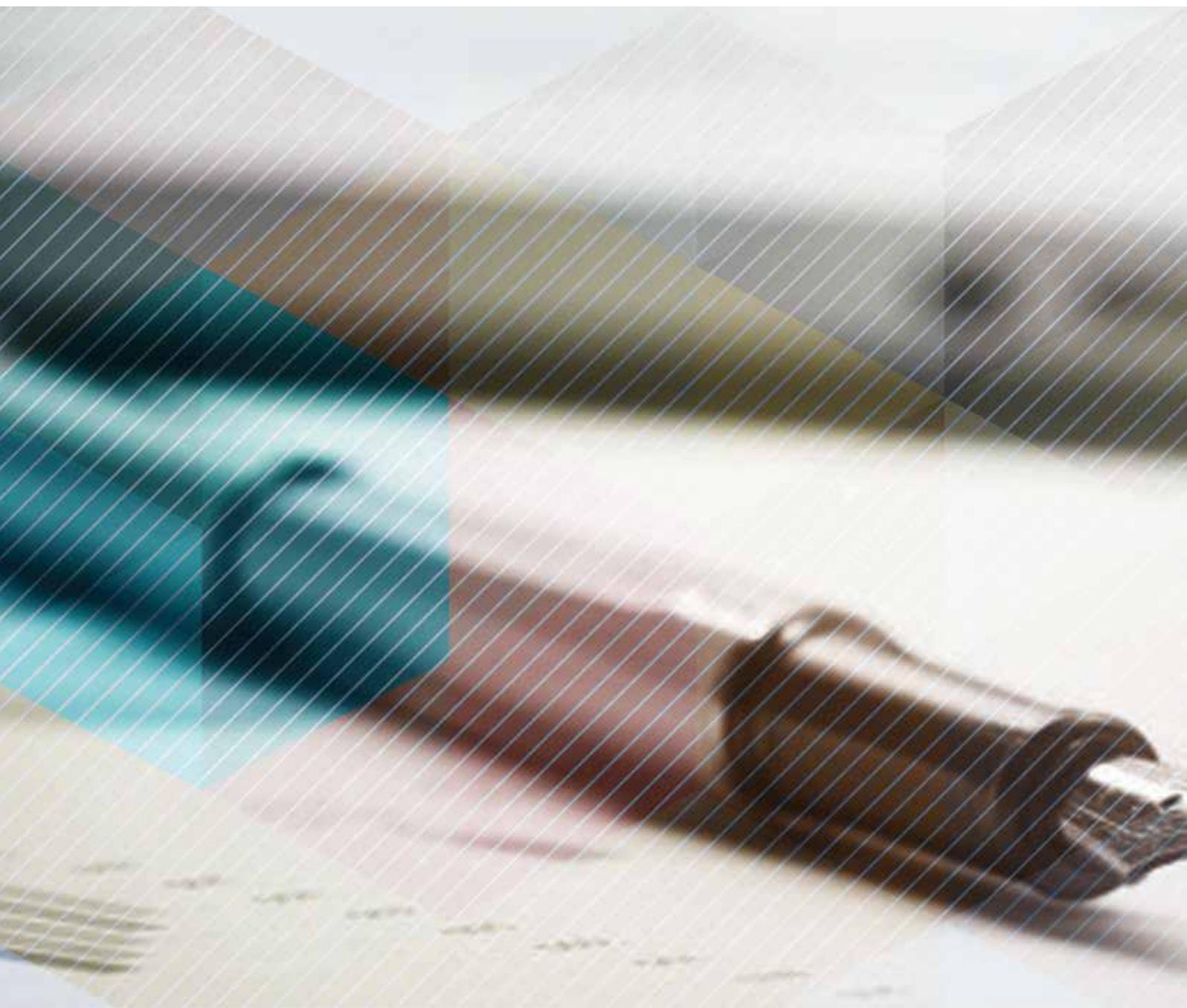


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**DIRECTORS'  
REPORT**

# Directors' Report

The Board of Directors (“the Board”) of Dubai Investments PJSC (“the Company”) is pleased to present their report along with the audited consolidated financial statements of the Company and its subsidiaries (together, “the Group”) for the year ended 31 December 2020.

## Principal Activities

The Group is primarily involved in development of real estate for sale and leasing, contracting activities, manufacturing and trading of products in various sectors, district cooling, investment banking, asset management, financial investments, healthcare and education.

## Financial Performance

The Group has reported profit attributable to the shareholders of the Company of AED 347.6 million for the year ended 31 December 2020 as compared to AED 657.4 million in the previous year.

The Group has reported lower profits as compared to the previous year mainly due to a loss incurred on fair valuation of investment properties in the current year as compared to a gain recorded during the previous year. Further, there was a one-off gain in the previous year on acquisition of a controlling stake in a subsidiary.

Total assets of the Group have increased by AED 804 million and stands at AED 21.76 billion as of 31 December 2020 (2019: AED 20.96 billion).

## Dividend

In line with its commitment to provide enhanced returns to shareholders, the Board propose to distribute cash dividend of 8% to the shareholders of the Company.

## Proposed Appropriations

The Directors propose the following appropriation from the Company’s retained earnings:

	AED'000
> Transfer to legal reserve	33,626
> Transfer to general reserve	7,075
> Proposed cash dividend	340,161
> Proposed Directors' fee	10,500

## Outlook 2021

The Group’s businesses have largely remained resilient even in these unprecedented times. The Group is cautiously optimistic about 2021 and expects the global and regional economies to recover as a result of easing off of the lock down, ongoing vaccination drive and gradual improvement in consumer sentiments. Furthermore, measures announced by the UAE Government over past few months and upcoming EXPO in the UAE are likely to provide the needed boost to the economic growth in the short to medium term. The Group successfully launched Al Mal REIT in December 2020 and listed on DFM in January 2021. The Group is actively looking to expand its presence in MENA with several proposals under active consideration.

# Directors' Report *(continued)*

## Directors

The Board of Directors comprises:

- > Mr. Abdulrahman Ghanem Abdulrahman Almutaiwee - Chairman
- > Mr. Khalid Jassim Mohammed Bin Kalban - Vice Chairman
- > Mr. Ali Fardan Ali Al Fardan
- > Mr. Mohammed SaifDarwish Ahmed Al Ketbi
- > Mr. Khaled Mohammed Ali Al Kamda
- > Mr. Abdulrahman Mohamed Rashed Al Shared
- > Mr. Hussain Nasser Ahmed Lootah

## Related parties

The consolidated financial statements disclose material related party balances and transactions in notes 20 and 37 respectively. All transactions are carried out in the normal course of business and in compliance with applicable laws and regulations.

## Auditors

PricewaterhouseCoopers (PwC) were appointed as the auditors of Dubai Investments PJSC for the year ended 31 December 2020. PwC are eligible for re-appointment and have expressed their willingness to continue in office.

## Acknowledgement

The Board would like to express their gratitude and appreciation to all its shareholders, client and business partners whose continued support has been a source of great strength and encouragement.

The Board would also like to place on record their commendation for the hard work and efforts put in by Group management and staff as well as their loyalty and perseverance for the benefit of the Company and its shareholders.



On behalf of the Board

**Abdulrahman Ghanem Abdulrahman Almutaiwee**

Chairman

10<sup>th</sup> March 2021





**CONSOLIDATED  
FINANCIAL  
STATEMENTS**

# Independent auditor's report to the shareholders of Dubai Investments PJSC

## Report on the audit of the consolidated financial statements

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### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dubai Investments PJSC (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss for the year ended 31 December 2020;
- the consolidated statement of comprehensive income for the year ended 31 December 2020;
- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of changes in equity for the year ended 31 December 2020;
- the consolidated statement of cash flows for the year ended 31 December 2020; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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### Our audit approach

#### Overview

- |                   |   |
|-------------------|---|
| Key Audit Matters | <ul style="list-style-type: none"><li>• Valuation of investment properties</li><li>• Valuation of properties under development / held for sale within inventories</li></ul> |
|-------------------|---|

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

# Independent auditor's report to the shareholders of Dubai Investments PJSC (continued)

## Our audit approach (continued)

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment properties</b></p> <p>The Group's investment property portfolio comprises of undeveloped land and land with associated infrastructure and ancillary facilities, residential, retail and commercial facilities, labour camps and warehouses.</p> <p>The Group's accounting policy is to state its investments properties at fair value at each reporting date. The property portfolio is valued at AED 8.5bn. The net fair value loss recorded in the consolidated statement of profit or loss amounted to AED 91.3m.</p> <p>The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location, the expected future rentals and associated rental yields for the properties valued under the 'income approach' and comparable selling prices for the properties that have been valued using the 'sales comparison approach'. The valuations of AED 8.2bn of the property portfolio were carried out by professionally qualified external valuers (the "Valuers"). The Valuers were engaged by management and performed their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards and taking into account the requirements of IFRS 13 – Fair Value Measurements.</p> <p>The property portfolio is valued by using a combination of an income capitalisation approach and income valuation approach (together, the 'income approach') and sales comparison approach. In determining a property's valuation, the Valuers take into account property specific information such as the current contracted tenancy agreements.</p> <p>The Valuers apply certain assumptions such as capitalisation yield rates, estimated market rent, discount rates and market sales rates which are influenced by prevailing market yields and comparable market transactions and specific characteristics, such as property location and occupancy rate of each property in the portfolio, to arrive at the final valuation.</p> <p>One of the Valuers has included a 'material valuation uncertainty statement' within the valuation reports for the Group's portfolio of labour camps, certain retail and commercial facilities and certain vacant plots of land as disclosed in note 3 to the consolidated financial statements. This statement highlights that it does not mean that the valuations cannot be relied upon, rather, less certainty, and consequently a higher degree of caution should be attached to the valuations as a result of the unprecedented circumstances caused by COVID-19.</p>	<p>We assessed the competence, capabilities and objectivity of the Valuers engaged by management.</p> <p>We obtained the valuation reports for the properties valued by the Valuers and assessed whether the valuation approach used and methodology adopted by the Valuers is appropriate for determining the fair value of the investment properties for the purpose of the consolidated financial statements. Further, we determined, based on our judgement, the key valuation assumptions used within each property valuation, such as capitalisation yield rates, estimated market rent, discount rates and market sales rate, and reviewed those for reasonableness.</p> <p>We involved our internal real estate valuation experts to review a sample of these valuation reports. Alongside our internal real estate valuation experts, we also held discussions with management and the Valuers to assess the appropriateness of the valuation approach used, methodology adopted by the Valuers and to review the reasonableness of the key valuation assumptions used.</p> <p>We performed audit procedures to assess whether the property specific information used for the valuations is reasonable by comparing it, on a sample basis, to underlying supporting records such as the current contracted tenancy agreements.</p> <p>We reviewed the sensitivity analysis performed by management of the key assumptions used in the valuation models to assess the potential impact on the resulting valuations.</p> <p>We assessed the adequacy of the disclosures in notes 12 and 41 to the consolidated financial statements.</p>

## Independent auditor's report to the shareholders of Dubai Investments PJSC (continued)

### Our audit approach (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investment properties (continued)</b></p> <p>The significance of the estimates and judgements involved in the valuations warranted specific audit focus in this area as any significant variation in determination of the valuation inputs, which have been further exacerbated as a result of challenges posed by COVID-19, could have a material impact on the value of the Group's investment properties and fair value gain or loss recognised in respect of these investment properties.</p> <p>Refer to notes 12 and 41 to the consolidated financial statements which includes the disclosures regarding the use of estimates and judgements by management in determining the fair valuation of investment properties.</p>	
<p><b>Valuation of properties under development / held for sale within inventories</b></p> <p>The Group's properties under development / held for sale ("PHDS") primarily comprises residential projects and land ear-marked for residential projects and are stated at the lower of cost and net realisable value ("NRV").</p> <p>The Group engaged a Valuer to assist management in determining the NRV of AED 2.1bn within PHDS.</p> <p>The valuation of the Group's PHDS portfolio is inherently subjective due to, among other factors, the individual nature of each project, its location, estimates for costs of construction and comparable selling prices.</p> <p>For determining the NRV of PHDS, the Valuer used the sales comparison approach.</p> <p>The significance of the estimates and judgements involved in determining the NRV of PHDS, such as the Group's estimate of the sales price and construction cost for development projects, warrants specific audit focus in this area as any significant change in these estimates, which have been further exacerbated as a result of challenges posed by COVID-19, could have a material impact on the carrying value of the Group's PHDS.</p> <p>Refer to notes 18 and 41 to the consolidated financial statements, which includes the disclosures regarding the use of estimates and judgements by management in determining the NRV of PHDS.</p>	<p>We assessed the competence, capabilities and objectivity of the Valuer engaged by management.</p> <p>We involved our internal real estate valuation experts to review a sample of these valuation reports and held discussions with management and the Valuer to assess the appropriateness of the valuation approach used and methodology adopted by the Valuer and to review the reasonableness of the key valuation assumptions used such as the estimated sales price in determining the NRV of PHDS.</p> <p>We performed audit procedures to assess whether the source data used for the valuations is reasonable by comparing it, on a sample basis, to underlying supporting records, including the testing of costs incurred to date and costs to be incurred and recent sale prices for units sold.</p> <p>We assessed the adequacy of the disclosures in notes 18 and 41 to the consolidated financial statements.</p>

## Independent auditor's report to the shareholders of Dubai Investments PJSC (continued)

### Other information

The Board of Directors and management are responsible for the other information. The other information comprises the Directors' Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual Corporate Governance Report, which is expected to be made available to us after that date.

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

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

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

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

### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## Independent auditor's report to the shareholders of Dubai Investments PJSC (continued)

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### Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



## Independent auditor's report to the shareholders of Dubai Investments PJSC (continued)

### Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2020:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Directors' Report is consistent with the books of account of the Group;
- v) as disclosed in notes 13, 15 and 39 to the consolidated financial statements, the Group has purchased or invested in shares during the year ended 31 December 2020;
- vi) notes 20 and 37 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2020; and
- viii) note 7 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2020.

PricewaterhouseCoopers  
10 March 2021

Douglas O'Mahony  
Registered Auditor Number 834  
Dubai, United Arab Emirates

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of profit or loss

	Note	For the year ended 31 December	
		2020 AED'000	2019 AED'000
Sale of goods and services		<b>1,388,904</b>	1,476,113
Rental income		<b>857,342</b>	912,286
Contract revenue		<b>197,233</b>	190,043
Sale of properties		<b>293,076</b>	40,140
(Loss)/gain on fair valuation of investment properties - net	12	<b>(91,367)</b>	134,414
(Loss)/gain on fair valuation of investments	13	<b>(9,653)</b>	67,090
Gain on sale of investment properties		<b>32,192</b>	14,656
Gain on sale of investments	40	<b>18,745</b>	7,185
Share of loss from equity accounted investees	15(iii)	<b>(32,960)</b>	(58,580)
Dividend income		<b>22,824</b>	32,842
Gain on fair valuation of existing interest prior to acquisition of controlling stake	39	-	11,506
Bargain purchase gain	39	-	52,324
<b>Total income</b>		<b>2,676,336</b>	2,880,019
Cost of sales	6	<b>(1,784,942)</b>	(1,730,583)
Administrative and general expenses	7	<b>(455,101)</b>	(414,548)
Finance costs	8	<b>(285,247)</b>	(279,385)
Net impairment losses on financial and contract assets	42	<b>(51,949)</b>	(14,460)
Finance income	8	<b>34,997</b>	49,205
Other income	9	<b>139,041</b>	43,202
<b>Profit for the year</b>		<b>273,135</b>	533,450
<b>PROFIT ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>347,550</b>	657,419
Non-controlling interests		<b>(74,415)</b>	(123,969)
<b>Profit for the year</b>		<b>273,135</b>	533,450
Earnings per share			
<b>Basic and diluted earnings per share (AED)</b>	33	<b>0.08</b>	0.15

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of comprehensive income

	Note	For the year ended 31 December	
		2020 AED'000	2019 AED'000
Profit for the year		<b>273,135</b>	533,450
<b>Other comprehensive income ('OCI'):</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Net change in fair value of investments at fair value through OCI	13(c)	<b>(41,747)</b>	(23)
<b>Total other comprehensive income for the year</b>		<b>(41,747)</b>	(23)
<b>Total comprehensive income for the year</b>		<b>231,388</b>	533,427
<b>Attributable to:</b>			
Owners of the Company		<b>310,815</b>	657,396
Non-controlling interests		<b>(79,427)</b>	(123,969)
<b>Total comprehensive income for the year</b>		<b>231,388</b>	533,427

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of financial position

	Note	As at 31 December	
		2020 AED'000	2019 AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	3,959,621	3,752,083
Right-of-use-assets	24	467,806	269,651
Goodwill and intangible assets	11	501,445	520,430
Investment properties	12	8,489,201	8,705,078
Investments at fair value through other comprehensive income	13(i)	78,904	120,653
Other financial assets at fair value through profit or loss	14	56,638	59,848
Investment in equity accounted investees'	15	98,536	129,436
Rent receivable	16	53,262	46,195
Finance lease receivable	17	-	858
Inventories	18	251,719	269,784
Trade receivables	19	330,042	29,644
Due from related parties and other receivables	20	22,296	31,542
		<b>14,309,470</b>	<b>13,935,202</b>
<b>Current assets</b>			
Inventories	18	2,494,439	2,670,642
Investments at fair value through profit or loss	13(ii)	1,520,033	1,440,242
Trade receivables	19	1,717,554	1,404,792
Due from related parties and other receivables	20	625,521	657,089
Short-term deposits with banks	21	207,658	90,924
Cash and cash equivalents	21	886,872	758,314
		<b>7,452,077</b>	<b>7,022,003</b>
<b>Total assets</b>		<b>21,761,547</b>	<b>20,957,205</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	26	4,252,018	4,252,018
Share premium	26	46	46
Capital reserve	27	25,502	25,502
Legal reserve	28	1,210,472	1,176,846
General reserve	28	1,442,729	1,435,654
Fair value reserve	30	(180,905)	(144,170)
Proposed dividend	31	340,161	425,202
Proposed directors' fee	32	10,500	10,500
Retained earnings		4,713,935	4,794,534
<b>Equity attributable to owners of the Company</b>		<b>11,814,458</b>	<b>11,976,132</b>
<b>Non-controlling interests</b>	38	<b>234,128</b>	<b>229,973</b>
<b>Total equity</b>		<b>12,048,586</b>	<b>12,206,105</b>

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of financial position *(continued)*

	Note	As at 31 December	
		2020 AED'000	2019 AED'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term bank borrowings	22	<b>4,944,051</b>	4,643,401
Lease liabilities	24	<b>435,842</b>	232,679
Other payables	25	<b>304,165</b>	200,637
<b>Total non-current liabilities</b>		<b>5,684,058</b>	5,076,717
<b>Current liabilities</b>			
Bank borrowings	23	<b>2,009,951</b>	1,582,214
Lease liabilities	24	<b>44,596</b>	39,934
Trade and other payables	25	<b>1,974,356</b>	2,052,235
		<b>4,028,903</b>	3,674,383
<b>Total liabilities</b>		<b>9,712,961</b>	8,751,100
<b>Total equity and liabilities</b>		<b>21,761,547</b>	20,957,205

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operation and consolidated cash flows of the Group as of, and for, the year ended 31 December 2020.

