'000
At 1 January		247,064	224,873	188,316
Net charge for loss allowance on trade receivables	18	7,427	22,191	36,557
Transfer from related party	10	4	-	-
At 31 December		**254,495**	**247,064**	**224,873**

The creation and release of the loss allowance on receivables have been included in the special purpose carve-out statement of income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

10. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise shareholders, Ultimate Parent Company, Intermediate Parent Company, Parent Company, fellow affiliates, key management personnel and businesses which are controlled directly, by the shareholders or key management personnel. Related parties also includes entities over which the Ultimate Parent Company has control or significant influence.

Due from and due to related party balances are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the due from and due to balances simultaneously.

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

10. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(a) Due from related parties

The receivables are classified as current, unsecured in nature and bear no interest. The maximum exposure to credit risk at the reporting date is the carrying value of each of the amount receivable from related parties. The fair values of due from related parties approximate their carrying amounts and are fully performing as at 31 December 2024, 2023 and 2022:

	2024 AED'000	2023 AED'000	2022 AED'000
Parent Company	-	20,317	29,973
Fellow affiliates	23,717	6,129,601	6,703,809
Ultimate Parent Company	-	420	-
	23,717	**6,150,338**	**6,733,782**

(b) Due to related parties

The payables to related parties are classified as current, unsecured in nature and arise mainly from purchase transactions and are non-interest bearing:

	2024 AED'000	2023 AED'000	2022 AED'000
Fellow affiliates	674,059	4,447,034	4,690,590
Ultimate Parent Company	-	-	4,496
Others	1,394	1,780	1,693
	675,453	**4,448,814**	**4,696,779**

(c) Related party transactions

Transactions with related party entities

During the years ended 31 December 2024, 2023 and 2022, DXBR entered into the following significant transactions with related parties:

	Note	2024 AED'000	2023 AED'000	2022 AED'000
Funds transferred to Parent Company		-	310,000	37,573
Funds transferred to a related party		-	804,225	529,913
Funds transferred from a related party		635,838	1,166	9,858
Loan transferred to a related party	13	-	-	1,574,527
Cost recharges by affiliates		128,089	150,302	133,731
Operating lease income from affiliates		48,870	55,251	52,634
Operating lease income from other parties		800	712	726
Operation and maintenance costs from affiliates		55,509	25,582	60,908
Operation and maintenance costs from other parties		79,856	26,840	36,874
Cost recharges to affiliates		406	1,256	1,541
Transfer of investment property from related parties	6	224,306	-	-
Cost recharges by Ultimate Parent Company		136	2,247	2,167
Transfer of end of service benefits from related parties	12	2,366	-	-
Transfer of end of service benefits to related parties	12	-	353	643
Unwinding of net related party balances		115,705	-	-

DXBR is managed by the Parent Company (any associated cost is included in the cost allocation) and accordingly, no remuneration is paid to the key management personnel.

A dividend for the year ended 31 December 2024 of AED 1,221,000,000 was approved by and paid to the shareholders of the Company during the year ended 31 December 2024. During the year ended 31 December 2023, an amount of AED 900,000,000 receivable from the Parent Company was settled through dividend (Note 26).

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

11. CASH AND BANK BALANCES

	2024 AED'000	2023 AED'000	2022 AED'000
Cash at bank			
- Current account	988,837	217,409	748,035
- Fixed deposits	979,635	357,781	20,754
	1,968,472	**575,190**	**768,789**

Bank accounts are held with locally incorporated banks. Fixed deposits carry interest in the range of 4.5% to 5.35% per annum (2023: 4.25% to 5.55% per annum and 2022: 0.85% to 3.30% per annum). At 31 December 2024, cash and bank balances include AED 640,263,258 held with a related party financial institution.

