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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 2019.

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 657.4 million for the year ended 31 December 2019 as compared to AED 651.4 million in the previous year.

The Group has reported marginally higher profits as compared to the previous year. The gain on fair valuation of investments recorded in the current year has compensated for the one off gain on fair valuation of existing interest in a joint venture recorded in the prior year.

Total assets of the Group have increased by AED 1.41 billion and stands at AED 20.96 billion as of 31 December 2019 (2018: AED 19.55 billion). The increase in total assets is mainly attributable to acquisition of additional 66% interest in Globalpharma LLC and cost incurred on development of real estate projects during the year.

Proposed Dividend

In line with its commitment to provide enhanced returns to shareholders, the Board propose to distribute cash dividend of 10% 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	98,136
> Transfer to general reserve	90,144
> Proposed cash dividend	425,202
> Proposed Directors' fee	10,500

Outlook 2020

The Group expects 2020 to be a challenging year considering the slow-down expected in the Global and regional economy. However, the announcements and initiatives taken by the UAE Government over last year and EXPO 2020 are expected have positive impact on the economic growth in the short to medium term. The Group has continued with the development of the real estate projects such as Mirdiff Hills and Fujairah Business Centre. The Group is looking forward to expand its presence in GCC and Africa with several proposals under active consideration.

Directors' Report *(continued)*

During the year, a subsidiary of the Company namely Dubai Investments Park Development Company LLC obtained bilateral term loan facilities of USD 500 million (AED 1,836.4 million) from local financial institutions. The term loan proceeds were partially used to repay the USD 300 million (AED 1,101.6 million) Sukuk notes which matured in February 2019.

Directors

The Board of Directors comprises:

- > Mr. Sohail Faris Ghanim Ateish Al Mazrui - Chairman
- > Mr. Hussain Mahyoob Sultan Al Junaidy - Vice Chairman
- > Mr. Ali Fardan Ali Al Fardan
- > Mr. Mohammed Saif Darwish Ahmed Al Kebti
- > Mr. Khalid Jassim Mohammed Bin Kalban
- > H.E. Abdulrahman Ghanem Abdulrahman Almutaiwee
- > Mr. Khaled Mohammed Ali Al Kamda

Related parties

The consolidated financial statements disclose material related party balances and transactions in notes 20 and 38 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 2019. The Board propose to appoint PwC for the audit for the year ending 31st December 2020.

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

Sohail Faris Ghanim Ateish Al Mazrui

Chairman

Dated: 11 March 2020



**CONSOLIDATED
FINANCIAL STATEMENTS**





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

Report on the audit of the consolidated financial statements

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 2019, 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 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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.

Our audit approach

Overview

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

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.

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

Our audit approach (continued)

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.

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
Valuation of investment properties <p>The Group's investment property portfolio primarily 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 8.7bn. The net fair value gain recorded in the consolidated statement of profit or loss amounted to AED 134m.</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 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 and forecast operating expenses. They apply assumptions for capitalisation yield rates and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, and discount rates which are influenced by specific characteristics, such as property location and occupancy rate of each property in the portfolio, to arrive at the final valuation. The significance of the estimates and judgements involved in the valuations warranted specific audit focus in this area as any significant variation in determining the valuation inputs 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 42 to the consolidated financial statements.</p>	<p>We assessed the Valuers' qualifications and expertise to evaluate whether they have the appropriate professional qualifications to perform the valuations.</p> <p>We assessed their independence to determine whether there are any matters that might have affected their objectivity or may have imposed scope limitations upon their work.</p> <p>We obtained the valuation reports for the properties valued by the Valuers and our internal real estate valuation experts reviewed a sample of these valuation reports as to whether the valuation approach is appropriate for determining the fair value of the investment properties for the purpose of the consolidated financial statements.</p> <p>We carried out our audit procedures, to test on a sample basis, the completeness and accuracy of the property specific inputs provided by management to the Valuers.</p> <p>We also involved our internal real estate valuation experts in discussing the valuations with management and the Valuers to assess the reasonableness of the key assumptions used in the valuation models.</p> <p>We performed a sensitivity analysis 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 42 to the consolidated financial statements.</p>