These consolidated financial statements were authorised for issue by the Board of Directors on 10 March 2021 and signed on its behalf by:



**Abdulrahman Ghanem Almutaiwee**  
Chairman



**Khalid Jassim Bin Kalban**  
Vice Chairman & Chief Executive Officer

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of changes in equity

### Equity attributable to owners of the Company

	Share capital AED'000	Share premium AED'000	Capital reserve AED'000	Legal reserve AED'000	General reserve AED'000	Fair value reserve AED'000	Proposed dividend AED'000	Proposed directors' fee AED'000	Retained earnings AED'000	Sub-total AED'000	Non-controlling interests AED'000	Total AED'000
<b>Balance at 1 January 2020</b>	<b>4,252,018</b>	<b>46</b>	<b>25,502</b>	<b>1,176,846</b>	<b>1,435,654</b>	<b>(144,170)</b>	<b>425,202</b>	<b>10,500</b>	<b>4,794,534</b>	<b>11,976,132</b>	<b>229,973</b>	<b>12,206,105</b>
<b>Total comprehensive income for the year</b>												
Profit for the year	-	-	-	-	-	-	-	-	347,550	347,550	(74,415)	273,135
<b>Other comprehensive income</b>												
Net change in fair value of investments at fair value through OCI (refer note 13)	-	-	-	-	-	(36,735)	-	-	-	(36,735)	(5,012)	(41,747)
Total other comprehensive income for the year	-	-	-	-	-	(36,735)	-	-	-	(36,735)	(5,012)	(41,747)
<b>Total comprehensive income for the year</b>						<b>(36,735)</b>			<b>347,550</b>	<b>310,815</b>	<b>(79,427)</b>	<b>231,388</b>
<b>Transactions with owners, recorded directly in equity</b>												
<i>Contributions by and distributions to owners</i>												
Dividend paid	-	-	-	-	-	-	(425,202)	-	-	(425,202)	-	(425,202)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,076)	(1,076)
Proposed dividend (refer note 31)	-	-	-	-	-	-	340,161	-	(340,161)	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	(85,041)	-	(340,161)	(425,202)	(1,076)	(426,278)
<i>Changes in ownership interests</i>												
Subscription of units (refer note 39)	-	-	-	-	-	-	-	-	-	-	68,014	68,014
Disposal of controlling interest in a subsidiary (refer note 40)	-	-	-	-	-	-	-	-	-	-	12,338	12,338
Acquisition of non-controlling interests (refer note 39)	-	-	-	-	-	-	-	-	(36,787)	(36,787)	4,306	(32,481)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(36,787)	(36,787)	84,658	47,871
<b>Total transactions with owners</b>							<b>(85,041)</b>		<b>(376,948)</b>	<b>(461,989)</b>	<b>83,582</b>	<b>(378,407)</b>
<b>Other movements</b>												
Transfer to reserves	-	-	-	33,626	7,075	-	-	-	(40,701)	-	-	-
Directors' fees paid	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Proposed directors' fee (refer note 32)	-	-	-	-	-	-	-	10,500	(10,500)	-	-	-
<b>Total other movements</b>				<b>33,626</b>	<b>7,075</b>				<b>(51,201)</b>	<b>(10,500)</b>		<b>(10,500)</b>
<b>Balance at 31 December 2020</b>	<b>4,252,018</b>	<b>46</b>	<b>25,502</b>	<b>1,210,472</b>	<b>1,442,729</b>	<b>(180,905)</b>	<b>340,161</b>	<b>10,500</b>	<b>4,713,935</b>	<b>11,814,458</b>	<b>234,128</b>	<b>12,048,586</b>

The notes on pages 17 to 74 are an integral part of these financial statements.

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of changes in equity (continued)

	Equity attributable to owners of the Company												
	Share capital AED'000	Share premium AED'000	Capital reserve AED'000	Legal reserve AED'000	General reserve AED'000	Revaluation reserve AED'000	Fair value reserve AED'000	Proposed dividend AED'000	Proposed directors' fee AED'000	Retained earnings AED'000	Sub-total AED'000	Non-controlling interests AED'000	Total AED'000
<b>Balance at 1 January 2019 – as originally reported</b>	4,252,018	46	25,502	1,078,710	1,345,510	22,000	(153,281)	425,202	10,500	4,909,632	11,915,839	369,466	12,285,305
Impact of change in accounting policy related to capitalization of borrowing costs	-	-	-	-	-	-	-	-	-	(154,432)	(154,432)	(12,406)	(166,838)
Impact of change in accounting policy related to land	-	-	-	-	-	(22,000)	-	-	-	22,000	-	-	-
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	-	-	-	(3,678)	(3,678)	-	(3,678)
<b>Adjusted balance at 1 January 2019</b>	4,252,018	46	25,502	1,078,710	1,345,510	-	(153,281)	425,202	10,500	4,773,522	11,757,729	357,060	12,114,789
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	657,419	657,419	(123,969)	533,450
Profit for the year	-	-	-	-	-	-	-	-	-	657,419	657,419	(123,969)	533,450
<b>Other comprehensive income</b>	-	-	-	-	-	-	-	-	-	(9,134)	(9,134)	-	-
Fair value reserve transferred to retained earnings on disposal of investments	-	-	-	-	-	-	9,134	-	-	(9,134)	-	-	-
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(23)	-	-	-	(23)	-	(23)
Total other comprehensive income for the year	-	-	-	-	-	-	9,111	-	-	(9,134)	(23)	-	(23)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	9,111	-	-	648,285	657,396	(123,969)	533,427
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-	-	(425,202)	-	-	(425,202)	-	(425,202)
<i>Contributions by and distributions to owners</i>	-	-	-	-	-	-	-	-	-	-	-	(1,840)	(1,840)
Dividend paid	-	-	-	-	-	-	-	-	-	-	(425,202)	-	(425,202)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,840)	(1,840)
Proposed dividend	-	-	-	-	-	-	-	425,202	-	(425,202)	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-	-	-	-	-	-	-	(425,202)	(425,202)	(1,840)	(427,042)
<b>Changes in ownership interests</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Reduction of share capital in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(1,644)	(1,644)
On acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(3,291)	(3,291)	366	(2,925)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	(3,291)	(3,291)	(1,278)	(4,569)
<b>Total transactions with owners</b>	-	-	-	-	-	-	-	-	-	(428,493)	(428,493)	(3,118)	(431,611)
<b>Other movements</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	98,136	90,144	-	-	-	-	(188,280)	-	-	-
Directors' fees paid	-	-	-	-	-	-	-	-	(10,500)	-	(10,500)	-	(10,500)
Proposed directors' fee (refer note 32)	-	-	-	-	-	-	-	-	10,500	(10,500)	-	-	-
<b>Total other movements</b>	-	-	-	98,136	90,144	-	-	-	-	(198,780)	(10,500)	-	(10,500)
<b>Balance at 31 December 2019</b>	4,252,018	46	25,502	1,176,846	1,435,654	-	(144,170)	425,502	10,500	4,794,534	11,976,132	229,973	12,206,105

The notes on pages 17 to 74 are an integral part of these financial statements.

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of cash flows

	<b>for the year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Cash flows from operating activities</b>		
Profit for the year	<b>273,135</b>	533,450
<b>Adjustments for:</b>		
Depreciation	<b>226,361</b>	219,107
Amortization of intangible assets	<b>20,474</b>	18,331
Gain on disposal of property, plant and equipment	<b>(500)</b>	(2,162)
Gain on sale of investments	<b>(18,745)</b>	(7,185)
Loss/(gain) on fair valuation of investment properties-net	<b>91,367</b>	(134,414)
Gain on sale of investment properties	<b>(32,192)</b>	(14,656)
Share of loss from equity accounted investees	<b>32,960</b>	58,580
Loss/(gain) on fair valuation of investments	<b>9,653</b>	(67,090)
Provision for write down of inventories to net realizable value	<b>22,750</b>	10,400
Gain on fair valuation of existing interest prior to acquisition of controlling stake	-	(11,506)
Bargain purchase gain	-	(52,324)
Interest income	<b>(34,997)</b>	(49,205)
Interest expense	<b>285,247</b>	269,855
<b>Operating profit before changes in working capital</b>	<b>875,513</b>	771,181
<b>Changes in:</b>		
Investments at fair value through profit or loss and OCI	<b>(84,671)</b>	76,170
Trade receivables, due from related parties and other receivables	<b>(261,974)</b>	(231,803)
Inventories	<b>186,823</b>	(287,165)
Trade and other payables	<b>25,649</b>	226,158
Directors' fee paid	<b>(10,500)</b>	(10,500)
<b>Net cash from operating activities</b>	<b>730,840</b>	544,041
<b>Cash flows from investing activities</b>		
Consideration paid for acquisition of controlling/ non-controlling interests-net of cash acquired	-	(115,467)
Consideration paid for acquisition of non controlling interest	<b>(32,481)</b>	(2,925)
Net cash received on disposal of a subsidiary	<b>1,002</b>	-
Proceeds from sale of investment properties	<b>34,172</b>	52,198
Additions to investment properties	<b>(372,610)</b>	(316,098)
Acquisition of property, plant and equipment	<b>(198,437)</b>	(444,318)
Proceeds from disposal of property, plant and equipment	<b>2,001</b>	2,434
Net investments in equity accounted investees'	<b>(2,060)</b>	(35,905)
Net movement in short term deposits	<b>(116,734)</b>	43,499
Net additions to intangible assets	<b>(1,489)</b>	(254)
<b>Net cash used in investing activities</b>	<b>(686,636)</b>	(860,335)

# Dubai Investments PJSC and its subsidiaries

## Consolidated statement of cash flows *(continued)*

	<b>for the year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings and payables	<b>1,893,352</b>	3,438,378
Repayment of bank borrowings and payables	<b>(972,478)</b>	(1,463,100)
Repayment of sukuk notes	-	(1,101,600)
Principal elements of lease payments	<b>(35,519)</b>	(49,274)
Net movement in non-controlling interests	<b>66,938</b>	(3,484)
Dividend paid	<b>(425,202)</b>	(425,202)
Interest income received	<b>34,997</b>	49,205
Interest paid	<b>(285,247)</b>	(269,855)
<b>Net cash from financing activities</b>	<b>276,841</b>	218,567
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>321,045</b>	(97,727)
Cash and cash equivalents at 1 January	<b>245,291</b>	343,018
<b>Cash and cash equivalents at 31 December</b>	<b>566,336</b>	245,291
<b>Cash and cash equivalents comprise the following:</b>		
Cash in hand, current and call account with banks – refer note 21	<b>862,241</b>	545,673
Short term deposits with banks (excluding those under lien) – refer note 21	<b>24,632</b>	212,641
Bank overdraft, trust receipt loans and bills discounted – refer note 23	<b>(320,537)</b>	(513,023)
	<b>566,336</b>	245,291





**NOTES TO THE  
CONSOLIDATED  
FINANCIAL STATEMENTS**

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020

### 1. Reporting entity

Dubai Investments PJSC (“the Company”) was incorporated in the United Arab Emirates by Ministerial Resolution No. 46 of 1995, on 16 July 1995. The consolidated financial statements for the year ended 31 December 2020 comprise the financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates and joint arrangements.

The Group is primarily involved in development of real estate for sale and leasing, contracting activities, manufacturing and trading of products in various sectors, district cooling, investment banking, asset management, financial investments, healthcare and education.

At 31 December 2020 the Company had 16,325 shareholders (2019: 16,482 shareholders).

The registered address of the Company is P.O. Box 28171, Dubai, UAE.

### 2. Basis of preparation

#### 2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) and the requirements of UAE Federal Law No. (2) of 2015.

UAE Federal Decree Law No. 26 of 2020 which amends certain provisions of UAE Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

#### 2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following which are measured at fair value:

- > investment properties;
- > investments at fair value through other comprehensive income;
- > investments at fair value through profit or loss;
- > other financial assets at fair value through profit or loss; and
- > derivative financial instruments.

#### 2.3 Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirate Dirham (“AED”), which is the Company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### 2.4 Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 2. Basis of preparation *(continued)*

#### 2.4 Use of judgments and estimates *(continued)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments in applying accounting policies, assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements is included in note 41.

#### 2.5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the significant assumptions made in measuring fair values is included in the following notes:

- > Note 12 – Investment properties; and
- > Note 13 – Financial investments.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 3. Impact of Covid - 19

The existence of COVID-19 was confirmed in early 2020 and was subsequently declared a pandemic by the World Health Organisation. This necessitated global travel restrictions and lockdown measures in most countries of the world including the United Arab Emirates which resulted in the unprecedented adverse effect on the global economy. The Group's businesses which are largely based in the United Arab Emirates were also impacted by the lock down measures. The United Arab Emirates have eased most of the lock down measures since June 2020 and this has led to a gradual recovery in the Group's businesses.

The Group has assessed the impact of COVID-19 on its businesses and its reflection on its consolidated financial position and performance. This assessment involved significant judgements, estimates and assumptions that were subject to a lesser degree of certainty as compared to those made in the prior year.

The nature and reliability of information available to third party independent valuers and management to support the fair value accounting estimates for investment properties vary widely, thereby affecting the associated degree of estimation uncertainty. With the unprecedented circumstances arising from the pandemic, there is increased difficulty to determine fair values of certain asset classes such as labour camps, retail and commercial facilities and vacant plots of land when there are limited comparable transactions in the current environment. (refer note 12).

### 4. Standards issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021, and earlier application is permitted, however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

- > The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.
- > The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.
- > Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 4. Standards issued but not yet effective *(continued)*

- > The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The Group is assessing the impact and next steps to ensure a smooth transition in relation to the above standards, amendments and interpretations, however these are not expected to have a significant effect on the consolidated financial statements of the Group.

### 5. Financial risk management

#### Overview

The Group has exposure to the following risks arising from financial instruments:

- > credit risk
- > liquidity risk
- > market risk

#### Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established a Risk Committee which is responsible for developing and monitoring the Group's risk management policies and processes. The Group Risk Function reports quarterly to the Risk Committee in line with its ERM Manual. The Risk Committee regularly reviews risk management policies and systems to reflect changes in market conditions and Group's activities.

The Audit Committee oversees compliance with the Group's risk management policies and procedures and reviews the adequacy and effectiveness of the risk management framework, processes and systems. The Audit Committee is assisted in its oversight role by Group Internal Audit which undertakes an annual review of the Group Risk Function controls and procedures, the results of which are reported to the Audit Committee.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, due from customers for contract work, due from related parties, retention receivables, rent receivables, investments in debt securities, short-term deposits with banks and cash and cash equivalents.

*(a) Trade receivables, due from customers for contract work, retention receivables, rent receivables and due from related parties*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 5. Financial risk management *(continued)*

#### Credit risk *(continued)*

(a) *Trade receivables, due from customers for contract work, retention receivables, rent receivables and due from related parties (continued)*

The Group seeks to limit its credit risk with respect to customers by reviewing credit to individual customers by tracking their historical business relationship and default risk. Subsidiaries operating in the property segment sell its properties subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. Advances are received at the time of signing of lease terms and all construction, renovation or any kind of work to be carried out at the leased premises needs prior approval from the Group. The risk of default in instalment is thereby mitigated as the customer (tenant) has incurred significant capital expenditure on the leased premises which can be taken over by the Group in the event of default. In monitoring customer credit risk, customers are grouped according to their credit characteristics, history with the entity and existence of previous financial difficulties.

(b) *Investments in debt securities*

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have credible market reputation.

The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields.

(c) *Cash and cash equivalents and short-term deposits*

Cash is placed with local and international banks of good credit reputation. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The cash and cash equivalents at the balance sheet date is placed with local and international banks having credit ratings A2 to Baa1.

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of cash and cash equivalents and other liquid investments at an amount in excess of expected cash outflows on financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group uses derivatives in order to manage market risks, however, the Group does not apply hedge accounting.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 5. Financial risk management *(continued)*

#### Market risk *(continued)*

##### *(a) Currency risk*

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Euro. The Group does not face any foreign currency risk on transactions denominated in USD as AED is pegged to USD.

The Group manages its exposure in foreign currency exchange rates by the use of derivative instruments.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group policy is to ensure that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rate when necessary to address short term imbalances.

##### *(b) Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the net finance expense of the Group.

Financial assets and liabilities that are subject to fair value risk are the ones with fixed interest rate. Financial assets and liabilities that are subject to cash flow rate risk are the ones with floating interest rate.

The Group hedged its exposure to certain floating rate long term loans by entering into structured interest rate swaps with banks. At 31 December 2020 the Group held outstanding interest rate swap contacts with notional amounts of AED 900 million. The swaps mature in the year 2026.

The long-term loans attract varying rates of interest, which are, in general, varied with reference to the base lending rates of the banks at regular intervals.

##### *(c) Price risk*

Price risk arises from marketable securities measured at fair value. Management of the Group monitors the mix of debt and equity securities in investments portfolio to maximize investment returns, which is the primary goal of the Group's investment strategy. In accordance with this strategy certain investments are designated as fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

#### Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which is defined as profit for the year attributable to equity holders of the Company divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Board has defined the Company's gearing ratio to be maintained below 1:2 level. This ratio is calculated as net debt divided by total equity plus net debt. Net debt is calculated as the total bank borrowings less cash and cash equivalents and investments classified as Level 1 and Level 2. Total equity is calculated as shown in the statement of financial position.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 6. Cost of sales

	2020 AED'000	2019 AED'000
<i>These mainly include:</i>		
Materials consumed	<b>838,083</b>	892,576
Cost of properties sold	<b>276,218</b>	27,872
Depreciation and amortization	<b>200,458</b>	191,679
Staff costs	<b>137,354</b>	143,286
Factory overheads	<b>137,177</b>	170,791
Government of Dubai's share of the realized profits of a subsidiary (refer note 12)	<b>111,157</b>	108,062
Infrastructure and development works cost sharing with Roads and Transport Authority ("RTA") (refer note 34)	<b>29,077</b>	29,077
Provision for write down of inventories to net realizable value (refer note 18)	<b>22,750</b>	10,400

### 7. Administrative and general expenses

	2020 AED'000	2019 AED'000
<i>These mainly include:</i>		
Staff costs	<b>245,415</b>	254,673
Selling and marketing expenses	<b>60,147</b>	63,986
Depreciation and amortization	<b>46,377</b>	45,759

Selling and marketing expenses include an amount of AED 1.45 million (2019: AED 1.45 million) incurred towards charity and social contributions.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 8. Finance expense and income

	2020 AED'000	2019 AED'000
Interest income	29,261	49,205
Unwinding of discount on financial assets measured at amortized cost	5,736	-
<b>Finance income</b>	<b>34,997</b>	<b>49,205</b>
Interest costs	(202,458)	(237,737)
Net change in fair value of derivative financial instruments	(31,490)	(9,530)
Unwinding of discount on financial liabilities measured at amortized cost	(2,614)	1,805
Finance expenses on lease liabilities	(34,639)	(19,931)
Bank charges	(8,870)	(15,572)
Foreign exchange (loss)/gain - net	(5,176)	1,580
<b>Finance costs</b>	<b>(285,247)</b>	<b>(279,385)</b>

### 9. Other income

	2020 AED'000	2019 AED'000
<i>These mainly includes:</i>		
Compensation agreed and forfeiture of advance rent upon cancellation of leases	64,000	-
Income from leased operations	36,918	4,100
Sale of scrap	5,303	4,660
Provision no longer required written back	-	11,129
Management fee	2,415	2,493
Service charges	1,240	3,516
Gain on disposal of property, plant and equipment	500	2,162
Advertisement income	36	35

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 10. Property, plant and equipment