Cash and cash equivalents include the following for the purposes of special purpose carve-out statement of cash flows:

	2024 AED'000	2023 AED'000	2022 AED'000
Cash and bank balances	1,968,472	575,190	768,789
Less: fixed deposits with maturities greater than three months	(831,635)	(325,000)	(20,754)
Less: restricted cash against bank facilities	(28,000)	(27,781)	(100,000)
	1,108,837	**222,409**	**648,035**

12. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	Note	2024 AED'000	2023 AED'000	2022 AED'000
At 1 January		8,396	9,283	9,786
Charge during the year	20	470	526	413
Payments during the year		(352)	(1,060)	(273)
Transfer from /(to) a related party	10(c)	2,366	(353)	(643)
As at 31 December		**10,880**	**8,396**	**9,283**

13. BORROWINGS

	2024 AED'000	2023 AED'000	2022 AED'000
Bank borrowings	2,600,000	1,360,000	1,440,000
Unamortised transaction costs	(17,753)	(14,720)	(14,294)
Carrying amount	**2,582,247**	**1,345,280**	**1,425,706**
Less: current portion	-	-	(320,000)
Non-current portion	**2,582,247**	**1,345,280**	**1,105,706**

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

13. BORROWINGS (CONTINUED)

The movement in DXBR's borrowings is as follows:

	2024 AED'000	2023 AED'000	2022 AED'000
At 1 January	1,345,280	1,425,706	3,156,939
Repayments	(1,360,000)	(80,000)	(160,000)
Proceeds from borrowings	2,600,000	-	-
Loan transferred to a related party	-	-	(1,574,527)
Capitalisation of transaction costs	(18,365)	(15,750)	-
Amortisation of transaction costs	15,332	15,324	3,294
At 31 December	**2,582,247**	**1,345,280**	**1,425,706**

During the year ended 31 December 2022, the existing loan facility from Dubai Islamic Bank PJSC held under The Gardens Co. LLC was reprofiled and structured under Nakheel Project 1 LLC (a company under Nakheel PJSC which is not part of DXBR).

On 26 June 2019, the DXBR Group entered into an Islamic credit facility agreement with a consortium of two banks (Emirates NBD Capital Limited and Dubai Islamic Bank PJSC) for an amount of AED 2,000,000,000. The facility was for a term of 8 years with repayments which were due to start from year 4, which was secured by assignment of revenues from certain assets of the subsidiaries of the DXBR Group and of certain other entities (outside the Residential Leasing Business Portfolio) owned by the Parent Company. Subsequently on 6 June 2023, DXBR Group refinanced its existing bank facility of AED 2,000,000,000 with extended payment terms and reduced interest rate of 1.5% plus 3-month EIBOR rate. The quarterly repayment term would have started from September 2026, which would have been equal to the 2.5% of principal amount, which would have increased to 3.75% for quarters starting September 2027 and last payment in June 2030 equivalent to the 45% of principal amount. On account of the refinancing, DXBR derecognised the existing liability which resulted in the release of unamortised issue costs of AED 12,881,000 in finance cost during the year ended 31 December 2023.

On 8 November 2024, DXBR entered into a new five-year revolving facility financing agreement with Abu Dhabi Commercial Bank PJSC, Dubai Islamic Bank PJSC, and Mashreq Bank PJSC (the "Financing Agreement") to refinance a facility that was previously entered into by the Company on 26 June 2019 and refinanced on 6 June 2023. In accordance with the Financing Agreement, DXBR utilized the facility under the new agreement to pay in full the outstanding amount owed under the previous facility agreement (as disclosed below), in addition to fees, costs and expenses incurred. The remaining loan balance is intended to be used for general corporate purposes.

The new facilities comprise an:

- AED 2,423 million conventional revolving credit facility for a term of 5 years provided by a syndicate of commercial banks, with a floating interest rate based on EIBOR plus 80 basis points, repayable in a lump sum on maturity; and
- AED 1,250 million Islamic financing facility for a term of 5 years subject to a floating rate based on EIBOR plus 80 basis points, repayable in full on maturity.

On account of the refinancing, DXBR derecognised the existing liability which resulted in the release of unamortised issue costs of AED 12,754,000 in finance cost during the year ended 31 December 2024.

The unamortised issue costs incurred on the new facility, amounting to AED 18,365,000 are amortised over the term of the new facility, of which the unamortised portion as of 31 December 2024 is AED 17,753,000. As at 31 December 2023, the unamortised issue costs on the previous facility, amounted to AED 14,720,000 (31 December 2022: AED 14,294,000).