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

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of properties under development / held for sale</p> <p>The Group's properties under development / held for sale ("PHDS") primarily comprises of residential projects and land earmarked for residential projects and are stated at the lower of cost and net realisable value ("NRV").</p> <p>The Group engaged Valuers to assist management in determining the NRV of 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 Valuers used the sales comparison approach.</p> <p>The significance of the estimates and judgements involved, such as the Group's estimate of the sale price and construction cost for development projects, warrants specific audit focus in this area as any significant change in these estimates could have a material impact on the carrying value of the Group's PHDS.</p> <p>Refer to notes 18 and 42 to the consolidated financial statements.</p>	<p>We assessed the Valuers' qualifications and expertise to evaluate whether they have the appropriate professional qualifications to perform the valuations.</p> <p>We assessed their independence to determine whether there are any matters that might have affected their objectivity or may have imposed scope limitations upon their work.</p> <p>We involved our internal real estate valuation experts to assess whether the underlying assumptions used are appropriate 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 42 to the consolidated financial statements.</p>



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

Other information

Board of Directors and management is 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.
- 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.



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

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

- 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:

- 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 40 to the consolidated financial statements, the Group has purchased or invested in shares during the year ended 31 December 2019;
- vi) notes 20 and 38 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 2019 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 2019: and
- viii) note 7 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2019.

PricewaterhouseCoopers
11 March 2020

A handwritten signature in black ink, appearing to read 'M. ElBorno', is written over a light blue horizontal line.

Mohamed ElBorno
Registered Auditor Number 946
Dubai, United Arab Emirates

Dubai Investments PJSC and its subsidiaries

Consolidated statement of profit or loss

	Note	For the year ended 31 December	
		2019 AED'000	2018 AED'000
Sale of goods and services		1,476,113	1,428,951
Rental income		912,286	926,654
Contract revenue		190,043	305,186
Sale of properties		40,140	89,596
Gain on fair valuation of investment properties - net	12	134,414	101,897
Gain/(loss) on fair valuation of investments	13	67,090	(153,306)
Gain on sale of investment properties		14,656	17
Gain on sale of investments		7,185	18,266
Share of loss from equity accounted investees	15(iii)	(58,580)	(29,152)
Dividend income		32,842	25,069
Gain on fair valuation of existing interest prior to acquisition of controlling stake	40(b)	11,506	228,916
Bargain purchase gain	40(b)	52,324	104,263
Total income		2,880,019	3,046,357
Cost of sales	6	(1,730,583)	(1,911,907)
Administrative and general expenses	7	(414,548)	(454,395)
Impairment of investment in equity accounted investee'	15(iii)	-	(27,990)
Finance costs	8	(279,385)	(142,055)
Net impairment losses on financial and contract assets	44	(14,460)	(31,843)
Finance income	8	49,205	47,468
Other income	9	43,202	44,564
Profit for the year		533,450	570,199
PROFIT ATTRIBUTABLE TO:			
Owners of the Company		657,419	651,431
Non-controlling interests		(123,969)	(81,232)
Profit for the year		533,450	570,199
Earnings per share			
Basic and diluted earnings per share (AED)	34	0.15	0.15

Dubai Investments PJSC and its subsidiaries

Consolidated statement of comprehensive income

	Note	For the year ended 31 December	
		2019 AED'000	2018 AED'000
Profit for the year		533,450	570,199
Other comprehensive income ('OCI'):			
Items that will not be reclassified to profit or loss			
Net change in fair value of investments at fair value through OCI - refer note 13 (c)		(23)	(48,205)
Total other comprehensive income for the year		(23)	(48,205)
Total comprehensive income for the year		533,427	521,994
Attributable to:			
Owners of the Company		657,396	606,766
Non-controlling interests		(123,969)	(84,772)
Total comprehensive income for the year		533,427	521,994