	Land AED'000	Building AED'000	Plant & equipment AED'000	Office equipment & furniture AED'000	Motor vehicles AED'000	Capital work-in- progress AED'000	Total AED'000
<b>Cost</b>							
At 1 January 2019	212,915	1,107,619	3,023,989	119,115	23,613	577,706	5,064,957
Additions (refer (i) below)	-	2,792	45,084	6,420	2,049	387,973	444,318
Disposals and write-offs	-	(167)	(1,868)	(1,759)	(2,641)	-	(6,435)
Acquisition through business combination	-	43,445	61,695	2,176	61	960	108,337
Transfers	-	13,986	18,699	2,070	-	(34,755)	-
<b>At 31 December 2019</b>	<b>212,915</b>	<b>1,167,675</b>	<b>3,147,599</b>	<b>128,022</b>	<b>23,082</b>	<b>931,884</b>	<b>5,611,177</b>
Additions (refer (i) below)	<b>2,414</b>	<b>845</b>	<b>12,881</b>	<b>3,566</b>	<b>757</b>	<b>177,975</b>	<b>198,438</b>
Disposals and write-offs	-	(1,027)	(4,762)	(1,072)	(682)	(627)	(8,170)
On disposal of a subsidiary	-	-	-	(188)	-	-	(188)
Transfers	-	5,219	314,985	741	-	(320,945)	-
Transferred from investment properties (refer (ii) below)	-	-	-	-	-	207,140	207,140
Transferred to inventories	(15,305)	-	-	-	-	-	(15,305)
<b>At 31 December 2020</b>	<b>200,024</b>	<b>1,172,712</b>	<b>3,470,703</b>	<b>131,069</b>	<b>23,157</b>	<b>995,427</b>	<b>5,993,092</b>
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2019	-	401,667	1,103,769	100,441	20,941	10,708	1,637,526
Charge for the year	-	41,362	116,620	10,782	1,798	-	170,562
On disposals and write-offs	-	(167)	(1,596)	(1,759)	(2,641)	-	(6,163)
On acquisition through business combination	-	16,984	38,462	1,669	54	-	57,169
<b>At 31 December 2019</b>	<b>-</b>	<b>459,846</b>	<b>1,257,255</b>	<b>111,133</b>	<b>20,152</b>	<b>10,708</b>	<b>1,859,094</b>
Charge for the year	-	41,273	129,048	9,178	1,674	-	181,173
On disposals and write-offs	-	(560)	(4,514)	(1,006)	(589)	-	(6,669)
On disposal of a subsidiary	-	-	-	(127)	-	-	(127)
<b>At 31 December 2020</b>	<b>-</b>	<b>500,559</b>	<b>1,381,789</b>	<b>119,178</b>	<b>21,237</b>	<b>10,708</b>	<b>2,033,471</b>
<b>Net book value</b>							
<b>At 31 December 2019</b>	<b>212,915</b>	<b>707,829</b>	<b>1,890,344</b>	<b>16,889</b>	<b>2,930</b>	<b>921,176</b>	<b>3,752,083</b>
<b>At 31 December 2020</b>	<b>200,024</b>	<b>672,153</b>	<b>2,088,914</b>	<b>11,891</b>	<b>1,920</b>	<b>984,719</b>	<b>3,959,621</b>

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 10. Property, plant and equipment *(continued)*

- (i) Additions to capital work-in-progress represents costs incurred by subsidiaries for construction of hotels, district cooling plants and expansion of their manufacturing facilities.

Included in capital work-in-progress at 31 December 2020 is an amount of AED 53.4 million (2019: AED 53.4 million) for which a subsidiary has decided to temporarily put the expansion of a manufacturing facility on hold. Based on a review of the carrying values, an impairment loss of AED 10.7 million was recorded for this capital work-in-progress in previous years.

- (ii) During 2020, the Group made significant progress on the construction of a hospitality project and intends to operate it. Accordingly, an amount of AED 207 million was reclassified from investment properties to property, plant and equipment during the year.
- (iii) Buildings, plant and machinery with a net book value of AED 2,796 million (2019: AED 2,426 million) are mortgaged as security against term loans obtained from banks. In certain instances, the insurance over buildings and plant and machinery is also assigned in favor of the banks against facilities availed.

### 11. Goodwill and intangible assets

	Goodwill AED'000	Product registration certificates, licenses, patent & trade mark AED'000	Customer contracts AED'000	Other intangible assets AED'000	Total AED'000
<b>Cost</b>					
As at 1 January 2019	124,085	7,445	233,272	18,894	383,696
On acquisitions through business combination	-	222,825	-	-	222,825
Additions during the year	-	254	-	-	254
<b>As at 31 December 2019</b>	<b>124,085</b>	<b>230,524</b>	<b>233,272</b>	<b>18,894</b>	<b>606,775</b>
Additions during the year	-	284	-	1,205	1,489
<b>As at 31 December 2020</b>	<b>124,085</b>	<b>230,808</b>	<b>233,272</b>	<b>20,099</b>	<b>608,264</b>
<b>Accumulated amortization and impairment losses</b>					
As at 1 January 2019	(29,659)	(7,445)	(5,981)	(15,571)	(58,656)
Amortization	-	(12,350)	(5,981)	-	(18,331)
On acquisitions through business combination	-	(9,358)	-	-	(9,358)
As at 31 December 2019	(29,659)	(29,153)	(11,962)	(15,571)	(86,345)
Amortization	-	(14,016)	(5,981)	(477)	(20,474)
<b>As at 31 December 2020</b>	<b>(29,659)</b>	<b>(43,169)</b>	<b>(17,943)</b>	<b>(16,048)</b>	<b>(106,819)</b>
<b>Carrying amount</b>					
31 December 2019	94,426	201,371	221,310	3,323	520,430
<b>31 December 2020</b>	<b>94,426</b>	<b>187,639</b>	<b>215,329</b>	<b>4,051</b>	<b>501,445</b>

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 11. Goodwill and intangible assets *(continued)*

The Group tests goodwill for impairment using value-in-use calculations on an annual basis. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with the industry forecasts in which each CGU operates. The goodwill mainly relates to manufacturing and service operations of the Group.

#### *Product registration certificates, licenses, patent and trademark*

Product registration certificates represent the value of the certificates granted by the regulatory authorities to manufacture and market certain medical and pharmaceutical products.

The products registration certificates are being amortized over the remaining useful life of 15 years.

#### *Customer contracts*

Customer contracts represents the value of rights that arise from contractual agreements. These represents long term contracts spanning over a period of 20 years with individual and corporate customers with a renewal option available.

The customer contracts are being amortized over the life of associated infrastructure which is approximately 39 years.

### 12. Investment properties

	2020 AED'000	2019 AED'000
At 1 January	8,705,078	8,292,108
Additions	372,610	316,098
Transferred to property, plant and equipment	(207,140)	-
Sale of investment properties	(289,980)	(37,542)
(Loss)/gain on fair valuation (net)	(91,367)	134,414
<b>At 31 December</b>	<b>8,489,201</b>	<b>8,705,078</b>

- > During 2020, based on a change in use, the Group reclassified land and buildings under construction from investment properties to property, plant and equipment (refer note 10).
- > Additions during the year represents development work in progress on certain plots of land.

*Investment properties comprises the following:*

	2020 AED'000	2019 AED'000
Infrastructure and ancillary facilities	5,158,514	4,977,608
Plots of land for future development and under development	1,406,416	1,234,411
Residential units	691,167	1,023,833
Retail and commercial facilities	660,604	824,326
Labor camps and warehouses	572,500	644,900
	<b>8,489,201</b>	<b>8,705,078</b>

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 12. Investment properties *(continued)*

#### (a) Infrastructure and ancillary facilities:

These are built on the land (Plot number 598-0100 and 597-0100 located in Jebel Ali Industrial Area) obtained from the Government of Dubai on a renewable, non-cancellable long-term lease of 99 years. The Group was exempted to pay the lease rentals for the first ten years and thereafter, starting 1 February 2009, 20% of the net realized profits from real estate activities are payable to the Government of Dubai.

As at 31 December 2020, the Group has obtained fair values of all phases, and the valuations were carried out using the income valuation approach, after taking into consideration the cash outflows resulting from the estimated 20% share of the net realized profits due to the Government of Dubai. The fair valuation gain of AED 165.9 million (2019: AED 126.6 million) has arisen due to additional leasable area allocated by relevant authorities in the current year and changes in the contractual and expected net cash flows based on the terms of the lease contracts with tenants.

Since the valuation of all completed phases by the independent registered valuer is based on future net cash flows, an adjustment has been made for rent accrued on the straight-line basis as per IFRS 16. Similarly, the unearned rent billed in advance and recognized liabilities for 20% share of the Government of Dubai at the valuation date have been included in the valuation of investment properties. The reconciliation of valuation of investment properties carried out by the independent registered valuer and the adjusted valuation included in the consolidated financial statements is as follows:

	2020 AED'000	2019 AED'000
Fair valuation of completed phases and ancillary facilities as per independent registered valuation reports	4,905,986	4,720,289
Less: adjustment for rent receivable for completed phases	(53,262)	(46,195)
Add: adjustment for unearned rent for completed phases (note 25)*	194,633	195,452
Add: adjustment for recognized liabilities (included in trade and other payables (refer note 6))	111,157	108,062
	<b>5,158,514</b>	<b>4,977,608</b>

\* Unearned rent represents lease rentals billed in advance.

Significant unobservable inputs in the fair value measurement mainly includes: future market rental cash inflows, outgoing costs and risk adjusted discount rates.

#### (b) Plots of land for future development and under development comprises of:

- (i) a plot of land received by a subsidiary as a grant from the Government of Fujairah; and
- (ii) other plots of land for residential and commercial development

As at 31 December 2020, the fair valuation of the plots of land has been carried out using the sales comparison or income valuation approach, as appropriate, resulting in a net fair valuation loss of AED 12.6 million (2019: fair valuation gain of AED 42.4 million).

Significant unobservable inputs in the fair value measurement mainly includes market sales rates and risk adjusted discount rates.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 12. Investment properties *(continued)*

*(c) Residential comprises of residential units held for rental*

The residential units have been valued using the sales comparison, income capitalization approach or income valuation approach, as appropriate, resulting in a net fair valuation loss of AED 91.9 million (2019: fair valuation loss of AED 23.7 million).

Significant unobservable inputs in the fair value measurement mainly includes: future market rental cash inflows, capitalisation yield rates, void periods, market sales rates and risk adjusted discount rate.

Residential properties amounting to AED 53 million (2019: AED Nil) are mortgaged against facilities obtained from a bank. Further, the insurance over these properties is also assigned in favor of the bank.

*(d) Retail and commercial facilities comprise of:*

- (i) A mixed use building which has been leased on operating leases;
- (ii) A mixed use building constructed on a plot of land granted by the Government of Fujairah, which is under construction; and
- (iii) Other retail and commercial facilities on operating leases.

The retail and commercial facilities have been valued using the sales comparison, income capitalization approach or income valuation approach, as appropriate, resulting in a net fair valuation loss of AED 80.4 million (2019: fair valuation loss of AED Nil).

Significant unobservable inputs in the fair value measurement mainly includes: future market rental cash inflows, capitalisation yield rates, void periods, market sales rates and risk adjusted discount rate.

*(e) Labor camps and warehouses:*

The fair valuation of labor camps and warehouses at the reporting date has been determined by using an income capitalization approach resulting in a net fair valuation loss of AED 72.4 million (2019: fair valuation loss of AED 10.9 million).

Significant unobservable inputs in the fair value measurement mainly includes: future market rental cash inflows, capitalisation yield rates, outgoing costs and void periods.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 12. Investment properties *(continued)*

#### Valuation processes

The Group's investment properties were valued at 31 December 2020 by independent registered valuers in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors taking into account requirements of IFRS 13 'Fair value measurements'. For all investment properties, their current use equates to the highest and best use. Management review the valuations performed by the independent valuers for financial reporting purposes which among other things include:

- > provision and verification of all major inputs to the independent valuation reports;
- > assessment of property valuation movements when compared to the prior year valuation reports; and
- > discussions with the independent valuers.

#### Valuation techniques underlying management's estimation of fair value

The valuations were determined by independent third party valuers using the income valuation approach, income capitalization approach and sales comparison approach based on below significant unobservable inputs. In determining a property's valuation, the valuers take into account property specific information such as the current contracted tenancy agreements and forecast operating expenses. They apply certain assumptions such as capitalization yield rates, void rates, discount rates and estimated market rent, which are influenced by specific characteristics, such as property location, income return and occupancy of each property in the portfolio, to arrive at the final valuation.

External valuation reports for certain retail and commercial facilities, labour camps and vacant plots of land include the following statement.

"We continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuation(s) cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date."

The valuation basis and assumptions used for valuation of investments properties remains largely consistent with the methodology adopted as at 31 December 2019.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 12. Investment properties *(continued)*

#### Valuation techniques underlying management's estimation of fair value *(continued)*

Significant unobservable inputs:

##### *(a) Infrastructure and ancillary facilities*

**Future market rental cash inflows** based on the actual location, type and quality of the properties and supported by the terms of any existing leases, such as market rental growth and rent-free periods. If rental rates were 10% higher/lower, the valuation would have been AED 401 million higher/AED 398 million lower respectively (2019: AED 463 million higher/AED 463 million lower respectively), with all other variables remaining constant.

**Discount rates** reflecting current market assessments of the uncertainty in the amount and timing of cash flows. If discount rates were 1% higher/lower, the valuation would have been AED 540 million lower or AED 709 million higher respectively (2019: AED 518 million lower or AED 681 million higher respectively), with all other variables remaining constant.

**Outgoing expenses** including necessary maintenance and other expenses to maintain functionality of the properties for their expected useful life. If maintenance and operating costs were 10% higher/lower, the valuation would have been AED 101 million lower or AED 101 million higher respectively (2019: AED 125 million lower or AED 124 million higher respectively), with all other variables remaining constant.

##### *(b) Plots of land for future development and under development*

**Market sales rates** based on the estimated selling price of comparable properties and taking into account the market data at the date of valuation. If the market sales rate were 10% higher/lower the valuation would have been AED 141 million higher/AED 141 million lower (2019: AED 112 million higher/AED 112 million lower respectively).

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 12. Investment properties *(continued)*

#### Valuation techniques underlying management's estimation of fair value *(continued)*

Significant unobservable inputs: *(continued)*

*(c) Residential, retail and commercial facilities*

Future rental cash inflows	based on the actual location, type and quality of the properties and supported by the terms of any existing leases, such as market rental growth and rent-free periods. If rental rates were 10% higher/lower, the valuation would have been AED 66 million higher/AED 65 million lower respectively (2019: AED 74 million higher/AED 76 million lower respectively), with all other variables remaining constant.
Capitalisation yield rates	based on the actual location, size and quality of the properties and taking into account market data at the valuation date. If capitalisation yield rates were 1% higher/lower, the valuation would have been AED 61 million lower or AED 78 million higher respectively (2019: AED 83 million lower/AED 105 million higher respectively), with all other variables remaining constant.
Outgoing expenses	including necessary maintenance and other expenses to maintain functionality of the properties for their expected useful life. If maintenance and operating costs were 10% higher/lower, the valuation would have been AED 14 million lower or AED 15 million higher respectively (2019: AED 27 million lower or AED 25 million higher respectively), with all other variables remaining constant.
Void rates	reflecting the rate of void or vacancy during the reversionary period. If void rates were 10% higher/lower, the valuation would have been AED 10 million lower or AED 12 million higher respectively (2019: AED 25 million lower or AED 24 million higher respectively), with all other variables remaining constant.
Market sales rates	based on the estimated selling price of comparable properties and taking into account the market data at the date of valuation. If the market sales rate were 10% higher/lower the valuation would have been AED 51 million higher/AED 51 million lower (2019: AED 53 million higher/AED 53 million lower respectively).
Discount rates	reflecting current market assessments of the uncertainty in the amount and timing of cash flows. If discount rates were 1% higher/lower, the valuation would have been AED 5 million lower or AED 6 million higher respectively (2019: AED 15 million lower/AED 13 million higher respectively), with all other variables remaining constant.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 12. Investment properties *(continued)*

#### Valuation techniques underlying management's estimation of fair value *(continued)*

Significant unobservable inputs: *(continued)*

*(d) Labor camps and warehouses*

Future rental cash inflows	based on the actual location, type and quality of the properties and supported by the terms of any existing leases, such as market rental growth and rent-free periods. If rental rates were 10% higher/lower, the valuation would have been AED 55 million higher/AED 55 million lower respectively (2019: AED 66 million higher/AED 67 million lower respectively), with all other variables remaining constant.
Capitalisation yield rates	based on the actual location, size and quality of the properties and taking into account market data at the valuation date. If capitalisation yield rates were 1% higher/lower, the valuation would have been AED 27 million lower or AED 32 million higher respectively (2019: AED 44 million lower/AED 51 million higher respectively), with all other variables remaining constant.
Outgoing expenses	including necessary maintenance and other expenses to maintain functionality of the properties for their expected useful life. If maintenance and operating costs were 10% higher/lower, the valuation would have been AED 13 million lower or AED 12 million higher respectively (2019: AED 16 million lower/AED 13 million higher respectively), with all other variables remaining constant.

#### Fair value hierarchy

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

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

	2020 AED'000	2019 AED'000
Balance at 1 January	8,705,078	8,292,108
Additions	372,610	316,098
Transfer to property, plant and equipment	(207,140)	-
Sale of investment properties	(289,980)	(37,542)
Changes in fair value (unrealized)	(91,367)	134,414
Balance at 31 December	<b>8,489,201</b>	<b>8,705,078</b>

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 13. Financial investments

	2020 AED'000	2019 AED'000
(i) Investments at fair value through other comprehensive income - refer note 13 (a)		
Equity securities	78,904	120,653
(ii) Investments at fair value through profit or loss - refer note 13 (b)		
Held for trading quoted equity securities and funds	271,559	205,467
Funds, bonds, sukuks and unquoted equity securities	1,248,474	1,234,775
	<b>1,520,033</b>	<b>1,440,242</b>
<b>Geographical distribution of investments:</b>		
UAE	697,348	741,514
Other GCC countries	216,198	370,688
Other countries	685,391	448,693
	<b>1,598,937</b>	<b>1,560,895</b>

Investments in funds, bonds, sukuks and unquoted equity securities with a fair value of AED 513 million (2019: AED 537 million) are pledged in favor of banks against borrowings availed (refer note 23).

#### Sensitivity analysis – equity price risk

The Group's investments in quoted equity securities are listed on various MENA stock exchanges. For such investments classified as fair value through profit or loss, a 10 % increase/(decrease) in the equity prices at the reporting date would have increased/(decreased) profit by AED 64.7 million (2019: AED 37.8 million).

#### (a) Investments at fair value through other comprehensive income

The main investment held relates to a 5% shareholding in First Energy Bank B.S.C., which is a Sharia'a compliant bank based in the Kingdom of Bahrain focused on investment, financing and service needs of the energy sector.

#### (b) Investments at fair value through profit or loss

The major investments are in bonds, funds, quoted equity securities, sukuks and managed funds.

The Group has invested AED 447.6 million (2019: AED 502.6 million) in diversified fixed income bonds portfolio and AED 244.5 million (2019: AED 34.9 million) in managed equity funds by utilizing a related leverage facility of AED 324 million (2019: AED 371 million). Most of these bonds have counterparty credit rating of investment grade and the portfolio has an average maturity of 3 years.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 13. Financial investments *(continued)*

#### *(c) Measurement of fair values*

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market. The fair values are based on market price at the valuation date. The Group's investment in held for trading quoted equity securities are classified in this category.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less active; broker quotes; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. The Group's investment in structured funds, sukuk and bonds are classified in this category.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

In certain cases, the valuation is also determined based on fund manager valuation reports and project progress reports. The Group's investment in unquoted equity securities and managed funds are classified in this category. Generally, a change in underlying comparative data used for estimating fair value is accompanied by a change in the fair value.