DXBR has not had any defaults of principal, interest or redemption amounts during the years on its borrowed funds and has complied with the covenants required under the terms of the facilities. During the year ended 31 December 2024, interest rates on the above bank borrowings ranged from 5.38% to 6.99% per annum (31 December 2023: 6.64% to 7.27% per annum and 31 December 2022: 2.91% to 7.27% per annum).

13. BORROWINGS (CONTINUED)

As at 31 December 2024, DXBR has undrawn floating rate borrowing amounting to AED 1,073,000,000 (31 December 2023: AED 640,000,000 and 31 December 2022: AED 400,000,000) from the above facilities.

DXBR has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments as at 31 December 2024, 31 December 2023 and 31 December 2022.

As at 31 December 2024, total borrowings of AED 2,600,000,000 (2023: AED 1,360,000,000 and 2022: AED 1,440,000,000) are subject to re-pricing within three months of the reporting date.

The maturity profile of the borrowings is as follows:

	2024 AED'000	2023 AED'000	2022 AED'000
Within one year	-	-	320,000
After one year but not more than five years	2,600,000	442,000	1,120,000
More than five years	-	918,000	-
	2,600,000	**1,360,000**	**1,440,000**

The borrowings are denominated in AED.

As at 31 December 2024, borrowings include AED NIL (31 December 2023: AED 510,000,000 and 31 December 2022: NIL) obtained from a related party financial institution.

14. TRADE AND OTHER PAYABLES

	2024 AED'000	2023 AED'000	2022 AED'000
Trade payables	71,766	69,876	74,380
Accrued expenses	212,392	156,641	141,932
Refundable deposits	143,344	142,727	136,491
Retentions payable	52,068	46,504	40,333
Project payables	11,271	12,439	13,253
Other payables	34,218	35,627	50,623
	525,059	**463,814**	**457,012**
Less: non-current portion	-	-	(2,755)
Current portion	**525,059**	**463,814**	**454,257**

As at 31 December 2022, fair value of non-current retention payable has been estimated by discounting the gross value of these liabilities using a risk-free rate plus liability specific discount rate of 4.38% and is based on inputs that fall under the level 3 of the fair value hierarchy.

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

15. REVENUE

	Year ended 31 December		
	2024 AED'000	2023 AED'000	2022 AED'000
Operating lease income	1,781,867	1,638,936	1,452,802
Revenue from contracts with customers			
Services income	10,944	7,991	2,870
	1,792,811	**1,646,927**	**1,455,672**

16. DIRECT COSTS

		Year ended 31 December		
	Note	2024 AED'000	2023 AED'000	2022 AED'000
Operation and maintenance costs		424,338	400,992	404,240
Payroll and related costs	20	34,955	37,128	29,852
Cost allocation		62,651	56,014	44,438
		521,944	**494,134**	**478,530**

17. OTHER OPERATING INCOME

	Year ended 31 December		
	2024 AED'000	2023 AED'000	2022 AED'000
Miscellaneous fees and charges	7,164	7,915	6,616

18. GENERAL AND ADMINISTRATIVE EXPENSES

		Year ended 31 December		
	Note	2024 AED'000	2023 AED'000	2022 AED'000
Payroll and related costs	20	44,223	56,172	55,357
Cost recharges		30,970	4,730	2,547
Charge for loss allowance on trade and other receivables	9	7,427	22,191	36,557
Depreciation and amortisation	5 & 7	4,055	4,133	4,773
Consultancy		3,292	3,352	2,667
Information technology expenses		352	3,175	1,652
Legal and professional fees		1,498	8,342	4,274
Other administrative expenses		6,680	7,445	6,611
		98,497	**109,540**	**114,438**

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

19. MARKETING AND SELLING EXPENSES

		Year ended 31 December		
		2024	2023	2022
	Note	AED'000	AED'000	AED'000
Advertising		11,520	12,823	10,503
Payroll and related costs	20	5,245	5,559	5,625
Cost recharges		2,249	2,981	40
Other marketing expenses		2,636	1,049	1,067
		21,650	**22,412**	**17,235**