Dubai Investments PJSC and its subsidiaries

Consolidated statement of financial position

	Note	As at 31 December	
		2019 AED'000	2018 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	3,752,083	3,427,431
Right-of-use-assets	25	269,651	-
Goodwill and intangible assets	11	520,430	325,040
Investment properties	12	8,705,078	8,292,108
Investment at fair value through other comprehensive income	13(i)	120,653	133,586
Other financial assets at fair value through profit or loss	14	59,848	-
Investment in equity accounted investees'	15	129,436	246,754
Rent receivable	16	46,195	43,958
Finance lease receivable	17	858	1,577
Inventories	18	269,784	353,059
Trade receivables	19	29,644	67,870
Due from related parties and other receivables	20	31,542	46,107
		13,935,202	12,937,490
Current assets			
Inventories	18	2,670,642	2,452,791
Investment at fair value through profit or loss	13(ii)	1,440,242	1,429,227
Trade receivables	19	1,404,792	1,137,483
Due from related parties and other receivables	20	657,089	664,714
Short-term deposits with banks	21	90,924	134,423
Cash and cash equivalents	21	758,314	798,069
		7,022,003	6,616,707
Total assets		20,957,205	19,554,197
EQUITY AND LIABILITIES			
EQUITY			
Share capital	27	4,252,018	4,252,018
Share premium	27	46	46
Capital reserve	28	25,502	25,502
Legal reserve	29	1,176,846	1,078,710
General reserve	29	1,435,654	1,345,510
Revaluation reserve	30	-	22,000
Fair value reserve	31	(144,170)	(153,281)
Proposed dividend	32	425,202	425,202
Proposed directors' fee	33	10,500	10,500
Retained earnings		4,794,534	4,909,632
Equity attributable to owners of the Company		11,976,132	11,915,839
Non-controlling interests	39	229,973	369,466
Total equity		12,206,105	12,285,305

Dubai Investments PJSC and its subsidiaries

Consolidated statement of financial position *(continued)*

	Note	As at 31 December	
		2019 AED'000	2018 AED'000
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings	22	4,643,401	2,762,690
Lease liabilities	25	232,679	-
Other payables	26	200,637	161,095
		5,076,717	2,923,785
Current liabilities			
Bank borrowings	24	1,582,214	1,469,216
Lease liabilities	25	39,934	-
Sukuk notes	23	-	1,101,600
Trade and other payables	26	2,052,235	1,774,291
		3,674,383	4,345,107
Total liabilities		8,751,100	7,268,892
Total equity and liabilities		20,957,205	19,554,197

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 2019.

These consolidated financial statements were authorised for issue by the Board of Directors on 11th March 2020 and signed on its behalf by:



Sohail Faris Ghanim Al Mazrui
Chairman



Hussain Mahyoob Sultan
Vice Chairman



Khalid Jassim Bin Kalban
Managing Director and 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	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
Balance at 1 January 2018-as originally reported	4,252,018	46	25,502	1,041,198	1,310,213	22,000	(259,489)	510,242	12,250	4,936,167	11,850,147	478,503	12,328,650
Adjustment on initial application of IFRS 9	-	-	-	-	-	-	-	-	-	(21,475)	(21,475)	(9,319)	(30,794)
Adjustment on initial application of IFRS 15	-	-	-	-	-	-	-	-	-	2,893	2,893	-	2,893
Adjusted balance as at 1 January 2018	4,252,018	46	25,502	1,041,198	1,310,213	22,000	(259,489)	510,242	12,250	4,917,585	11,831,565	469,184	12,300,749
Profit for the year	-	-	-	-	-	-	-	-	-	651,431	651,431	(81,232)	570,199
Other comprehensive income													
Fair value reserve transferred to retained earnings on disposal of investments	-	-	-	-	-	-	150,873	-	-	(150,873)	-	-	-
Net change in fair value of investments at fair value through OCI	-	-	-	-	-	-	(44,665)	-	-	-	(44,665)	(3,540)	(48,205)
Total other comprehensive income for the year	-	-	-	-	-	-	106,208	-	-	(150,873)	(44,665)	(3,540)	(48,205)
Total comprehensive income for the year	-	-	-	-	-	-	106,208	-	-	(150,873)	(44,665)	(3,540)	(48,205)
Transactions with owners, recorded directly in equity													
Dividend paid	-	-	-	-	-	-	-	(510,242)	-	-	(510,242)	-	(510,242)
Proposed dividend (refer note 32)	-	-	-	-	-	-	-	425,202	-	(425,202)	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	(85,040)	-	(425,202)	(510,242)	-	(510,242)
Changes in ownership interests													
On disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(20,870)	(20,870)
Introduction of share capital in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,514	1,514
On acquisition by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	4,311	4,311
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(15,045)	(15,045)
Total transactions with owners	-	-	-	-	-	-	-	(85,040)	-	(425,202)	(510,242)	(15,045)	(525,287)
Other movements													
Transfer to reserves	-	-	-	37,512	35,297	-	-	-	(12,250)	(72,809)	(12,250)	99	(12,250)
Directors' fees paid	-	-	-	-	-	-	-	10,500	-	(10,500)	-	-	-
Proposed directors' fee (refer note 33)	-	-	-	-	-	-	-	-	10,500	-	-	-	-
Total other movements	-	-	-	37,512	35,297	-	-	-	(1,750)	(83,309)	(12,250)	99	(12,151)
Balance at 31 December 2018	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