The Group has reviewed the fair value of investments classified as fair value through profit or loss and accordingly, a loss of AED 9.65 million has been recorded in profit or loss during the current year (2019: gain of AED 67 million).

The Group has reviewed the fair value of investments in unquoted equity securities classified as fair value through other comprehensive income and accordingly, loss on fair value of AED 41.75 million has been recorded during the current year in other comprehensive income (2019: Nil).

The table on the next page analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 13. Financial investments *(continued)*

#### *(c) Measurement of fair values (continued)*

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>31 December 2020</b>				
Financial assets at fair value through profit or loss	243,038	916,689	360,306	1,520,033
Financial assets at fair value through other comprehensive income	609	-	78,295	78,904
	<b>243,647</b>	<b>916,689</b>	<b>438,601</b>	<b>1,598,937</b>
<b>31 December 2019</b>				
Financial assets at fair value through profit or loss	183,092	853,567	403,583	1,440,242
Financial assets at fair value through other comprehensive income	619	-	120,034	120,653
	<b>183,711</b>	<b>853,567</b>	<b>523,617</b>	<b>1,560,895</b>

#### *Reconciliation of Level 3 fair values measurements of investments*

	2020 AED'000	2019 AED'000
As at 1 January	523,617	512,684
Additions during the year	38,805	7,624
Redeemed/ sold during the year	(40,326)	(19,622)
Transfer (out) of level 3	(7,468)	-
<b>Loss recorded in OCI</b>		
- Net change in fair value (unrealized)	(41,747)	(23)
<b>(Loss/Gain) recorded in profit or loss</b>		
- Net change in fair value (unrealized)	(34,280)	22,954
As at 31 December	<b>438,601</b>	<b>523,617</b>

#### *Sensitivity analysis*

Investments classified as Level 3, a 10% increase/(decrease) in the NAV value at the reporting date would have increased/(decreased) profit by AED 36.0 million (2019: AED 40.3 million).

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 14. Other financial assets at fair value through profit or loss

	2020 AED'000	2019 AED'000
Other financial assets at fair value through profit or loss	<b>56,638</b>	59,848

Other financial assets at fair value through profit of loss represents a receivable from Dubai Electricity and Water Authority for a substation cost incurred by one of the subsidiaries. The fair valuation of this receivable has been determined using a present value of expected cash flows. As there are significant unobservable inputs used in determining fair value of this receivable, it has been categorised as a level 3 financial instrument.

### 15. Investment in equity accounted investees'

	2020 AED'000	2019 AED'000
Investment in joint ventures (refer (i) below)	18,991	18,047
Investment in associates (refer (ii) below)	79,545	111,389
<b>Total investment in equity accounted investees</b>	<b>98,536</b>	129,436

#### (i) Joint ventures

The following are the investments in joint ventures held by the Group as at 31 December 2020:

#### QDI Sport Management Company LLC ("QDI")

QDI, a limited liability company incorporated in the UAE, is a joint venture between the Group and Al Qudra Sports Management LLC. The principal activities of the joint venture are to engage in sports clubs and facilities management and other sports related activities within the UAE. The Group effectively owns 50% equity in this entity.

#### Palisades Development Company LLC

This is a limited liability company registered in the UAE. The principal activities of the entity is management and administration of a project undertaken on plots of land located in Dubai Investments Park. The Group effectively owns 50 % equity in this entity.

The following table summarizes the financial information of joint ventures as included in their own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in joint ventures.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2019 *(continued)*

### 15. Investment in equity accounted investees' *(continued)*

#### (i) Joint ventures *(continued)*

	2020 AED'000	2019 AED'000
Non-current assets	5,125	3,072
Current assets	39,744	35,630
Non-current liabilities	(16,305)	(18,340)
Current liabilities	(13,278)	(6,966)
<b>Net assets (100%)</b>	<b>15,286</b>	<b>13,396</b>
Group's share of net assets	7,642	6,698
Goodwill	11,349	11,349
<b>Carrying amount of interest in joint ventures</b>	<b>18,991</b>	<b>18,047</b>
Income	62,658	75,144
Other expenses	(60,768)	(72,376)
<b>Profit for the year (100%)</b>	<b>1,890</b>	<b>2,768</b>
Group's share of profit	945	1,384
Group's share of other comprehensive income	-	-
<b>Group's share of total comprehensive income</b>	<b>945</b>	<b>1,384</b>
Dividends received by the Group	-	390

#### (ii) Associates

The Group's associates comprise includes the following entities:

<b>Associate</b>	2020 Ownership %	2019 Ownership %
Emirates Insolaire LLC (refer note 40)	49	51
Emirates Aluminium Rolling ("Emiroll") LLC	30	30
KCH Healthcare LLC	26.75	26.75
Clemenceau Medical Center FZ ("CMC Dubai")	20	20
Africa Crest Education ("ACE")	37	37
Mojavi 4 Limited (*)	40	40
Mojavi 9 Limited (*)	55	55
Mojavi 10 Limited (*)	36	36
Mojavi 20 Limited (*)	20	20

\* Percentage ownership reflects the direct ownership through subsidiaries and is not the effective ownership of the Group.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 15. Investment in equity accounted investees' *(continued)*

#### (ii) Associates *(continued)*

The following table summarizes the financial information of associates, adjusted for fair value adjustments at recognition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in associates as at 31 December 2020.

	2020 AED'000	2019 AED'000
Total assets	1,456,628	1,487,284
Total liabilities	(1,150,667)	(1,061,435)
<b>Net assets (100%)</b>	<b>305,961</b>	<b>425,849</b>
Group's share of net assets	79,544	111,389
<b>Carrying amount of interest in associates</b>	<b>79,544</b>	<b>111,389</b>
Income	26,062	40,190
Expenses	(177,947)	(236,195)
<b>Loss for the year (100%)</b>	<b>(151,885)</b>	<b>(196,005)</b>
Group's share of loss	(33,905)	(59,964)
Group's share of other comprehensive income	-	-
<b>Group's share of total comprehensive income</b>	<b>(33,905)</b>	<b>(59,964)</b>

#### (iii) The movement in investment in equity accounted investees' is as follows:

	2020 AED'000	2019 AED'000
At 1 January	129,436	246,754
Group's share of loss for the year	(32,960)	(58,580)
Dividends received during the year	-	(390)
On acquisition of controlling interest in equity accounted investees (refer note 39)	-	(94,643)
Investments made during the year	2,060	36,295
<b>At 31 December</b>	<b>98,536</b>	<b>129,436</b>

There are no further commitments or contingent liabilities relating to Group's interest in the equity accounted investees.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 16. Rent receivable

Rent receivable represents the differential between the amount billed to tenants and the amount recognized as rental income on a straight-line basis over the term of the lease. The difference principally arises due to an initial rent-free period allowed and the rent increase agreed after the expiry of the initial term of the lease.

### 17. Finance lease receivable

The Group has the following interest in finance leases:

	2020 AED'000	2019 AED'000
Gross investment	738	1,938
Unearned finance income	-	(115)
Net investment	738	1,823
Less: amount due in less than one year classified under other receivables (refer note 20)	(738)	(965)
Non-current portion	-	858

The finance leases receivable by the Group are as follows:

	Minimum lease payments 2020 AED'000	Interest 2020 AED'000	Principal 2020 AED'000	Minimum lease payments 2019 AED'000	Interest 2019 AED'000	Principal 2019 AED'000
Less than one year	738	-	738	997	32	965
Between one and five years	-	-	-	941	83	858
	738	-	738	1,938	115	1,823

The Group's interest in finance leases represents the lease of land let out on long term leases, whereby, the present value of the residual interest at the end of the lease term is estimated to be negligible. These leases are therefore accounted for as finance leases under IFRS 16 Leases. The terms of payment range from 2 to 5 years. No contingent rent is receivable.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 18. Inventories

	2020 AED'000	2019 AED'000
Raw materials, work-in-progress and spares (net of provision for old and slow moving inventories)	176,683	185,576
Finished goods	70,975	76,961
Goods in transit	1,244	463
Properties under development/ held for sale (net of provision for write down to net realizable value)	2,497,256	2,677,426
	<b>2,746,158</b>	<b>2,940,426</b>
Less: properties under development for sale classified as non-current (net of provision for write down to net realizable value)	(251,719)	(269,784)
	<b>2,494,439</b>	<b>2,670,642</b>
Inventories carried at net realizable value	696,644	895,254

Properties under development for sale represent cost of land and expenditure incurred towards the development of properties for subsequent sale. The Group intends to develop these properties for sale and has classified certain properties as long term based on future development plans.

Net realizable values for properties under development for sale have either been estimated by independent registered valuers in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors or internally using a combination of valuation techniques including the sales comparison approach. Based on these valuations, a decline in net realizable value of AED 22.8 million has been recognized during the current year (2019: AED 10.4 million). Net realizable value estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision.

As at 31 December 2020, the Group is carrying a provision of AED 138.1 million (2019: AED 159.9 million) against properties under development for sale.

Inventories amounting to AED 1,294 million (2019: AED 1,273 million) are mortgaged against facilities obtained from banks. In certain instances, the insurance over inventories is also assigned in favor of banks.

### 19. Trade receivables

Trade receivables are stated net of provision for doubtful debts amounting to AED 223.77 million (2019: AED 171.82 million). Trade receivables that are expected to be realized after twelve months from the reporting date have been classified as non-current.

Trade receivables amounting to AED 207.09 million are assigned against the facilities availed from the banks as at 31 December 2020 (2019: AED 273.90 million).

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 20. Due from related parties and other receivables

	2020 AED'000	2019 AED'000
<b>Non – current</b>		
Capital advance	5,194	24,835
Other receivables	17,102	6,707
	<b>22,296</b>	<b>31,542</b>
<b>Current</b>		
Other receivables and prepayments		
> receivable from customers for use of margin facilities	84,431	154,315
> retentions receivable	48,591	86,020
> advances paid to suppliers	33,652	65,316
> prepayments	41,629	51,343
> others	352,887	234,624
Current portion of net investment in finance leases (refer note 17)	738	965
Due from customers for contract work (refer (ii) below)	63,593	64,506
	<b>625,521</b>	<b>657,089</b>

(i) Other receivables that are expected to be realized after twelve months from the reporting date have been classified as non-current.

(ii) Movement in due from customers for contract work is as follows:

	2020 AED'000	2019 AED'000
Contract costs incurred	408,035	790,934
Recognized profits less recognized losses	76,510	(90,403)
	<b>484,545</b>	<b>700,531</b>
Progress billings	(420,952)	(636,025)
Due from customers for contract work	<b>63,593</b>	<b>64,506</b>

	2020 AED'000	2019 AED'000
Balance at the beginning of the year	64,506	63,245
Additions during the year	197,233	190,043
Progress billings	(198,146)	(188,782)
Balance at the ending of the year	<b>63,593</b>	<b>64,506</b>

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 21. Short-term deposits with bank and cash and cash equivalents

	2020 AED'000	2019 AED'000
<b>Short term deposits</b>		
Short term deposits with banks having maturity of more than 3 months	50,472	1,045
Short term deposits within UAE under lien with banks	157,186	89,879
	<b>207,658</b>	<b>90,924</b>
<b>Cash and cash equivalents:</b>		
Cash in hand	1,489	1,252
Cash at bank within UAE (current accounts)	846,716	489,995
Cash at bank outside UAE – GCC Countries (current accounts)	2,662	4,660
Cash at bank outside UAE – Other countries (current accounts)	11,373	49,766
Short term deposits within UAE having original maturity of less than 3 months	24,632	212,641
<b>Total cash and cash equivalents</b>	<b>886,872</b>	<b>758,314</b>

### 22. Long-term bank borrowings

	2020 AED'000	2019 AED'000
Long-term borrowings	5,610,510	5,121,526
Less: current portion of long term bank borrowings (note 23)	(666,459)	(478,125)
<b>Long-term borrowings</b>	<b>4,944,051</b>	<b>4,643,401</b>

- (i) The terms of the bank borrowings vary from three to ten years. These are secured by a combination of the Company's corporate guarantee, mortgages over certain investment properties, inventories, trade receivables, property, plant and equipment, assignment of receivables and insurance policies over assets of the Group and lien on bank deposits. The interest rate of majority of the bank borrowings range between 1.5% to 3.5% over EIBOR/LIBOR p.a. Where there is a corporate guarantee, the Company's liability is generally restricted to its percentage of equity interest in the borrowing entity.
- (ii) A subsidiary of the Company namely Dubai Investments Real Estate LLC has signed a long-term loan facility of AED 1,080 million with the banks to finance the construction of a real estate development project. The facility has a term of 10 years with the available utilization period of up to 4 years. The repayment will commence immediately after the completion of the utilization period and will be through semi-annual instalments.

The facility consists of the following covenants which needs to be complied with by the Guarantor (i.e. the Company) and the Borrower (i.e. the subsidiary).

For Guarantor:

- > Minimum tangible net worth of AED 8 billion
- > Net debt/EBITDA not to exceed 5 times
- > Debt/equity 1:1 or below
- > Total debt/tangible net worth of 1:1 or lower
- > Unencumbered assets to total unsecured debt of 2:1 or higher

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 22. Long-term bank borrowings *(continued)*

For Borrower:

- > Debt service coverage ratio of 1.2X to EBITDA
- > Loan to value of the project not to exceed 50%

As at 31 December 2020, the subsidiary has utilized AED 907.8 million from the loan facility (2019: AED 721.2 million).

The Group has complied with all covenants mentioned above.

### 23. Bank borrowings

	2020 AED'000	2019 AED'000
Bank overdraft, trust receipt loans and bills discounted	320,537	513,023
Short term loans	1,022,955	591,066
Current portion of long-term bank borrowings	666,459	478,125
	<b>2,009,951</b>	<b>1,582,214</b>

The bank borrowings are secured by a combination of mortgages and corporate guarantees. Where there is a corporate guarantee, the Group's liability is mostly restricted to its percentage of equity interest in the borrowing entity.

Short term loans amounting to AED 324 million (2019: AED 371 million) have been obtained for investments in bonds, funds and structured products and are secured against the pledge of those investments in favor of banks (refer note 13).

The following table sets out an analysis of net debt as of the reporting period end:

	2020 AED'000	2019 AED'000
Cash and cash equivalents	886,872	758,314
Short-term deposits with banks	207,658	90,924
Liquid investments*	1,160,336	1,037,278
	<b>2,254,866</b>	<b>1,886,516</b>
Borrowings - repayable within one year (including overdraft)	<b>(2,009,951)</b>	(1,582,214)
Borrowings - repayable after one year	<b>(4,944,051)</b>	(4,643,401)
Net debt	<b>(4,699,136)</b>	<b>(4,339,099)</b>

\* Liquid investments comprise investments classified as Level 1 and Level 2 (refer note 13 (c)).

The Group had access to undrawn banking facilities of AED 1,671.7 million as at 31 December 2020 (2019: AED 2,133.6 million).

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 24. Leases

The consolidated statement of financial position shows the following amounts relating to leases where the Group is a lessee:

#### (i) Right of use assets

	Land AED'000	Building AED'000	Plant and equipment AED'000	Total AED'000
<b>Cost</b>				
On adoption of IFRS 16	87,893	52,039	153,205	293,137
On acquisitions through business combination	9,276	-	-	9,276
Additions during the year	2,584	13,199	-	15,783
<b>As at 31 December 2019</b>	<b>99,753</b>	<b>65,238</b>	<b>153,205</b>	<b>318,196</b>
Additions during the year	25,497	1,650	219,716	246,863
Disposals and transfers	-	(5,079)	-	(5,079)
<b>As at 31 December 2020</b>	<b>125,250</b>	<b>61,809</b>	<b>372,921</b>	<b>559,980</b>
<b>Accumulated amortization and impairment losses</b>				
Amortization	7,884	9,660	31,001	48,545
<b>As at 31 December 2019</b>	<b>7,884</b>	<b>9,660</b>	<b>31,001</b>	<b>48,545</b>
Amortization	8,881	9,866	26,441	45,188
Disposals and transfers	-	(1,559)	-	(1,559)
<b>As at 31 December 2020</b>	<b>16,765</b>	<b>17,967</b>	<b>57,442</b>	<b>92,174</b>
<b>Carrying amount</b>				
31 December 2019	91,869	55,578	122,204	269,651
<b>31 December 2020</b>	<b>108,485</b>	<b>43,842</b>	<b>315,479</b>	<b>467,806</b>

#### (ii) Lease liabilities:

	2020 AED	2019 AED
Current	44,596	39,934
Non-current	435,842	232,679
	<b>480,438</b>	<b>272,613</b>
	2020 AED	2019 AED
Depreciation charge of right-of-use assets	45,188	48,545
Interest expense on lease liability (included in finance cost)	34,639	19,931

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 25. Trade and other payables

	2020 AED'000	2019 AED'000
<b>Non-current</b>		
Other payables	304,165	200,637
<b>Current</b>		
Trade payables	524,405	683,336
Payable to Government of Dubai for their share of realized profit of a subsidiary (refer note 12)	219,219	108,062
Unearned rent (refer note 12)	194,633	195,452
Advances received from customers / due to customers	119,021	182,236
Other payables and accrued expenses	917,078	883,149
	<b>1,974,356</b>	<b>2,052,235</b>

### 26. Share capital and share premium

	2020 AED'000	2019 AED'000
<i>Authorized:</i>		
8,000,000,000 shares of AED 1/- each (2019: 8,000 million shares of AED 1 each)	<b>8,000,000</b>	8,000,000
<i>Issued and paid up:</i>		
4,252,018,000 shares of AED 1/- each (2019: 4,252 million shares of AED 1 each)	<b>4,252,018</b>	4,252,018

In the year 1998, 5,474 unallocated shares were sold at the prevailing market price to a shareholder, at a premium of AED 46,000.

### 27. Capital reserve

Capital reserve comprises the net gain on sale of the Company's own shares (treasury shares) by a subsidiary of the Company in earlier years.

### 28. Legal and general reserve

In accordance with the Articles of Association of entities within the Group, Article 103 and Article 239 of the UAE Federal Law No. (2) of 2015, 10% of the profit for the year of the individual entities, to which the law is applicable, is to be transferred to the legal reserve. Such transfer may be discontinued when the legal reserve equals 50% of the paid up share capital of the respective individual entities. This reserve is non-distributable except in certain circumstances as mentioned in the above- mentioned law.

In accordance with the Articles of Association of the Company, further allocation to general reserve has been discontinued from the current year.

Further, in accordance with the Articles of Association of certain entities within the Group, 10% of the profit for the year is required to be transferred to a general reserve. However, as per the Articles of Association of these entities, the transfer may be discontinued upon a resolution passed at the Ordinary General Meeting if proposed by the Board of Directors.

Accordingly, the companies within the Group, where applicable, have transferred amounts to legal and general reserve.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 29. Revaluation reserve

During the previous year, upon a change in accounting policy for the measurement of land classified under property, plant and equipment from fair value model to cost model, an amount of AED 22 million was transferred to retained earnings.

### 30. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investments classified as fair value through other comprehensive income (refer note 13).