20. PAYROLL AND RELATED COSTS

		Year ended 31 December		
		2024	2023	2022
	Note	AED'000	AED'000	AED'000
Salaries and allowances		83,953	98,333	90,421
End of service benefits	12	470	526	413
		84,423	**98,859**	**90,834**
Payroll and related costs are split as follows:				
General and administrative expenses	18	44,223	56,172	55,357
Direct costs	16	34,955	37,128	29,852
Marketing and selling expenses	19	5,245	5,559	5,625
		84,423	**98,859**	**90,834**

21. FINANCE COSTS - NET

	Year ended 31 December		
	2024	2023	2022
	AED'000	AED'000	AED'000
Finance costs on:			
Bank borrowings	(117,924)	(112,789)	(94,370)
Derivative financial instruments	29,815	39,104	9,845
Total finance costs	**(88,109)**	**(73,685)**	**(84,525)**
Finance income from:			
Short-term bank deposits	20,370	6,011	1,083
Bank balances	26,596	17,243	11,570
Total finance income	**46,966**	**23,254**	**12,653**
Finance costs-net	**(41,143)**	**(50,431)**	**(71,872)**

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

22. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Financial assets at amortised cost AED'000	Financial assets at fair value through other comprehensive income AED'000	Total AED'000
At 31 December 2024				
Assets as per balance sheet				
Derivative financial instruments	8	-	19,558	19,558
Trade and other receivables	9	28,113	-	28,113
Due from related parties	10	23,717	-	23,717
Cash and bank balances	11	1,968,472	-	1,968,472
Total		2,020,302	19,558	2,039,860
At 31 December 2023				
Assets as per balance sheet				
Derivative financial instruments	8	-	41,599	41,599
Trade and other receivables	9	50,711	-	50,711
Due from related parties	10	6,150,338	-	6,150,338
Cash and bank balances	11	575,190	-	575,190
Total		**6,776,239**	**41,599**	**6,817,838**
At 31 December 2022				
Assets as per balance sheet				
Derivative financial instruments	8	-	70,406	70,406
Trade and other receivables	9	86,504	-	86,504
Due from related parties	10	6,733,782	-	6,733,782
Cash and bank balances	11	768,789	-	768,789
Total		**7,589,075**	**70,406**	**7,659,481**

Note: Trade and other receivables exclude advances to suppliers and prepayments.

22. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Note	Financial liabilities at amortised cost AED'000	Total AED'000
At 31 December 2024			
Liabilities as per balance sheet			
Borrowings	13	2,582,247	2,582,247
Trade and other payables	14	524,750	524,750
Due to related parties	10	675,453	675,453
Total		**3,782,450**	**3,782,450**
At 31 December 2023			
Liabilities as per balance sheet			
Borrowings	13	1,345,280	1,345,280
Trade and other payables	14	462,959	462,959
Due to related parties	10	4,448,814	4,448,814
Total		**6,257,053**	**6,257,053**
At 31 December 2022			
Liabilities as per balance sheet			
Borrowings	13	1,425,706	1,425,706
Trade and other payables	14	456,305	456,305
Due to related parties	10	4,696,779	4,696,779
Total		**6,578,790**	**6,578,790**

Note: Trade and other payables exclude value added tax payables amounting to AED 308,552, AED 854,771 and AED 707,117 as at 31 December 2024, 31 December 2023 and 31 December 2022 respectively.

23. OPERATING SEGMENTS

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as the Parent Company's Chief Executive Officer ("Parent Company CEO") that makes strategic decisions.

Management has determined the operating segments based on the reports reviewed by the Parent Company CEO in making strategic decisions. Information reported to the Parent Company CEO for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segment only. No information that includes the segments' assets and liabilities are reported to the Parent Company CEO.

DXBR is organised into the following reportable segments based on the type of the leasing property: (i) Premium, (ii) Community, (iii) Affordable, (iv) Corporate Housing and (v) Others. The following describes the types of properties, products or services that fall within each of the reportable segments defined above:

i) **Premium**: It includes premium developments in prime areas and lifestyle destinations, offering superior amenities and attractions.

ii) **Community**: It includes family-friendly gated communities with specialized local retail centers and leisure / fitness facilities.

iii) **Affordable**: It includes cost effective housing, providing value and accessibility.

iv) **Corporate Housing**: It includes purpose-built properties for corporate and industrial staff.

v) **Others:** It includes businesses that individually do not meet the criteria of a reportable segment.