The notes on pages 17 to 78 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
Balance at 1 January 2019 – as originally reported	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 (note 3)	-	-	-	-	-	-	-	-	-	(154,432)	(154,432)	(12,406)	(166,838)
Impact of change in accounting policy related to land (note 3)	-	-	-	-	-	(22,000)	-	-	-	22,000	-	-	-
Adjustment on initial application of IFRS 16 (note 3)	-	-	-	-	-	-	-	-	-	(3,678)	(3,678)	-	(3,678)
Adjusted balance at 1 January 2019	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
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	657,419	657,419	(123,969)	533,450
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	9,134	-	-	(9,134)	-	-	-
Fair value reserve transferred to retained earnings on disposal of investments	-	-	-	-	-	-	9,134	-	-	(9,134)	(23)	-	(23)
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)
Total comprehensive income for the year	-	-	-	-	-	-	9,111	-	-	648,285	657,396	(123,969)	533,427
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Contributions by and distributions to owners</i>	-	-	-	-	-	-	-	(425,202)	-	-	(425,202)	(1,840)	(425,202)
Dividend paid	-	-	-	-	-	-	-	(425,202)	-	-	(425,202)	(1,840)	(425,202)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,840)
Proposed dividend (refer note 32)	-	-	-	-	-	-	-	425,202	-	(425,202)	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	(425,202)	(425,202)	(1,840)	(427,042)
Changes in ownership interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Reduction of share capital in a subsidiary	-	-	-	-	-	-	-	-	-	(3,291)	(3,291)	(1,644)	(1,644)
On acquisition of non-controlling interests (refer note 40 (c))	-	-	-	-	-	-	-	-	-	(3,291)	(3,291)	366	(2,925)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	(3,291)	(3,291)	(1,278)	(4,569)
Total transactions with owners	-	-	-	-	-	-	-	-	-	(3,291)	(428,493)	(3,118)	(431,611)
Other movements	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	98,136	90,144	-	-	-	-	(188,280)	(10,500)	-	(10,500)
Directors' fees paid	-	-	-	-	-	-	-	-	-	(10,500)	(10,500)	-	(10,500)
Proposed directors' fee (refer note 33)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other movements	-	-	-	98,136	90,144	-	-	-	-	(198,780)	(10,500)	-	(10,500)
Balance at 31 December 2019	4,252,018	46	25,502	1,176,846	1,435,654	-	(144,170)	425,202	10,500	4,794,534	11,976,132	229,973	12,206,105

The notes on pages 17 to 78 are an integral part of these financial statements.