### 31. Proposed dividend

For the year 2020, the Board of Directors have proposed a cash dividend of 8% (AED 0.08 per share) to the shareholders of the Company.

At the Annual General Meeting held on 3 June 2020, the shareholders approved a 10% cash dividend (AED 10% per share) proposed by the Board of Directors. The dividend amounting to AED 425.2 million was paid during the current year.

### 32. Proposed directors' fee

Proposed directors' fees amounting to AED 10.5 million (2019: AED 10.5 million), represents compensation for professional services rendered by the Directors.

### 33. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to Owners of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

	2020	2019
Profit attributable to Owners of the Company (AED '000)	<b>347,550</b>	657,419
Weighted average number of shares outstanding ('000s)	<b>4,252,018</b>	4,252,018
Basic and diluted earnings per share (AED)	<b>0.08</b>	0.15

### 34. Capital commitments

	2020	2019
	AED'000	AED'000
Capital commitments – contracted and committed	<b>678,214</b>	1,169,658

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 34. Capital commitments *(continued)*

Capital commitments mainly includes the following:

- > value of construction contracts awarded to contractors for real estate projects under development.
- > One of the subsidiaries of the Group has signed an agreement with RTA to share in the cost of infrastructure and development works of the adjoining areas. Total outstanding commitment as at 31 December 2020 amounts to AED 247.5 million (2019: AED 276.5 million) which will be invoiced and paid until 2029, in semi-annual instalments of AED 14.5 million each.

### 35. Contingent liabilities

The Group has contingent liabilities in respect of letters of guarantee and letters of credit amounting to AED 181.8 million (2019: AED 210.6 million) as at 31 December 2020.

### 36. Lease rentals

*Leases as lessor*

The Group leases out its investment properties under operating lease. The minimum lease payments receivable under non-cancellable leases are as follows:

	2020 AED'000	2019 AED'000
Less than one year	554,172	556,845
Between one to five years	2,164,426	2,086,301
More than five years	5,168,909	5,071,545
	<b>7,887,507</b>	<b>7,714,691</b>

### 37. Related party transactions

The Group, in the normal course of business, carries out transactions with other business enterprises that fall within the definition of related parties contained in International Accounting Standard 24.

Related party transactions are entered at mutually agreed terms.

The aggregate value of significant transactions with related parties during the year was as follows:

	2020 AED'000	2019 AED'000
Compensation to key management personnel, including Directors' fees is as follows:		
Short-term benefits (including proposed Directors' fees)	28,180	27,519
Post-employment benefits	485	468

### 38. Non-controlling interests

The Group does not have any individually material non-controlling interests in any of its subsidiaries as at 31 December 2020.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 39. Investment in subsidiaries

(a) The following are the investments in subsidiaries held by the Company as at 31 December 2020:

Entity	Incorporated in	Ownership %
Dubai Investments Park Development Co. LLC	UAE	100
Dubai Investment Real Estate Company LLC	UAE	100
Emirates District Cooling LLC (Emicool)	UAE	100
Al Taif Investment Company LLC	UAE	60
Dubai Investments Industries LLC	UAE	100
Glass LLC	UAE	100
Masharie LLC (refer note 39 b (ii))	UAE	97.9
Dubai Investments International Limited	UAE	100
Anchor Mozna Real Estate LLC	UAE	100
Al Mal Capital PSC	UAE	66.61
Al Mal Capital REIT (refer note 39 (c))	UAE	76.8
Properties Investment LLC	UAE	70

(i) The following are investments in subsidiaries held by Dubai Investment Real Estate Company LLC as at 31 December 2020:

Al Mujamma Real Estate LLC	UAE	100
Anchor Ritaj Real Estate One Person Company LLC	UAE	100
Anchor Nahda One Real Estate One Person Company LLC	UAE	100
Anchor Kawther Real Estate One Person Company LLC	UAE	100

(ii) The following are the investments in subsidiaries held by Dubai Investments Industries LLC as at 31 December 2020:

Emirates Building Systems Company LLC	UAE	100
The Edible Oil Company (Dubai) LLC	UAE	100
Globalpharma LLC	UAE	100
Dubai Cranes and Technical Services LLC	UAE	80
Emirates Extruded Polystyrene LLC (refer note 39 b (i))	UAE	100
Techsource LLC	UAE	100
DIID Management DMCC	UAE	90
University of Balamand Dubai (Branch)	UAE	100

(iii) The following are the investments in subsidiaries held by Glass LLC as at 31 December 2020:

Emirates Glass LLC	UAE	100
Lumi Glass Industries LLC	UAE	100
Emirates Float Glass LLC	UAE	100
Saudi American Glass Company Limited	KSA	100

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 39. Investment in subsidiaries *(continued)*

(iv) The following are the investments in subsidiaries held by Masharie LLC as at 31 December 2020:

Emirates Extrusion Factory LLC	UAE	100
White Aluminum Extrusion LLC	UAE	51
Folcra Beach Industrial Co LLC	UAE	80
Gulf Dynamic Services LLC	UAE	70
Labtech Interiors LLC	UAE	70
Gulf Dynamic Switchgears Company LLC	UAE	100
Gulf Metal Craft LLC	UAE	100
Technological Laboratory Furniture - Manufacturers (Labtech) LLC	UAE	70
Lite Tech Industries LLC	UAE	54

(v) The following are the investments in subsidiaries held by Al Mal Capital PSC as at 31 December 2020:

Al Mal Real Estate Fund	UAE	64
AMC Venture Two Ltd	Cayman Islands	100
AMC Venture SPC	Cayman Islands	100
AMC Venture One Ltd	Cayman Islands	100
Al Mal Direct Equity 1 Ltd.	UAE	100
Al Mal Capital (Mauritius) Ltd.	Mauritius	100
Blue Line India Opportunities	Mauritius	100
Pearl India Opportunities	Mauritius	100
Saqer Investments Limited	Cayman Islands	100
Al Mal Fund Company BSC	Bahrain	99

(vi) The following are the investments in subsidiaries held by Emirates District Cooling LLC as at 31 December 2020:

Aquacool Metering LLC	UAE	100
Emicool Plus Cooling Co. LLC	UAE	100
Emicool Global FZ LLC	UAE	100
Emicool Central Cooling LLC	UAE	100
Emicool North District Cooling LLC	UAE	100
Emitech Building Mechanical Engineering Services LLC (refer note 39 b (iii))	UAE	100
Gas Integrated Solutions Payment Services Provider LLC	UAE	100
Emirates Integrated Cooling Services LLC	UAE	51

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 39. Investment in subsidiaries *(continued)*

#### *(b) Acquisition of non-controlling interests*

- (i) During the current year, the Group acquired additional 49% equity interest in its existing subsidiary Emirates Extruded Polystyrene LLC. Post-acquisition of additional interest, the Company's shareholding in Emirates Extruded Polystyrene has increased to 100%.
- (ii) During the year, the Group acquired additional 22.22% equity interest in its existing subsidiary Masharie LLC. Upon the acquisition the company's shareholding in Masharie LLC has increased to 97.9% subsidiary of the Group.
- (iii) During the year, Emitech Building Mechanical Engineering Services LLC (previously Reaia Building maintenance LLC) became a wholly owned subsidiary of the Group on acquisition of additional 40% interest from minority shareholders.
- (iv) During the previous year, the Group acquired additional 66% shares in its existing associate entity, Globalpharma Co. LLC ("Globalpharma"). Upon acquisition of the additional interest, Globalpharma become a wholly owned subsidiary of the Group.

#### *(c) Al Mal Capital REIT*

During the current year, the Group subscribed to Al Mal Capital REIT (the "REIT"). At 31 December 2020, the Group holds a 76.8% effective interest in the REIT. Subsequent to the year end, the REIT has been listed on the Dubai Financial Market (DFM).

### 40. Disposal of controlling interest in a subsidiary

During the current period, the Group disposed of part of its interest in existing subsidiary, Emirates Insolaire LLC resulting in a loss of control. Post disposal, Emirates Insolaire LLC has been classified as an associate of the Group. The disposal resulted in a net gain of AED 14.3 million which is included within 'gain on sale of investments'.

### 41. Accounting estimates and judgments

Management has reviewed the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The following are the critical accounting estimates and judgment used by management in the preparation of these consolidated financial statements:

#### *(a) Valuation of investment properties*

The Group fair values its investment properties. Independent third party valuers, who have the appropriate recognized professional qualification value majority of the properties annually. Note 12 contains information about the valuation methodology considered by the third party valuers.

#### *(b) Net Realisable Value ("NRV") assessment of property under development / held for sale*

The Group reviews its inventories to assess any loss on account of diminution in the value of real estate inventories on a regular basis i.e. NRV assessment. A significant portion of the Group's inventories comprise property under development for sale. For certain properties under development / held for sale, NRV has been estimated with assistance from independent third party valuers, who have the appropriate recognised professional qualification. There are significant estimates and judgements involved including the Group's estimate of the sale price and construction cost for properties under development, which due to inherent nature of estimates, cannot be determined with precision.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2019 *(continued)*

### 41. Accounting estimates and judgments *(continued)*

#### *(c) Impairment of other non-current assets*

Other non-current assets such as property, plant and equipment, other intangible assets and investments in equity accounted investees are tested for impairment whenever there is an indication of impairment. Testing for impairment of these assets requires management to estimate the recoverable amount of the cash generating unit.

#### *(d) Determining fair values of financial investments*

The determination of fair value for financial investments for which there is no observable market price requires the use of valuation techniques as described in note 13. For financial investments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

#### *(e) Determination of incremental borrowing rate*

The Group uses the incremental borrowing rate for determination of its lease liability and right of use of asset. The Group has used the discount rate based on the rates at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

#### *(f) Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to continue and/or terminate lease. 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). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group as a lessee.

### 42. Financial instruments

#### Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020 AED'000	2019 AED'000
Trade receivables (net)	2,047,596	1,434,436
Cash and cash equivalents	885,383	757,062
Due from related parties and other receivables	567,342	546,739
Investments in bonds, and structured funds	447,636	502,471
Short-term deposits with banks	207,658	90,924
Rent receivable	53,262	46,195
Finance lease receivable	-	858
Carrying amount	<b>4,208,877</b>	<b>3,378,685</b>

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 42. Financial instruments *(continued)*

#### Credit risk *(continued)*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date by geographical region was:

	2020 AED'000	2019 AED'000
Domestic	1,886,123	1,239,576
Other GCC countries	76,502	121,007
Other regions	84,971	75,676
	<b>2,047,596</b>	<b>1,436,259</b>

The Group applies the IFRS 9 simplified approach on trade receivables, retention receivables, rent receivables, due from related parties and due from customers for contract work to measure the expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Based on existing credit risk management practices, the default definition has been determined which aptly captures the gradual deterioration of the receivables under consideration.

The collateral get factored through loss given default estimates and hence are used to adjust exposure while computing expected credit loss. The Group limits its exposure to credit risk by investing with counterparties that have credible market reputation. The Group's management does not expect any significant counterparty to fail to meet its obligations.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Total 2020 AED'000	Total 2019 AED'000
1 January: Opening impairment provision	171,818	165,299
Impairment loss recognized	51,949	6,519
31 December - closing impairment provision	<b>223,767</b>	<b>171,818</b>

Further, an impairment provision of AED 5.50 million is recognised on due from customers for contract work at 31 December 2020 (2019: AED 7.94 million).

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 42. Financial instruments *(continued)*

#### Credit risk *(continued)*

The impairment provision as at 31 December 2020 was determined for the trade receivables within the real estate business, as follows, based on management assessment of default period being 180 days from the date the counter party fails to make contractual payment:

	AED' 000			
31 December 2020	Current	More than 180 days overdue	More than 365 days overdue	Total
Expected loss rate	1%	7%	14%	
Gross carrying amount – trade receivables	804,451	194,748	446,816	1,446,015
Loss allowance	7,566	13,400	61,453	82,419

31 December 2019	Current	More than 180 days overdue	More than 365 days overdue	Total
Expected loss rate	1%	1%	16%	
Gross carrying amount – trade receivables	226,336	260,350	318,729	805,415
Loss allowance	1,358	1,562	47,873	50,793

In addition to above loss allowance, the Group has recognised specific impairment provision of AED 19.0 million (2019: AED 8.7 million).

The impairment provision as at 31 December 2020 was determined for the trade receivables within the manufacturing and services business, as follows, based on management assessment of default period being 90 days from the date the counter party fails to make contractual payment:

	AED' 000			
31 December 2020	Current	More than 180 days overdue	More than 365 days overdue	Total
Expected loss rate	2%	8%	17%	
Gross carrying amount – trade receivables	319,698	168,919	245,898	734,515
Loss allowance	6,260	13,017	40,679	59,956

31 December 2019	Current	More than 180 days overdue	More than 365 days overdue	Total
Expected loss rate	4%	11%	14%	
Gross carrying amount – trade receivables	341,877	175,574	146,185	663,636
Loss allowance	12,034	18,453	20,095	50,582

In addition to above loss allowance, the Group has recognised specific impairment provision of AED 20.89 million (2019: AED 16.43 million).

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 42. Financial instruments *(continued)*

#### Credit risk *(continued)*

The impairment provision as at 31 December 2020 was determined for the contract assets within the contracting business, as follows, based on management assessment of default period being 365 days from the date the counter party fails to make contractual payment:

	AED' 000			
31 December 2020	Current	More than 180 days overdue	More than 365 days overdue	Total
Expected loss rate	5%	8%	69%	
Gross carrying amount – trade receivables	28,543	12,001	50,239	90,783
Loss allowance	1,345	1,019	34,887	37,251

31 December 2019	Current	More than 180 days overdue	More than 365 days overdue	Total
Expected loss rate	5%	11%	74%	
Gross carrying amount – trade receivables	11,827	83,762	41,614	137,203
Loss allowance	590	9,592	30,929	41,111

In addition to above loss allowance, the Group has recognised specific impairment provision of AED 4.2 million (2019: AED 4.2 million).

Cash and cash equivalents, short term deposits and due from related parties are also subject to the impairment requirements of IFRS 9. For cash and cash equivalents and short-term deposits the probability of default is derived from benchmarking and default rate studies conducted by external rating agencies. Loss given default estimate is taken from Basel guidelines. The identified impairment loss on cash and cash equivalents, short term deposits and due from related parties were insignificant.

There is no significant concentration of credit risk with respect to cash and cash equivalents, as the Group holds cash accounts in a number of diversified financial institutions.

#### Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

### 42. Financial instruments (continued)

#### Liquidity risk (continued)

	Carrying amount AED'000	Contractual cash flows AED'000	Within 1 year AED'000	1-2 years AED'000	2-3 years AED'000	More than 3 years AED'000
<b>31 December 2020</b>						
Non-derivative financial liabilities						
Loans and borrowings	6,954,002	(7,569,681)	(2,186,734)	(1,542,773)	(751,540)	(3,088,634)
Lease liabilities	480,438	(716,338)	(44,961)	(62,219)	(63,643)	(545,515)
Trade and other payables	1,660,702	(1,660,702)	(1,660,702)	-	-	-
Other long-term liabilities	155,675	(238,190)	(2,303)	(55,684)	(16,600)	(163,603)
	9,250,817	(10,184,911)	(3,894,700)	(1,660,676)	(831,783)	(3,797,752)
<b>31 December 2019</b>						
Non-derivative financial liabilities						
Loans and borrowings	6,225,615	(7,077,965)	(1,749,573)	(843,374)	(1,510,596)	(2,974,422)
Lease liabilities	272,613	(348,986)	(39,934)	(38,940)	(42,384)	(227,728)
Trade and other payables	1,674,547	(1,674,547)	(1,674,547)	-	-	-
Other long term liabilities	90,956	(123,590)	(6,139)	(25,140)	(10,394)	(81,917)
	8,263,731	(9,225,088)	(3,470,193)	(907,454)	(1,563,374)	(3,284,067)

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 42. Financial instruments *(continued)*

#### Market risk

#### Currency risk

	2020 Euro'000	2019 Euro'000
Trade and other receivables	2,913	3,003
Investments	41,918	18,721
Cash at bank	5	201
Trade and other payables	(3,165)	(4,216)
Loans and borrowings	(39,907)	(22,534)
Others	-	(15)
<b>Gross exposure</b>	<b>1,764</b>	<b>(4,840)</b>
<b>Net exposure</b>	<b>1,764</b>	<b>(4,840)</b>

The following exchange rates were applied during the year:

	Average rate		Spot rate	
	2020 AED	2019 AED	2020 AED	2019 AED
Euro	4.32	4.16	4.52	4.12

#### Sensitivity analysis

A limited fluctuation of AED against Euro at 31 December would not have any significant impact on profit or loss.

#### Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities. The Group manages its exposure arising due to fluctuations in interest rates by the use of derivative instruments when appropriate.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2020 AED'000	2019 AED'000
<b>Fixed rate instruments</b>		
Financial assets	673,196	788,381
Financial liabilities	(480,438)	(292,409)
<b>Variable rate instruments</b>		
Financial assets	147,860	161,804
Financial liabilities	(6,954,002)	(6,226,595)

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2019 *(continued)*

### 42. Financial instruments *(continued)*

#### Interest rate risk *(continued)*

##### Fair value sensitivity analysis for fixed rate instruments

The Group accounts for certain fixed rate financial assets at fair value through profit or loss. The Group does not designate derivatives as hedging instruments under a fair value hedge accounting model.

An increase of 100 basis points (“bps”) in interest rates at the reporting date not have any significant impact on profit or loss.

##### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (“bp”) in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

Effect in AED'000	Profit or (loss)	
	100 bp increase	100 bp decrease
<b>31 December 2020</b>	<b>(68,061)</b>	<b>68,061</b>
31 December 2019	(60,648)	60,648

##### Fair value of financial assets and liabilities measured at amortized costs

The fair value of financial assets and liabilities measured at amortized costs approximate its carrying value at 31 December 2020.