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

23. OPERATING SEGMENTS (CONTINUED)

The operating segments derive their revenue primarily from operating lease income. DXBR operates only in Dubai, United Arab Emirates and accordingly no further geographical analysis of revenues, profit, assets and liabilities is given. Segment revenue reported represents revenue generated from external customers and there was no intersegment revenue.

The accounting policies of the reportable segments are the same as DXBR's accounting policies described in note 2. Segment results represent the profit earned by each segment before interest, depreciation and amortisation and tax.

The segment information for the operating segments for the year ended 31 December 2024 is as follows:

	Premium	Community	Affordable	Corporate Housing	Others	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Revenue	144,828	854,791	626,643	81,857	84,692	1,792,811
Direct costs*	(38,844)	(221,445)	(160,758)	(41,736)	(24,206)	(486,989)
Other operating income	449	4,078	3,559	(922)	-	7,164
Payroll and related costs	(6,151)	(37,527)	(32,802)	(6,197)	(1,746)	(84,423)
General and administrative*	(3,183)	(20,021)	(23,825)	(2,295)	(895)	(50,219)
Marketing and selling*	(1,486)	(8,311)	(5,583)	(993)	(32)	(16,405)
Segment results before interest, depreciation and amortisation and tax	**95,613**	**571,565**	**407,234**	**29,714**	**57,813**	**1,161,939**
Depreciation and amortisation	(297)	(2,008)	(1,464)	(286)	-	(4,055)
Finance costs	-	-	-	-	(88,109)	(88,109)
Finance income	3,176	3,550	4,444	-	35,796	46,966
Current tax expense	(6,121)	(35,619)	(25,495)	(1,829)	(342)	(69,406)
	92,371	**537,488**	**384,719**	**27,599**	**5,158**	**1,047,335**
Unallocated fair value gain on investment property						**1,545,567**
Unallocated deferred tax on fair value gains						**(170,097)**
Profit for the year						**2,422,805**

*Direct costs, General and administrative and Marketing and selling excludes payroll and related costs.

NOTES TO SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024, 2023 AND 2022 (continued)

23. OPERATING SEGMENTS (CONTINUED)

The segment information for the operating segments for the year ended 31 December 2023 is as follows:

	Premium AED'000	Community AED'000	Affordable AED'000	Corporate Housing AED'000	Others AED'000	Total AED'000
Revenue	127,592	813,601	554,345	82,445	68,944	1,646,927
Direct costs*	(35,665)	(213,514)	(147,304)	(38,273)	(22,250)	(457,006)
Other operating income	122	5,502	2,260	31	-	7,915
Payroll and related costs	(7,526)	(47,266)	(36,225)	(7,842)	-	(98,859)
General and administrative*	(3,375)	(16,726)	(27,591)	(1,543)	-	(49,235)
Marketing and selling*	(1,218)	(9,058)	(5,418)	(1,159)	-	(16,853)
Segment results before interest, depreciation and amortisation and tax	**79,930**	**532,539**	**340,067**	**33,659**	**46,694**	**1,032,889**
Depreciation and amortisation	(254)	(2,344)	(1,256)	(279)	-	(4,133)
Finance costs	-	-	-	-	(73,685)	(73,685)
Finance income	1,756	4,891	1,431	-	15,176	23,254
	81,432	**535,086**	**340,242**	**33,380**	**(11,815)**	**978,325**
Unallocated fair value gain on investment property						**2,423,183**
Unallocated deferred tax on fair value gains						**(1,028,316)**
Profit for the year						**2,373,192**

The segment information for the operating segments for the year ended 31 December 2022 is as follows:

	Premium AED'000	Community AED'000	Affordable AED'000	Corporate Housing AED'000	Others AED'000	Total AED'000
Revenue	121,371	690,898	508,765	76,792	57,846	1,455,672
Direct costs*	(30,386)	(214,703)	(143,584)	(40,265)	(19,740)	(448,678)
Other operating income	222	4,015	2,369	10	-	6,616
Payroll and related costs	(7,594)	(39,286)	(35,876)	(8,078)	-	(90,834)
General and administrative*	(5,128)	(14,312)	(34,583)	(285)	-	(54,308)
Marketing and selling*	(883)	(5,790)	(4,031)	(906)	-	(11,610)
Segment results before interest, depreciation and amortization and tax	**77,602**	**420,822**	**293,060**	**27,268**	**38,106**	**856,858**
Depreciation and amortisation	(358)	(2,358)	(1,683)	(374)	-	(4,773)
Finance costs	(15,449)	(1,241)	-	-	(67,835)	(84,525)
Finance income	207	5,189	80	-	7,177	12,653
Profit for the year	**62,002**	**422,412**	**291,457**	**26,894**	**(22,552)**	**780,213**
Unallocated fair value gain on investment property						**1,819,972**
Profit for the year						**2,600,185**

*Direct costs, General and administrative and Marketing and selling excludes payroll and related costs.

24. COMMITMENTS

(a) Capital commitments

DXBR has capital commitments of AED 68,163,345 as at 31 December 2024 (31 December 2023: AED 103,647,797 and 31 December 2022: AED 57,274,499) for capital work related to building improvements included within investment property and AED 89,639 as at 31 December 2024 for property and equipment (31 December 2023: AED 600,292 and 31 December 2022: AED 299,296). These commitments represent the value of contracts issued as of 31 December 2024, 31 December 2023 and 31 December 2022, net of invoices received and accruals made at that date.

25. INCOME TAX

On 3 October 2022, UAE Ministry of Finance ("MoF") issued Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, to implement a new Corporate Tax regime in the UAE. The new Corporate Tax regime is applicable for accounting periods beginning on or after 1 June 2023. Generally, a rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000. Further, a rate of 0% shall apply on qualifying income of Free Zone entities regarded as Qualifying Free Zone Persons. DXBR has not identified any material risks or uncertainties in the structure from a corporate perspective and will continuously monitor further developments that could impact the tax profile.

Effective 1 January 2024, DXBR operations are subject to income tax. The Effective Tax Rate for the year ended 31 December 2024 is 9%.

(a) Income tax expense

	2024 AED'000	2023 AED'000
Current tax:		
Charge for the year	69,406	-
Deferred tax:		
Charged:		
- Relating to fair value gain on investment property	170,097	1,028,316
For the year ended 31 December	**239,503**	**1,028,316**

(b) Current tax liability

The movement in the current tax liability is presented below:

	Note	2024 AED'000	2023 AED'000
At 1 January		**-**	**-**
Charge for the year		69,406	-
At 31 December		**69,406**	**-**

25. INCOME TAX (CONTINUED)

(c) Deferred tax asset

DXBR's deferred tax assets and liabilities as follows:

	2024 AED'000	2023 AED'000
Deferred tax asset arising from:		
Fair value loss on cash flow hedges (derivative financial instruments)	1,983	-
At 31 December	**1,983**	**-**
Deferred tax liability arising from:		-
Fair value gains on investment property	1,198,413	1,028,316
At 31 December	**1,198,413**	**1,028,316**

The movement in net deferred tax liability is presented below:

	2024 AED'000	2023 AED'000
At 1 January	**1,028,316**	**-**
Recognised in special purpose carve-out statement of income		
Relating to fair value gain on investment property	170,097	1,028,316
Recognised in special purpose carve-out statement of comprehensive income		
Relating to fair value loss on derivative financial instruments	(1,983)	-
At 31 December	**1,196,430**	**1,028,316**

In December 2021, the OECD issued model rules for a global minimum tax framework, referred to as Pillar Two. Subsequently, in December 2024, the UAE Ministry of Finance announced that these rules would come into effect from 1 January 2025, with the regulation published on 6 February 2025. While DXBR is currently assessing the recently published regulations, based on an analysis of the OECD model rules, it is anticipated that DXBR will not fall within the scope of Pillar Two.

26. DIVIDENDS

A dividend for the year ended 31 December 2024 of AED 1,221,000,000 was approved by and paid to the shareholders of the Company during the year ended 31 December 2024. A dividend for the year ended 31 December 2023 of AED 900,000,000 was approved by the shareholders of the Company on 31 December 2023. This dividend was adjusted against the balance receivable from the Parent Company (Note 10). No dividend is declared for the year ended 31 December 2022.