### 43. Segment reporting

The Group has broadly three reportable segments as discussed below, which are the Group’s strategic business units. The strategic business units operate in different sectors and are managed separately because they require different strategies. The following summary describes the operation in each of the Group’s reportable segments:

<i>Property</i>	development of real estate for sale and leasing
<i>Manufacturing, contracting and services</i>	manufacture and sale of materials used in construction projects, executing construction contracts, production of raw and architectural glass, cooling services, production, aluminium extruded products, laboratory furniture, healthcare and education
<i>Investments</i>	strategic minority investments in associates, investment banking, asset management and financial investments

Information regarding the operations of each segment is included hereafter. Performance is measured based on segment revenue and profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are a few transactions between the segments and such transaction are carried out on arm’s length basis and are eliminated on consolidation.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

### 43. Segment reporting (continued)

#### Information about reportable segments

	Property		Investments		Manufacturing contracting and services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Sales of goods and services (at a point of time)	23,201	42,016	13,248	15,926	1,352,455	1,418,171	1,388,904	1,476,113
Contract revenue (over time)	-	-	-	-	197,233	190,043	197,233	190,043
Sales of properties (over time)	293,076	40,140	-	-	-	-	293,076	40,140
Rental income	857,342	912,286	-	-	-	-	857,342	912,286
(Loss)/gain on fair valuation of investment properties	(91,367)	134,414	-	-	-	-	(91,367)	134,414
(Loss)/gain on fair valuation of investments	-	-	(9,653)	67,090	-	-	(9,653)	67,090
Gain on fair valuation of existing interest prior to acquisition of controlling interest	-	-	-	11,506	-	-	-	11,506
Bargain purchase gain	-	-	-	52,324	-	-	-	52,324
Others	32,192	14,656	8,609	(18,553)	-	-	40,801	(3,897)
<b>Total income</b>	<b>1,114,444</b>	<b>1,143,512</b>	<b>12,204</b>	<b>128,293</b>	<b>1,549,688</b>	<b>1,608,214</b>	<b>2,676,336</b>	<b>2,880,019</b>
Direct operating costs	(520,032)	(429,682)	-	-	(1,264,910)	(1,300,901)	(1,784,942)	(1,730,583)
Administrative and general expenses	(97,000)	(78,620)	(107,887)	(100,638)	(250,214)	(235,290)	(455,101)	(414,548)
Finance expenses	(138,278)	(133,039)	(28,293)	(44,151)	(118,676)	(102,195)	(285,247)	(279,385)
Finance income and other income	93,904	16,672	26,961	38,927	53,173	36,808	174,038	92,407
Net impairment losses on financial and contract assets	(41,979)	(4,638)	-	-	(9,970)	(9,822)	(51,949)	(14,460)
<b>Profit/(loss) for the year</b>	<b>411,059</b>	<b>514,205</b>	<b>(97,015)</b>	<b>22,431</b>	<b>(40,909)</b>	<b>(3,186)</b>	<b>273,135</b>	<b>533,450</b>
<b>Profit/(loss) attributable to:</b>								
Owners of the Company	420,419	612,863	(66,286)	22,236	(6,583)	22,320	347,550	657,419
Non – controlling interests	(9,360)	(98,658)	(30,729)	195	(34,326)	(25,506)	(74,415)	(123,969)
<b>Profit/(loss) for the year</b>	<b>411,059</b>	<b>514,205</b>	<b>(97,015)</b>	<b>22,431</b>	<b>(40,909)</b>	<b>(3,186)</b>	<b>273,135</b>	<b>533,450</b>
<b>Assets</b>	<b>14,063,227</b>	<b>13,219,867</b>	<b>2,297,610</b>	<b>2,431,657</b>	<b>5,400,710</b>	<b>5,305,681</b>	<b>21,761,547</b>	<b>20,957,205</b>
<b>Liabilities</b>	<b>5,138,510</b>	<b>4,668,489</b>	<b>1,623,717</b>	<b>1,182,598</b>	<b>2,950,734</b>	<b>2,900,013</b>	<b>9,712,961</b>	<b>8,751,100</b>

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements except as mentioned in note 3:

Certain comparative amounts have been reclassified to conform to the current year's presentation.

#### 44.1 Basis of consolidation

##### *(a) Business combinations*

The Group accounts for business combinations using the acquisition method when the control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

The Group measures goodwill at the acquisition date as:

- > the fair value of the consideration transferred; plus
- > the recognized amount of any non-controlling interests in the acquiree; plus
- > if the business combination has been achieved in stages, the fair value of the existing equity interest in the acquiree, less
- > the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any gain on bargain purchase is recognized in profit or loss.

Transaction costs are expensed as incurred except if related to the issue of debt or equity securities.

Any goodwill that arises is tested annually for impairment.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

Any contingent consideration is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of financial instrument is classified as an equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.1 Basis of consolidation *(continued)*

##### *(b) Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### *(c) Non-controlling interests*

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

##### *(d) Loss of control*

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when the control is lost. In addition, any amounts previously recognised in "other comprehensive income" in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in "other comprehensive income" are reclassified to profit or loss.

##### *(e) Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby, the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

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

Unrealised gains on transactions between the Group and its equity-accounted investees are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.1 Basis of consolidation *(continued)*

##### *(f) Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income and expenses arising from intra- group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

#### 44.2 Revenue

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

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

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

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

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

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

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.2 Revenue *(continued)*

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

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

The sales commission paid where applicable, is recognised as prepaid commission and is amortised to the statement of comprehensive income over time upon fulfilment of the related performance obligation.

##### *(a) Revenue from sale of goods*

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. No element of financing is deemed present as the sales are made with a credit term of 30-60 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

##### *(b) Revenue from sale of properties*

The performance obligation with regards to sale of properties is satisfied over time, as and when construction progresses.

The revenue from sale of properties is a multiple of management's total estimated cost for the construction and a percentage of completion confirmed by external consultant for each individual project.

Management estimates the cost to complete for construction of the project in order to determine the cost attributable to revenue being recognised. These estimates include the cost of constructing property, potential claims by contractors and the cost of meeting other contractual obligations to the customers.

Infrastructure cost allocated to each project is released to the consolidated statement of profit or loss, as cost of properties sold within 'cost of sales', based on the percentage of construction completed confirmed by external consultants for each project and percentage of infrastructure cost incurred at each period end to the total estimated infrastructure cost.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.2 Revenue *(continued)*

##### *(c) Revenue from services rendered*

Revenue from services rendered is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided during the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

For supply of chilled water, revenue comprises of available capacity and variable output provided to customer and is recognised when services are provided. Connection fee is recognised on straight line basis over the term of respective customer contract, unless it represents a separately unidentifiable service and satisfies the criteria for upfront recognition in statement of profit or loss.

##### *(d) Rental income*

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

##### *(e) Contract revenue*

Contract revenue from construction of building facades, installation and erection of heavy machineries and steel fabrication is measured at the transaction price agreed under the contract. Revenue is recognised over time based on the cost-to cost method. The related costs are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities.

##### *(f) Dividend income*

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

#### 44.3 Government grant

Government grant is initially recognized at fair value when there is a reasonable assurance that:

- (a) the Group will comply with the conditions associated to them; and*
- (b) the grants will be received.*

Government grant that compensates the Group for expenses incurred are recognized in profit or loss on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate. An unconditional government grant in the form of non-depreciable, non-monetary assets is recognized in profit or loss when the grant becomes receivable.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.4 Finance income and expense

The Group's finance income and expense comprises of the following:

- > interest income;
- > unwinding of discount on financial assets measured at amortized cost;
- > foreign exchange gains and losses on financial assets and liabilities;
- > interest expenses;
- > unwinding of discount on financial liabilities measured at amortized cost;
- > change in fair value of derivative financial instruments; and
- > bank charges

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized as expense in profit or loss using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. The capitalization of borrowing costs commences from the date of incurring of expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to real estate development for sale is accounted for as a finance cost in the consolidated statement of comprehensive income. Borrowing costs relating to the period after acquisition, construction or production are expensed. Capitalization of borrowing costs is suspended during the extended period in which the active development of a qualifying asset has ceased.

Foreign currency gain or losses are represented on a net basis either as finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

#### 44.5 Property, plant and equipment

##### *(a) Recognition and measurement*

The Group's property, plant and equipment are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Land is not depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

##### *(b) Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in profit or loss to the extent the gain reverses a previous impairment loss on the specific property. Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the comprehensive income relating to the specific property, with any remaining loss recognized immediately in profit or loss.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.5 Property, plant and equipment *(continued)*

##### *(c) Subsequent costs*

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of day-to-day servicing of property, plant and equipment is expensed as incurred.

##### *(d) Depreciation*

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component, since this mostly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	<b>Years</b>
Buildings	15 - 33
Plant and equipments	3 - 50
Office equipment and furniture	3 - 10
Motor vehicles	3 - 7

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

##### *(e) Leased assets*

Leases in terms of which the Group assumes all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease is stated at an amount equal to the lesser of the asset's fair value and the present value of the minimum lease payment at inception of the lease, less accumulated depreciation and impairment losses (if any).

#### 44.6 Intangible assets

##### *(a) Subsequent measurement*

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses.

##### *(b) Other intangible assets*

Other intangible assets including technical know-how, product registration certificates, licenses and patents and trademarks and customer contracts that have finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses. These are amortized as per management's estimate of their useful life, which is between 5 to 39 years.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.6 Intangible assets *(continued)*

##### *(c) Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### 44.7 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administration purposes. Where the Group provides ancillary services to the co-occupants of a property, it treats such a property as investment property if the services are a relatively insignificant component in the arrangement as a whole.

An investment property is measured at cost on initial recognition and subsequently at fair value with any changes therein are recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

The fair value adjustments on investment properties are included in profit or loss as investment returns in the period in which these gains or losses arise. In determining the carrying amount of investment properties, the Group does not double count assets or liabilities that have already been recognized as separate assets or liabilities.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) is recognized in profit or loss.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.8 Inventories

Inventories comprise finished goods, raw materials, work-in-progress, spares and properties under development/held for sale.

##### *(a) Finished goods, raw materials, work-in-progress and spares*

Inventories are measured at lower of cost and net realizable value. The cost of raw materials and spares are based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Finished goods are stated at cost of raw material and also include an appropriate proportion of overheads. Work-in-progress is stated at cost of raw materials and directly attributable overheads. Net realizable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

##### *(b) Properties under development/held for sale*

Properties under development/held for sale are classified as inventories and stated at the lower of cost and net realizable value. Cost includes the aggregate cost of development and other direct expenses. Net realizable value is estimated by the management, taking into account the expected price which can be ultimately achieved, based on prevailing market conditions and the anticipated costs to completion.

The amount of any write down of properties under development/held for sale is recognized as an expense in the period the write down or loss occurs. Any reversal of write down arising from an increase in net realizable value is recognized in profit or loss in the period in which the increase occurs.

#### 44.9 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at contract cost incurred plus profits recognized to date less progress billing and less recognized losses. Construction work-in-progress is presented as part of other receivables in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as part of other payables in the statement of financial position.

#### 44.10 Financial instruments

##### *(a) Non-derivative financial assets*

The Group initially recognizes financial assets on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The Group subsequently measures financial assets at either amortized cost or fair value.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction when substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial asset that is created or retained by the Group is recognized as a separate asset or liability.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.10 Financial instruments *(continued)*

##### *(a) Non-derivative financial assets (continued)*

##### *(i) Financial assets measured at fair value*

A financial asset is subsequently measured at amortized cost using the effective interest method and net of any impairment loss, if:

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

Financial assets measured at amortized cost comprise trade receivables, due from related parties, other receivables, cash and cash equivalents, rent receivables and finance lease receivables.

Financial assets other than those classified as financial assets measured at amortized cost are subsequently measured at fair value with all changes in fair value recognized in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses in other comprehensive income on an instrument by instrument basis. For instruments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss and no impairments are recognized in profit or loss.

Dividends earned from such investments are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash and bank balances and fixed deposits (with maturity of less than three months). Bank overdrafts, trust receipts and bills discounted that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

##### *(b) Non-derivative financial liabilities*

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they originated. All other financial liabilities (including liabilities designated as fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial liabilities comprise loans and borrowings, sukuk notes and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.11 Foreign currency

##### *(a) Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

##### *(b) Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to AED at the average exchange rates for current year.

Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests. When the Group disposes of only part of its interest in joint venture or an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### 44.12 Trade payables and provisions

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions are recognised when the Group 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 a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

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 in the consolidated statement of comprehensive income within 'finance costs'.

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.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.13 Impairment

##### *(a) Non-derivative financial assets*

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, economic conditions that correlated with defaults, adverse changes in the payment status of borrower or issuer, the disappearance of an active market for a security, or observable data indicating that there is a measurable decrease in expected cash flows for a group of financial assets.

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for specific impairment. Those found individually not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the related amount are written off. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *(b) Equity-accounted investees*

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

##### *(c) Non-financial assets*

At each reporting date, the Group reviews the carrying amounts of the Group's non-financial assets (other than investment properties, development properties and inventories) to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have indefinite useful lives or that are not available for use are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU's. Goodwill arising from business combination is allocated to CGU or group of CGU's that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or its cash generating unit (CGU) exceeds its estimated recoverable amount.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.13 Impairment *(continued)*

##### *(d) Non-financial assets (continued)*

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment losses, other than in respect of goodwill is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### 44.14 Staff terminal benefits

A provision is made, using actuarial techniques, for the end service benefits due to employees in accordance with the UAE Labour Law for their years of service up to balance sheet date.

Furthermore, in accordance with Federal Labour Law No.7 of 1999 for pension and social security, employers are required to contribute 12.5% of the 'contribution calculated on salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculated on salary' to the scheme. The Group's contribution is recognized as an expense in profit or loss as incurred. The employees and employers' contribution, to the extent remaining unpaid at the reporting date, has been shown under other liabilities.

#### 44.15 Leases

At inception of a contract, the Group 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 identified asset 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, the Group assesses whether:

- > the contract involved 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;
- > the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- > the Group has the right to direct the use of the asset. The Group has the 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 all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
  - > the Group has the right to operate the asset; or
  - > the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.15 Leases *(continued)*

##### *As a lessee*

The Group 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 any initial direct costs incurred and 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-to-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, 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, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discounted rate.

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

- > 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 the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or terminate option.

Lease liability is subsequently increased by the finance costs on the lease liability and decreased by lease payments made.

Each lease payment is allocated between the liability and finance cost. The finance costs is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-to-use assets that do not meet the definition of investment property in 'right-of-use'.

# Dubai Investments PJSC and its subsidiaries

## Notes to the consolidated financial statements for the year ended 31 December 2020 *(continued)*

### 44. Significant accounting policies *(continued)*

#### 44.15 Leases *(continued)*

##### *As a lessee (continued)*

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal and termination options (note 4). The assessment of whether the Group is reasonably certain to exercise such options impacts lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

##### *Short-term leases and leases of low-value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of vehicle that have a lease term of 12 months or less and leases of low-value assets, including office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### *Variable lease payments*

The Group leases land from the Government of Dubai for a period of 99 years. The Group was exempted to pay the lease rentals for the first ten years and thereafter, starting 1 February 2009, rental payments that are based on variable payment terms being 20% of the share of realised profit is payable to the Government of Dubai. As the lease payments are variable, no lease liability has been recognised for this lease. The Group has recognized the right-of-use asset as an investment property and is being carried at fair value in line with its accounting policy.

##### *As a lessor*

When the Group acts as a lessor, it determines at the lease commencement whether each lease is a finance lease or an operating lease. To classify each lease the Group makes an overall assessment of whether the lease transfer to the lessee substantially all of the risk and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance leases; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for major part of the economic life of the asset.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Revenue'.

#### 44.16 Earnings per share

The Group presents basic earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. Weighted average number of shares outstanding is retrospectively adjusted to include the effect of any increase in the number of shares without a corresponding change in resources.

#### 44.17 Segment reporting

Segment results that are reported to the Board of Directors (Chief Operating Decision Maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.





ANNUAL CORPORATE  
GOVERNANCE REPORT  
2020

## 1. Corporate Governance Practices

Dubai Investments PJSC (DI), a leading Middle East investment and a public joint stock company listed on the Dubai Financial Market (DFM) celebrated its silver jubilee anniversary, marking 25 years of investments in the region. Following the footsteps of Dubai and its visionary leadership, Dubai Investments did not only strive in what was seemingly an uncharted territory, it successfully thrived in bringing the Company to where it is today - a reputed first-of-its-kind general investment public joint stock Company in the United Arab Emirates (UAE) with a wide portfolio of sustainable and profitable investments.

Over the last 25 years, Dubai Investments has significantly raised shareholder and investor value through sound and visionary policies for establishing strategic investments, executing successful acquisitions and profitable divestments. Focusing on diversified investments by engaging in prudent investments, targeting diverse sectors and strategically focused investments and services both locally and internationally, form part of the Company’s long-term goals.

Creating synergy and integration among varied businesses in real estate, manufacturing and industrial, healthcare, education, information technology and financial investments, totaling 35 subsidiaries, Dubai Investments is a diversified company operating in different market segments and geographies.

Dubai Investments is directly contributing to the fulfilment of the Sustainable Development Goals (SDG’s) providing a roadmap of measures and commitments facilitating alignment with the accomplishment of the SDGs. Dubai Investments has also actively supported the fulfilment of the UAE Vision 2021 by aligning its corporate strategy and initiatives with the six national priorities of the UAE Vision 2021 which aims to make the UAE among the best countries in the world by the Golden Jubilee of the Union.

Through its wide range of businesses and investments, Dubai Investments has been contributing to society through its seven key pillars of sustainability: **A Company with Integrity, Amplifying Economic Impacts, Operating Responsibly, Protecting Natural Resources, having a Strong Workforce, maintaining, and developing Valuable Relationships, and Supporting our Communities.** Dubai Investments continuously strive to adopt programmes and initiatives in line with the objectives earmarked under each pillar.

Dubai Investments conducts its business with utmost transparency, accountability, and integrity. We aim to maintain the highest standards of corporate governance, and work continuously to eliminate any form of corruption, financial crime, while protecting human rights.

At Dubai Investments, the relationship with our stakeholders directly impacts our ability to perform sustainably and our long-term growth strategy. We understand stakeholder interests evolve over time. We continue to engage with our key stakeholders as a part of our reporting process and overall strategic planning. Such engagement with our stakeholders has helped us to refine and reconfirm our focus areas. These inputs are influential in validating our key risks and opportunities, designing our programmes and enhancing our communication strategies including this report. Our key stakeholder groups include:



The feedback from stakeholders is used by the Board of Directors (“the Board”) to determine its business strategy. The Board is the authority that enjoys all the powers required for carrying out Dubai Investment’s business, except those reserved for the General Assembly. Details on the Board of Directors are provided in Section (3).

The Corporate Governance process at Dubai Investments encompasses a system of checks and balances and this is provided by the External Auditor, Committees of Non-executive Board members and the Internal Control Systems as set out in Section (9).

Dubai Investments will channelize its resources towards investments in youth, artificial intelligence and sustainability, identified as the three major pillars governing the company's investments and businesses in the future. These pillars will lead Dubai Investment's responsible investments across various sectors, constituting future value-adds and will continue to diversify investments locally and internationally.

## 2. Ownership and Transactions by Board Members

All Board members have acknowledged that they, their spouses, and their children have not traded in the Company's securities during 2020 (after being elected as Board members).

Sr. No.	Name/ Relationship	Title	Number of Shares as on 31/12/2020	Total Sell	Total Buy
1	Mr. Abdulrahman Ghanem A. Al Mutaiwee	Chairman	Nil	Nil	Nil
2	Mr. Khalid Jassim Mohamed Bin Kalban	Vice Chairman and Chief Executive Officer	2,532,222	Nil	Nil
	Spouse	-	117,525	Nil	Nil
3	Mr. Ali Fardan Ali Al Fardan	Director	105,000	Nil	Nil
4	Mr. Mohamed Saif Darwish Ahmed Al Ketbi	Director	216,605,337	Nil	Nil
	Spouse	-	105,000	Nil	Nil
5	Mr. Khaled Mohammad Ali Al Kamda	Director	Nil	Nil	Nil
	Spouse	-	68,862	Nil	Nil
	Son	-	93,733	Nil	Nil
	Daughter	-	68,862	Nil	Nil
6	Mr. Hussain Nasser Ahmed Lootah	Director	6,958,066	Nil	Nil
	Daughter	-	22,260	Nil	Nil
7	Mr. Abdulrahman Mohamed Rashed Al Shared	Director	10,000	Nil	Nil

Note: Mr. Hussain Nasser Ahmed Lootah and Mr. Abdulrahman Mohamed Rashed Al Shared were elected to the Company Board of Directors at the Annual General Assembly Meeting held on 3<sup>rd</sup> June 2020.

## 3. Board of Directors

### (a) Board of Directors Composition

The Board comprises 6 (six) independent and non-executive Directors and the Vice-Chairman & CEO who were unanimously elected by the shareholders for a period of three years during the Annual General Meeting held on June, 3<sup>rd</sup> 2020.

All of the Directors are UAE nationals with requisite skills and expertise.

## Biography of the Board Members

The Board Members' experience, skills and other noteworthy offices held in publicly listed entities and Government corporations are detailed below:

Key to Committees	
AC	Audit Committee
NRC	Nomination and Rewards Committee
RC	Risk Committee
○	Committee Chairman



### Mr. Abdulrahman Ghanem A. Al Mutaiwee

INDEPENDENT

**Chairman of the Board since June 2020 and Member for the last 4 years.**

Mr. Abdulrahman Ghanem A. Al Mutaiwee is a high-ranking diplomat and has held senior management positions in various ministries and government establishments. He has also served as the Ambassador of the UAE to the United Kingdom and Iceland and also Director in the Ministry of Foreign Affairs and International Cooperation in Dubai. He holds a Bachelor's Degree in Economics from Cairo University and Diploma in Banking and Financial Studies from New York.

### Mr. Khalid Jassim Mohamed Bin Kalban

**Vice Chairman and Chief Executive Officer of DI. Board Member for the last 23 years.**

Mr. Khalid Bin Kalban has extensive experience in manufacturing & industrial sectors as well as financial, investment and real estate sectors. He holds a degree in Business Management from USA and is a Management Major from Metropolitan State College, USA. He currently holds the following positions:

- > Chairman of Al Mal Capital PSC
- > Board Member of National General Insurance PJSC
- > Board Member of Arcapita Investment Management B.S.C. (c) – Bahrain
- > Board Member of Ajman Bank PJSC



### Mr. Ali Fardan Ali Al Fardan

INDEPENDENT

NRC AC

**Board Member for the last 19 years.**

Mr. Ali Fardan Ali Al Fardan has significant experience in Real Estate Management, Property Investments, Capital Investment Management and Hospitality Management. He holds a Bachelor of Science in Management and Information System. He currently holds the following positions:

- > Vice Chairman of Al Fardan Group
- > Managing Director of Al Fardan Real Estate
- > CEO of First Investor LLC
- > Board Member of Al Mal Capital PSC
- > Board Member of Commercial Bank of Dubai PJSC

### Mr. Mohamed Saif Darwish Ahmed Al Ketbi

INDEPENDENT

AC RC



#### Board Member for the last 11 years.

Mr. Mohamed Al Ketbi has experience in Investments & Projects, Real Estate and Hospitality Sectors. He holds a Bachelor Degree in Business Administration majoring in Business Management. He currently holds the following positions:

- > Board Member of AHI Carrier FZC
- > Vice Chairman of Danat El Emarat Hospital Project
- > Director – Investment & Business Development, Darwish Bin Ahmed & Sons LLC
- > Board Member of Al Mal Capital PSC



### Mr. Khaled Mohammad Ali Al Kamda

INDEPENDENT

AC

#### Board Member for the last 4 years.

Mr. Khaled Al Kamda has over three decades of senior management experience across a number of sectors including airlines, private equity and banking and has also held senior management positions in government establishments. He holds a Bachelor's Degree in Electrical Engineering from Florida Institute of Technology, USA and a MBA Degree from Cranfield School of Management, England.

### Mr. Hussain Nasser Ahmed Lootah

INDEPENDENT

RC NRC



#### Board Member Joined since June 2020.

Mr. Hussain Nasser Lootah is a prominent business figure in the UAE, holding, throughout his career, chairmanship and membership of several government committees. Among several key positions held by him, included his association with Dubai Municipality for over 30 years, culminating in his 12 years tenure as the Director General of Dubai Municipality till the year 2018. He also played a prominent role in establishing the Society of Engineers where he chaired its board for 4 years. Currently he is the Chairman of Hussain Lootah Group (HLG). He holds a degree in Civil Engineering from the University of Arizona.



### Mr. Abdulrahman Mohamed Rashed Al Shared

INDEPENDENT

NRC RC

#### Board Member Joined since June 2020.

Mr. Abdulrahman Mohamed Rashed AlShared is a well-known businessman and a former government official in Dubai Municipality. He has held senior level positions across several sectors. He was previously employed as a Secretary General by Awqaf & Minors Affairs Foundation. In addition to being the founder of Mai Real Estates, he is a Board member across various entities. He holds a Master's Degree in Environmental Sciences.

#### (b) & (c) Women Representation on the Board

Whilst there is presently no woman representation on the Board, it may be noted that DI had 5 women candidates for the Board elections held in June 2020.

DI strongly believes in encouraging women's participation in all levels of the business and presently women comprise 22% of the Executive Management team.

#### (d) Board Remuneration

1. The shareholders had approved the Board of Directors remuneration amounting to AED 10.5 Mn (AED Ten million five hundred thousand) for the year 2019.
2. The Nomination & Rewards Committee and the Board of Directors have recommended an amount of AED10.5 Mn (AED Ten million five hundred thousand) as remuneration for Board of Directors for the year 2020. However, the same is subject to shareholders' approval at the forthcoming Annual General Meeting.
3. The total fixed allowances for Board committee meetings for the year is as follows:

Sr. No.	Name	Allowances for Attending the Board Committee Meetings		
		Committee Name	Value of Allowances (AED)	Meetings Attended
1	Mr. Hussain Mahyoob Sultan Al Junaidy	Audit Committee	60,000	1
		Nomination and Rewards Committee	70,000	2
2	Mr. Abdulrahman Ghanem A. Al Mutaiwee	Nomination and Rewards Committee	70,000	2
3	Mr. Ali Fardan Ali Al Fardan	Audit Committee	140,000	4
		Nomination & Rewards Committee	140,000	4
4	Mr. Mohamed Saif Darwish Ahmed Al Ketbi	Audit Committee	140,000	4
		Nomination & Rewards Committee	130,000	3
5	Mr. Hussain Nasser Ahmed Lootah	Nomination & Rewards Committee	70,000	2
6	Mr. Abdulrahman Mohamed Rashed Al Shared	Audit Committee	70,000	2
		Nomination and Rewards Committee	60,000	1
7	Mr. Khaled Mohammad Ali Al Kamda	Audit Committee	140,000	4
		Nomination and Rewards Committee	60,000	1

During 2020, no additional allowances, salaries, or fees, other than what is stated in this Report, were paid to any member of the Board of Directors.

#### (e) Board Meetings

The Board of Directors convened six times during 2020, as follows:

Sr. No.	Date of Board Meeting	Number of Attendees	Proxy	Names of Absent Directors
1	11 <sup>th</sup> March 2020	7	None	None
2	26 <sup>th</sup> April 2020	7	None	None
3	3 <sup>rd</sup> June 2020	7	None	None
4	29 <sup>th</sup> July 2020	7	None	None
5	2 <sup>nd</sup> November 2020	7	None	None
6	17 <sup>th</sup> December 2020	7	None	None

**(f) Number of Board of Directors Resolution by circulation issued during the financial year 2020 showing the dates**

No Circular Resolutions were approved by the Board during the year 2020.

**(g) Board Duties and Delegation to Executive Management**

The powers reserved for the Board of Directors have been explicitly stated in the Board Charter in compliance with legislations and regulations inter alia, the Companies Law 2/2015 and its amendments, Chairman Resolution No (3/ RM) of 2020 and the Articles of Association of the Company.

Detailed job descriptions are provided for each member of the Executive Management. During 2020 the Board did not delegate any of its reserved powers to the Executive Management.

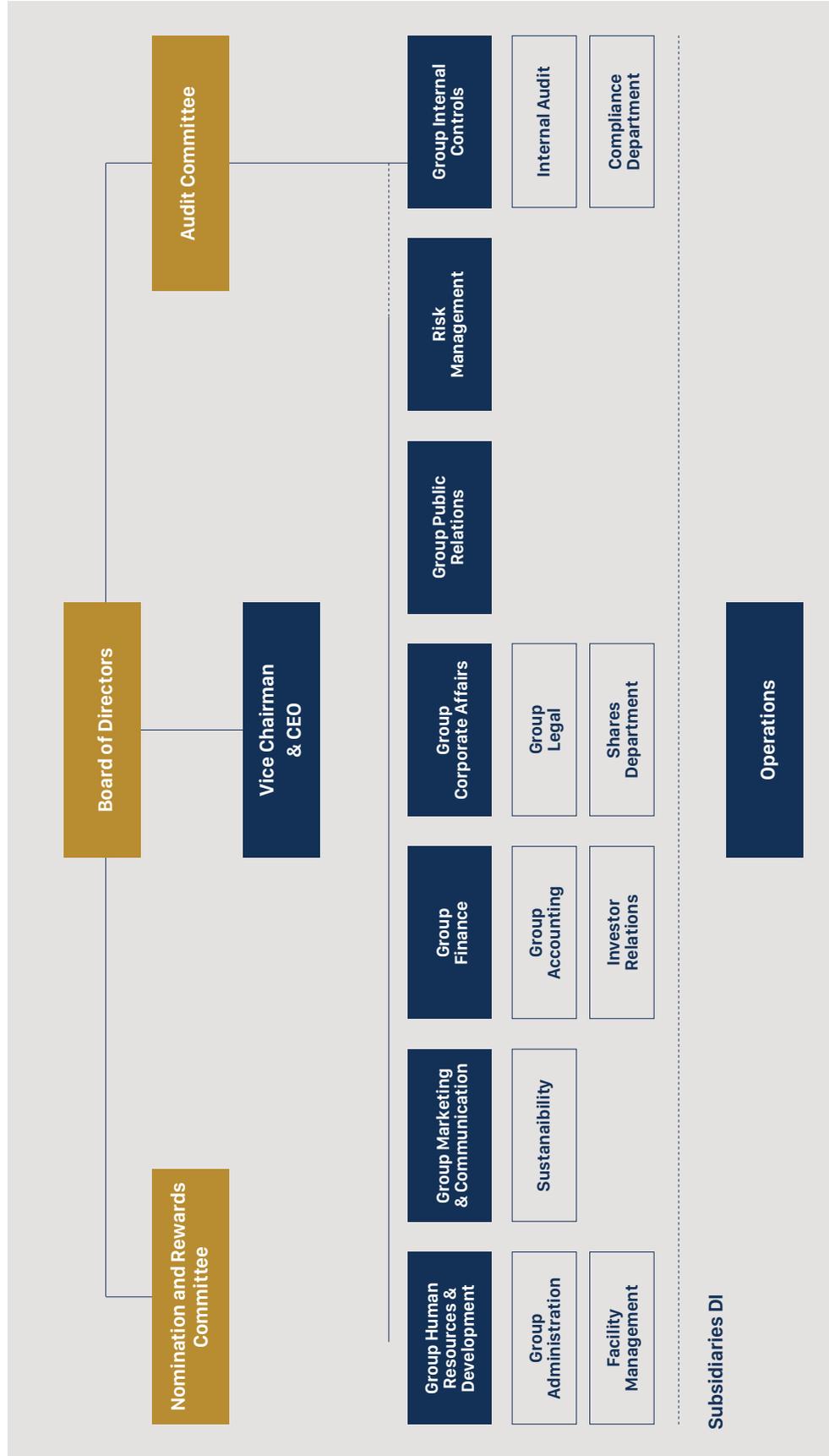
**(h) Transactions with Related Parties**

i) A statement of the details of transactions made with the Related Parties (stakeholders) during 2020 are as follows.

Sr. No.	Company	Name of the related parties	Nature of relationship	Transaction Value (AED)	Type of transaction
1	Properties Investments	Mr.Ahmed Ya Abusalim	Employee	131,300	Rent for lease of Town House GC3
2	Dubai Investment Real Estate	Mr. Abdulrahman Ghanem A. Al Mutaiwee	Chairman – DI	85,000	Rent for lease of apartment in Mirdiff Hills
3	Properties Investments	Ms. Eman Lutfi Rabie	Employee	90,250	Rent for lease of apartment GC3
4	Al Mal Capital	Mr.Mohamed Saif Darwish Al Ketbi	Director - DI	38,000	Subscription fees, custody Fees and Interest charges
5	Dubai Investment Real Estate	Mr. Taha Muallim	Employee	41,000	Rent for Lease of apartment at Al Mozna
6	Dubai Investment Real Estate	Mr. Saleh Omran	Employee	45,000	Rent for Lease of apartment at Al Mozna
7	Dubai Investment Real Estate	Mr. Alaa El Din Mohammed	Employee	37,000	Rent for lease of apartment at Al Mozna

ii) There were NO Related Party transactions equal to 5% or more of the Company's Capital during the year 2020.

(i) Organisation Structure of the Company



### (j) Executive Management

The Vice-Chairman & CEO has been appointed by the Board of Directors to oversee the day-to-day operations of the Company and together with the executive management team they effectively implement the Board's vision, mission and strategic initiatives.

Remuneration paid by the Company to Executive Management in 2020 is tabulated below:

Sr. No.	Designation	Date of appointment	Total Annual Salary Paid (AED)*	Total Annual Bonus Paid (AED)**	Any Other Cash or Non Cash Rewards in 2020 or which shall be due in the future***
1	Vice Chairman and Chief Executive Officer	Jul 01, 1995	4,747,087	5,250,000	***
2	CEO- Industrial Platform & Chief Risk Officer	Mar 01, 1998	2,442,626	600,000	***
3	Group Chief Financial Officer	Jan 02, 2008	1,419,146	300,000	***
4	Chief Operating Officer	Sep 09, 2015	1,573,538	180,000	***
5	Chief Corporate Affairs Officer	May 01, 2005	1,047,822	200,000	***
6	Chief Internal Controls Officer	Oct 03, 2005	1,035,032	200,000	***
7	Chief Human Resources and Administration Officer	Nov 01, 2012	1,001,824	150,000	***
8	Group Marketing & Communication Manager	Oct 01, 2004	743,204	126,000	***
9	Group Public Relations Manager	Sept 01, 2004	630,696	98,175	***

**Note:**

\* Includes allowances, general pension and social security

\*\* Paid in 2020 pertaining to 2019

\*\*\* Bonus for the year 2020 have not been declared as of the date of this Report.

## 4. External Auditor

### (a) Brief on External auditor

PricewaterhouseCoopers (PwC) was appointed as the Company's external auditor for the year 2020 by DI Shareholders at the Annual General Meeting held on 3<sup>rd</sup> June 2020.

PwC is a network of firms in 155 countries with over 284,258 people providing assurance, advisory and tax services. Established in the Middle East for 40 years, PwC has 22 offices across 12 countries in the region with around 6,390 people.

**(b) Professional fees of the external auditor for 2020 were as follows:**

Name of Auditing Firm and Name of Audit Partner	PricewaterhouseCoopers (PwC) Mr. Rashid Khursheed
Number of years served as an External Auditor for the Company	3 years
Number of years served as an Audit Partner for the Company	3 years
Total fees for auditing for 2020 (in AED)	AED 408,100
The fees and costs of the special services other than the auditing of the financial statements in 2020 (in AED)	AED 67,122.50
The details and nature of other services provided	Other services relate to reporting required by SCA on unclaimed dividends and fees for review of subsidiary auditors reporting
Other services performed by an External Auditor other than the Company's External Auditor in 2020.	Name of Auditor: KPMG Nature of Services provided: IT and digital services related to sustainability reporting, Economic substance compliance and VAT advisory - AED 890,671

Additionally, PwC and other auditors have been appointed as External Auditors by DI's subsidiaries for which fees have been agreed separately by the relevant subsidiaries.

**(c) External Auditors' opinion**

The External Auditor has not qualified its opinion on DI 2020 interim or annual consolidated financial statements.

**5. Audit Committee (AC)**

The Roles and Responsibilities of the Audit Committee inter alia include:

- > *Review the annual and quarterly Financial Statements;*
- > *Review the effectiveness of the Internal Control Over Financial Reporting;*
- > *Review of Related Party transactions, managing conflict of interests, and submitting recommendations concerning such transactions to the Board;*
- > *Review the adequacy of insurance coverage and legal dispute status*
- > *Review Internal Control reports and following up the implementation of corrective measures and*
- > *Review and assessment of Internal Control and Risk management system.*

To provide independence from management, all members of the Audit Committee are Non-Executive and the Chairman of the Board is not a member of the Audit Committee. Mr. Khaled Mohamed Ali Al Kamda was nominated as the financial expert on the Audit Committee in line with SCA requirements and also serves as the Chairman of the Audit Committee. Notably, the Audit Committee has unrestricted access to the records of the Company and can seek expert advice if required.

The Audit Committee convened four times during 2020 on 11<sup>th</sup> March, 29<sup>th</sup> July, 2<sup>nd</sup> November and 17<sup>th</sup> December 2020 and the following table summarizes the members and their attendance:

Sr. No.	Name	Title	Meetings attended
1	Mr. Hussain Mahyoob Sultan Al Junaidy *	Chairman	1
2	Mr. Khaled Mohamed Ali Al Kamda	Chairman***	4
3	Mr. Ali Fardan Ali Al Fardan	Member	4
4	Mr. Mohamed Saif Darwish Ahmed Al Ketbi	Member	4
5	Mr. Abdulrahman Mohamed Rashed Al Shared**	Member	2

Note:

\* ceased to be member of the Committee after June 2020

\*\* ceased to be member after the Committee was restructured on 2<sup>nd</sup> November 2020

\*\*\* elected as Chairman with effect from 29<sup>th</sup> July 2020.

Mr. Khaled Mohamed Ali Al Kamda, the Audit Committee Chairman, declares his responsibility for the Committee's system in the Company and that he has reviewed the mechanism of its work and that he has ensured its effectiveness.

## 6. Nomination & Rewards Committee (NRC)

The Roles and Responsibilities of the Nomination & Rewards committee inter alia include:

- > Verify the independence of the Board members by means of a Declaration of Independence form which was completed and signed by each independent member;
- > Review and approve the Human Resources policies;
- > Annually review the Board's Self-Evaluation forms and Board Members' Self-Assessments forms;
- > Promote gender diversity at Board, Executive management and staff level and annually review the Emiratisation activities being undertaken by the Company
- > Review annually the ongoing suitability of the Company's policy for remuneration and benefits for the Company's Board of Directors and Executive Management.

To provide independence from management, all members of the Nomination and Rewards Committee are Non-Executive and the Chairman of the Board is not a member of the Committee. Mr. Ali Fardan Ali Al Fardan serves as the Chairman of the Nomination and Rewards Committee.

The Nomination and Rewards Committee convened four times in 2020 on 11<sup>th</sup> March, 28<sup>th</sup> May, 29<sup>th</sup> July and 17<sup>th</sup> December 2020 and the following table summarizes the members and their attendance:

Sr. No.	Name	Title	Meetings attended
1	Mr. Ali Fardan Ali Al Fardan	Chairman	4
2	Mr. Mohamed Saif Darwish Ahmed Al Ketbi**	Member	3
3	Mr. Hussain Mahyoob Sultan Al Junaidy*	Member	2
4	Mr. Abdulrahman Ghanem A. Al Mutaiwee*	Member	2
5	Mr. Hussain Nasser Ahmed Lootah	Member	2
6	Mr. Abdulrahman Mohamed Rashed Al Shared***	Member	1
7	Mr. Khaled Mohamed Ali Al Kamda**	Member	1

Note:

\* ceased to be Committee member after June 2020

\*\* ceased to be member after the Committee was restructured on 2<sup>nd</sup> November 2020

\*\*\* nominated as member of the Committee after restructuring on 2<sup>nd</sup> November 2020

Mr. Ali Fardan Ali Al Fardan, the Nomination and Rewards Committee Chairman, declares his responsibility for the Committee's system in the Company and that he has reviewed the mechanism of its work and that he has ensured its effectiveness.

## 7. Committee for Management and Supervision of Insiders' Trading

The Insider Trading Supervision Committee (ITSC) performs the following functions as detailed in its Charter:

- > *Management, follow-up and supervision of insiders' trading and their shareholding in DI shares;*
- > *Maintaining a special and comprehensive register for all insiders, including persons who could be considered as insiders on a temporary basis and who are entitled to or have access to inside information of the Company prior to publication. The record also includes details of initial declaration and subsequent updates on the trades by insiders and their shareholding; and*
- > *Submitting statements and reports to the Market, as required.*

The ITSC convened four (4) meetings during 2020 on 12<sup>th</sup> February, 7<sup>th</sup> May, 28<sup>th</sup> July and 28<sup>th</sup> October 2020 and the following table summarizes the members and their attendance:

Sr. No.	Name	Title	Meetings attended
1	Mr. Abdulaziz Bin Yagub AlSerkal	Chairman	4
2	Mr. Mushtaq Masood	Member	4
3	Mr. Kurian Chacko	Member	4

Mr. Abdulaziz Bin Yagub AlSerkal, the ITSC Chairman, declares his responsibility for the Committee's system in the Company and that he has reviewed the mechanism of its work and that he has ensured its effectiveness.

## 8. Other committees approved by the Board of Directors

### Risk Committee

The Board constituted the Risk Committee in November 2020 and will hold its first meeting in 2021.

## 9. Internal Controls System

- (a) The Board of Directors acknowledges that it has overall responsibility for ensuring the effectiveness of the internal control system. The Board of Directors receives reports quarterly from the Audit Committee on developments regarding the Group Internal Audit, Risk Management and Compliance functions. Based upon these reports, and other feedback, the Audit Committee and Board direct the Executive Management to take appropriate action to result in effective and efficient operations, accurate financial reporting and compliance with laws and regulations.
- (b) The Chief Internal Controls Officer is Mr. Saderuddin Panakkat, a Chartered Accountant and a MBA holder, appointed on 3<sup>rd</sup> October 2005. He reports to the Audit Committee.
- (c) The Compliance Officer is Mr. Mohamed El Sahwi, a Certified Management Accountant, who was appointed as the Compliance Manager on 6<sup>th</sup> September 2015.
- (d) The Board is pleased to confirm to its stakeholders that in line with Article 68 of Chairman Resolution No (3/RM) of 2020, the Board has conducted its annual review of the efficiency of the Internal Control System and concluded that no material internal control breaches were recorded in 2020 requiring disclosure in a Report or to the Market.
- (e) Number of Reports – Four (4) periodic reports were issued by Internal Controls Department to the Audit Committee during 2020.

## 10. Violations

To the best of knowledge of the Board and the Executive Management, **No Material violations were committed** during 2020 and DI is compliant with Chairman Resolution No (3/RM) of 2020 on Corporate Discipline and Governance Standards.

## 11. Contribution towards Society and Protection of the Environment

### Dubai Investments' Sustainability Approach

Implementing a sustainable approach is a fundamental commitment that will continue to be embedded in Dubai Investments, its strategies, and daily operations. As a Company we are committed to having an important role in supporting the United Nations Sustainable Development Goals 2030 and the UAE Vision 2021. During 2020, DI contributed a total of approximately AED 1.46 million in more than 36 initiatives and supported various local and regional community initiatives.

Benefiting the Community	Protecting the Environment	Preserving UAE's Heritage & Culture	Social Awareness Campaigns
<ul style="list-style-type: none"> <li>&gt; Supported Emirates Society of Elderly to provide physiotherapy equipment.</li> <li>&gt; Supported Education Uninterrupted program by Dubai Cares to provide devices to needy children to continue their online education.</li> <li>&gt; Distributed immunity boosting multivitamins to front line workers of DI subsidiary companies.</li> <li>&gt; Supported 10 Million Meals initiative of the UAE Government to supply meals to the people in need.</li> <li>&gt; Supported Al Noor Centre through Support a Classroom program.</li> <li>&gt; Provided 15 laptops to needy children for online learning through Fujairah Charity Association.</li> <li>&gt; Distributed 2000 meals in labour camps through Beit Al Khair in Ramadan.</li> <li>&gt; Supported Rawafed Centre for buying Eid clothes for 50 orphan children.</li> <li>&gt; Sponsored cancer treatment of children through Children's Cancer Centre of Lebanon.</li> <li>&gt; Supported families suffering due to the impact of coronavirus through Saeed Association.</li> <li>&gt; Sponsored training and rehabilitation of special needs students of Al Hadaf Centre.</li> <li>&gt; Provided educational sponsorships to school students.</li> <li>&gt; Supported the medical treatment and physiotherapy of a child suffering from neuro disorder.</li> <li>&gt; Aid in the form of glass and medical supplies was sent to Lebanon through Red Crescent after the Beirut blast.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; DI organized an e-waste collection drive within Dubai Investments Park in 4 locations which collected 250 kgs of e-waste.</li> <li>&gt; 30 DI employees volunteered in the Clean up UAE campaign and collection of 3.5 tons of recyclable waste was done at Dubai Investments Park.</li> <li>&gt; LED streetlights were installed in Emirates Float Glass premises which will result in 52,560 kWh energy saving for the full year.</li> <li>&gt; Emicool electric car fleet helps drop CO2 emissions by 135.5 tons, maintenance cost by 48%.</li> <li>&gt; Emirates Insoilaire installed solar panels at DEWA Innovation Centre to generate more than 360,000 kWh electricity annually.</li> <li>&gt; DI participated in the Global Earth Hour initiative by switching off lights for an hour.</li> <li>&gt; 22,300 trees and shrubs and 100,000 square meters of grass was planted in DIP vicinity.</li> <li>&gt; DI marked the Earth Day and Environment Day by creating awareness through social media messages.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Organized flag hoisting ceremony to mark UAE's Flag Day. National Day was marked with social media messages.</li> </ul> <div data-bbox="815 862 1110 936" style="background-color: #c08040; color: white; text-align: center; padding: 5px; font-weight: bold;">Supporting Youth Development</div> <ul style="list-style-type: none"> <li>&gt; The Acting on Plastic waste competition closure was announced and certificates and prizes were awarded to the winning teams.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Organized recreational play and entertainment program with ADWAR Centre for refugee children and children of determination from Awladouna Centre.</li> <li>&gt; Online wellness session, fitness exercises and webinar for breast cancer and lifestyle management were organized for employees during work from home.</li> <li>&gt; DI employees participated in the month long Dubai Fitness Challenge.</li> </ul>

### COVID mitigation

- > COVID awareness campaign included posters and weekly newsletters in offices and communities.
- > Health and hygiene coaching, stress resilience and wellness training conducted for employees.
- > A Facebook page for employees was created to connect during the lockdown.
- > Dubai Investments gave 1000 packs consisting of sanitizer, masks, gloves, and wet wipes to needy families through Red Crescent.
- > Vitamin C and Panadol were procured and distributed in the COVID quarantine Centre.
- > 100,000 face masks were distributed in Dubai Investments Park labour camps to provide protection to the underprivileged from COVID-19 virus.
- > Dubai Investments Park carried out disinfection drives to supplement Dubai Municipality sterilization initiative.
- > Dubai Investments Real Estate dedicated an entire building in Dubai Investments Park to serve as a quarantine facility.

## 12. General Information

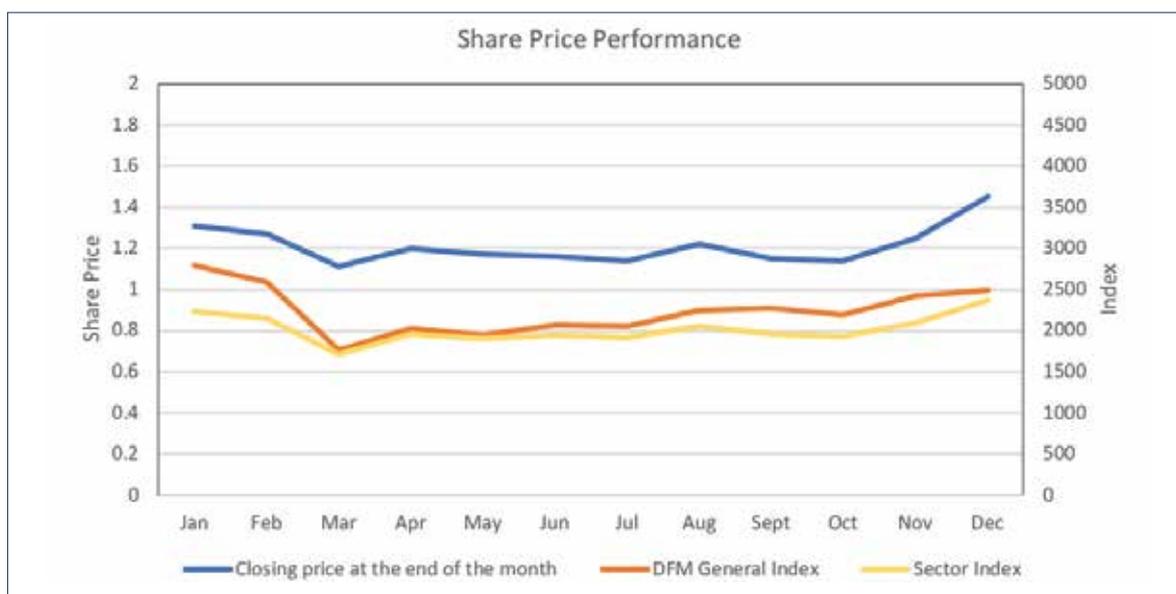
### (a) Share Price Movement

The Company's (Highest, Lowest and Closing) Share Price at the end of each month for the fiscal year ending on December 31, 2020 is given in the table below:

Month	Highest price during the month	Lowest price during the month	Closing price at the end of the month	DFM General Index	Index of financial investment sector
January	1.39	1.24	1.31	2790.42	2231.38
February	1.36	1.24	1.27	2590.00	2147.39
March	1.29	0.98	1.11	1771.31	1718.85
April	1.21	1.07	1.20	2026.61	1953.09
May	1.19	1.09	1.17	1945.09	1904.93
June	1.33	1.13	1.16	2065.28	1939.98
July	1.17	1.13	1.14	2050.77	1911.58
August	1.23	1.13	1.22	2245.29	2050.57
September	1.23	1.12	1.15	2273.48	1955.57
October	1.15	1.11	1.14	2187.86	1935.73
November	1.29	1.12	1.25	2419.60	2089.64
December	1.52	1.26	1.45	2491.97	2368.86

### (b) Comparative Share Price Performance

The graph depicted below indicates the performance of the Company Closing Share Price for 2020 against the DFM General Index and the Index of Financial Investment Sector for 2020.



### (c) Statement of Shareholders' Nationality

As on December 31, 2020, **4,252,019,585** shares were held by **16,325** shareholders. The shareholder mix is depicted in the table below:

Classification	% of Ownership				Total %
	Individuals	Companies	Governments & Institutions	Banks	
Local	52.36%	16.38%	18.28%	0.39%	87.41%
GCC	1.56%	1.39%	0.06%	0.19%	3.20%
Arab	2.25%	0.07%	0.00%	0.01%	2.33%
Foreign	1.14%	5.85%	0.00%	0.09%	7.08%
<b>Total</b>	<b>57.31%</b>	<b>23.69%</b>	<b>18.34%</b>	<b>0.68%</b>	<b>100%</b>

### (d) Top Shareholders

Shareholders who own 5% or more as on 31<sup>st</sup> December 2020 are as follows:

Sr. No.	Name	Number of owned shares	Percentage of the owned shares from the Company's capital
1	Investment Corporation of Dubai	490,615,372	11.54%
2	Al Fardan Real Estate	260,000,000	6.11%
3	Mr. Mohamed Saif Darwish Ahmed Al Ketbi	216,605,337	5.09%

### (e) Shareholding distribution

The distribution of shareholders by size of shareholding as on 31 December 2020, is as follows:

Sr. No.	Ownership of shares (number of shares)	Number of shareholders	Number of owned shares	Percentage of the shares held of the Company's capital
1	Less Than 50,000	11,999	212,374,913	4.99%
2	Between 50,000 and 500,000	3,690	507,581,907	11.94%
3	Between 500,000 and 5,000,000	536	799,456,007	18.80%
4	Greater than 5,000,000	100	2,732,606,758	64.27%
<b>Total</b>		<b>16,325</b>	<b>4,252,019,585</b>	<b>100 %</b>

### (f) Investor Relations

For the purposes of Article 51 of Chairman Resolution No (3/RM) of 2020, the officer in charge of investors' relations and shareholder communications for the Company is Mr. Maher Rabah, Investor Relations – Assistant Manager.

Contact details:

Tel +9714 8122400 | Mobile No: 0563877899 | Fax +9714 8122480

P.O. Box: 28171 Dubai | UAE

Email: IR@dubaiinvestments.com

Further information in relation to Investor Relations is available in the Investor Relations section of the Company's website which can be accessed at <http://www.dubaiinvestments.com/en/investor-relations/>

### (g) Special Resolutions

One special resolution was approved at the 24th Annual General Meeting held on 3rd June 2020 by the shareholders and the competent authorities, as follows:

#### Article (60)

#### Distribution of Annual Profits

#### After Amendment:

The net annual profits of the Company shall, after deduction of all general expenses and other costs, be distributed as follows:

- a. 10% shall be allotted to constitute statutory reserve account, and such deduction shall be ceased when the total reserve reaches an amount equivalent to 50% of the paid up capital of the Company. If this reserve becomes less than that, the deduction shall resume.
- b. The general assembly determines the percentage that shall be distributed to the shareholders from the net profits after deducting the statutory reserve, provided that if the net profits in one year do not allow the distribution of profits, it is not permissible to claim them from the profits of subsequent years.
- c. Ten percent (10%) maximum of net profit for the ended fiscal year shall be allocated after deduction of all depreciation and reserves as rewards for the Board of Directors. The Board of Directors shall recommend the rewards which shall be submitted for approval to the general assembly meeting. The fines imposed on the Company by SCA or the competent authority due to violations of the Board of Directors of the Companies Law or these Articles during the year shall be deducted from these rewards. The General Assembly may resolve not to deduct such penalties or part of it if it finds that such penalties are not due to any omission or error by the Board of Directors.
- d. The remaining amount of the net profit shall be distributed to the shareholders or be carried forward to the next year according to the board's proposal or be allotted to form extra voluntary reserve to be used for specific purposes and shall not be used for any other purposes other than by a resolution of the shareholders at a General Meeting.

### (h) Board Secretary

Mr. Kurian Chacko was appointed as Group Company Secretary at Dubai Investments PJSC on 22nd March 2009. He holds a B.Sc., Masters in Law (LLM) and completed ACS Intermediate. He has over 39 years' of experience in similar positions.

### (i) Significant Events

<b>Growth and Expansion</b>	<ul style="list-style-type: none"> <li>&gt; Dubai Investments celebrated 25<sup>th</sup> anniversary</li> <li>&gt; Dubai Investments signed agreement with Majid Al Futtaim to open Carrefour in Mirdif Hills</li> <li>&gt; Dubai Investments signed agreement with C1 India for procurement excellence in businesses</li> <li>&gt; Dubai Investments Real Estate handed-over new mixed-use tower in Al Barsha, Dubai</li> <li>&gt; Emicool operated cooling plant at Expo 2020 and energized 3 metro stations</li> <li>&gt; Emicool partnered with Siemens Demand Flow® Solution and saved energy at Al Jadaf District Cooling plant</li> <li>&gt; Emicool launched Command Control Centre and enabled remote control of plants</li> <li>&gt; Emicool joined as an active member of the first Association of District Cooling Operators</li> <li>&gt; Emicool revised fuel surcharge and implied compliance to Supreme Council of Energy regulation</li> <li>&gt; Dubai Investments Park completed 97% leasing and investments in excess of AED 42 bn over two decades</li> <li>&gt; Modul University Dubai conducted 2nd graduation ceremony</li> <li>&gt; Globalpharma launched UAE made hand sanitizer and facemasks under the brand "GP+"</li> <li>&gt; Emirates Building System provided steel for Dubai Municipality's Prosecution Building project</li> <li>&gt; University of Balamand Dubai added new accredited Psychology program</li> <li>&gt; Aquacool Metering strengthened integrated smart solutions portfolio with gas utility services</li> <li>&gt; Emirates Building Systems expanded business in Oman and provided 6000 MT steel for Duqm Project</li> <li>&gt; Dubai Cranes launched 8 new models of wire rope hoists designed for Middle East industries.</li> </ul>
<b>Recognition and Awards</b>	<ul style="list-style-type: none"> <li>&gt; Al Mal Capital PSC named 'UAE Asset Manager of the Year' at Mena Fund Manager Performance Awards for second year in a row.</li> </ul>
<b>Appointments</b>	<ul style="list-style-type: none"> <li>&gt; Mr. Saleem Raza appointed as General Manager of Emirates Float Glass.</li> </ul>

### (j) A statement of the transactions carried out by the Company with Related Parties during the year 2020 that are equal to 5% or more of the Company capital

Please refer to item 3(h) (ii) above

### (k) Emiratisation

The Emiratisation percentage in the Company as of 2018, 2019, 2020 is :

<b>2018</b>	15.87%
<b>2019</b>	15.87%
<b>2020</b>	17.20%

**(I) Innovative Products and Initiatives**

- > Emirates Float Glass installed lower capacity cold well pump in the factory, enabling shut down of a 250 KW pump, without compromising the process needs, reducing operating costs and saving energy.
- > Emirates Float Glass developed in-house glass washing machine to enhance process cost and subsequently saved high machine import costs
- > Techsource, an IT subsidiary of Dubai Investments has embarked on the group's journey towards Digital Transformation with M 365 migration as a messaging collaboration tool across the group and the introduction of a robust, secure, encrypted and real-time payment gateway facilitating smooth payments ecosystem for DIP.
- > Emicool has implemented the state-of-the-art Command Control Centre (CCC) as part of the efforts to implement digital transformation to operations, support and maximize energy performance and play a sustainable role in the industry.
- > Emicool has successfully completed the conversion of pilot district cooling plants into fully automated Unattended Machinery Spaces (UMS) allowing its plants to be auto operated and monitored from a Command Control Centre with minimum human interference.
- > Emicool has implemented a unique leak detection solution for the underground chilled water network to detect leaks without causing service interruption.
- > Emicool has completed the retrofit of all chemical treatment systems and integrated them into a centralized system to monitor water quality and other main parameters to resolve abnormalities on time.
- > Emicool has upgraded mechanical gas meters into smart meters by attaching new telecommunication devices to existing mechanical meters, enabling wireless data transfer.
- > Emicool has integrated renewable energy by implementing Electrical Vehicle Fleet and Green Public Parking across a number of strategic locations.

Signed:



**Mr. Abdulrahman Ghanem A. Al Mutaiwee**  
**Chairman of the Board of Directors**

 Dated: 10<sup>th</sup> March 2021



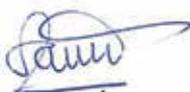
**Mr. Khaled Mohamed Ali Al Kamda**  
**Chairman – Audit Committee**

 Date: 10<sup>th</sup> March 2021



**Mr. Ali Fardan Ali Al Fardan**  
**Chairman – Nomination & Rewards Committee**

 Date: 10<sup>th</sup> March 2021



**Mr. Saderuddin Panakkt**  
**Chief Internal Controls Officer**

 Date: 10<sup>th</sup> March 2021

Seal of Company