Dubai Investments PJSC and its subsidiaries

Consolidated statement of cash flows

	for the year ended 31 December	
	2019	2018
	AED'000	AED'000
Cash flows from operating activities		
Profit for the year	533,450	570,199
Adjustments for:		
Depreciation	219,107	166,621
Amortization of intangible assets	18,331	7,291
Impairment loss on property, plant and equipment	-	86
Gain on disposal of property, plant and equipment	(2,162)	(44)
Gain on sale of investments	(7,185)	(18,266)
Gain on fair valuation of investment properties-net	(134,414)	(101,897)
Gain on sale of investment properties	(14,656)	(17)
Share of loss from equity accounted investees	58,580	29,152
Impairment of investment in equity accounted investee	-	27,990
(Gain)/loss on fair valuation of investments	(67,090)	153,306
Provision for write down of inventories to net realizable value	10,400	73,290
Gain on fair valuation of existing interest prior to acquisition of controlling stake	(11,506)	(228,916)
Bargain purchase gain	(52,324)	(104,263)
Interest income	(49,205)	(45,991)
Interest expense/profit on sukuk notes	269,855	135,745
Operating profit before changes in working capital	771,181	664,286
Changes in:		
Investments at fair value through profit or loss and OCI	76,170	17,534
Trade receivables, due from related parties and other receivables	(231,803)	(57,385)
Inventories	(287,165)	(498,536)
Trade and other payables	226,158	229,373
Directors' fee paid	(10,500)	(12,250)
Net cash from operating activities	544,041	343,022
Cash flows from investing activities		
Consideration paid for acquisition of controlling/ non-controlling interests-net of cash acquired (refer note 40(b))	(115,467)	(405,426)
Consideration paid for acquisition of non-controlling interest	(2,925)	-
Proceeds from sale of investment properties	52,198	4,332
Additions to investment properties	(316,098)	(291,320)
Acquisition of property, plant and equipment	(444,318)	(323,439)
Proceeds from disposal of property, plant and equipment	2,434	605
Net investments in equity accounted investees'	(35,905)	(72,565)
Net additions to intangible assets	(254)	(219)
Net cash used in investing activities	(860,335)	(1,088,032)

Dubai Investments PJSC and its subsidiaries

Consolidated statement of cash flows *(continued)*

	for the year ended 31 December	
	2019	2018
	AED'000	AED'000
Cash flows from financing activities		
Proceeds from bank borrowings and payables	3,438,378	2,002,393
Repayment of bank borrowings and payables	(1,463,100)	(645,356)
Repayment of sukuk notes	(1,101,600)	
Principal elements of lease payments	(49,274)	-
Net movement in non-controlling interests	(3,484)	(22,895)
Dividend paid	(425,202)	(510,242)
Net movement in short term deposits	43,499	(50,716)
Interest income received	49,205	45,991
Interest expense/profit on sukuk notes paid	(269,855)	(135,745)
Net cash from financing activities	218,567	683,430
Net decrease in cash and cash equivalents	(97,727)	(61,580)
Cash and cash equivalents at 1 January	343,018	404,598
Cash and cash equivalents at 31 December	245,291	343,018
Cash and cash equivalents comprise the following:		
Cash in hand, current and call account with banks – refer note 21	545,673	582,893
Short term deposits with banks (excluding those under lien) – refer note 21	212,641	215,176
Bank overdraft, trust receipt loans and bills discounted – refer note 24	(513,023)	(455,051)
	245,291	343,018



**NOTES TO THE
CONSOLIDATED
FINANCIAL STATEMENTS**



Dubai Investments PJSC and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019

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 2019 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 2019 the Company had approximately 16,482 shareholders (2018: 16,751 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.

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;
- > other financial assets at fair value through profit or loss;
- > investments and 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.

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

Dubai Investments PJSC and its subsidiaries

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

2. Basis of preparation *(continued)*

2.4 Use of judgments and estimates *(continued)*

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 42.

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;
- > Note 13 – Financial investments; and
- > Note 11 – Goodwill and intangible assets

Dubai Investments PJSC and its subsidiaries

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

3. Changes in significant accounting policies

From 1 January 2019, the Group has adopted the following new International Financial Reporting Standard:

IFRS 16 – Leases

The Group has adopted IFRS 16 – Leases (“IFRS 16”) from its mandatory adoption date of 1 January 2019. IFRS 16 introduced a single, on-balance sheet model for lessees. As a result, the Group, as a lessee, has recognized right-of-use assets representing its right to use underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

In accordance with the transition provisions in IFRS 16, the Group has recognized the cumulative effect of initial application of the standard in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated. The new accounting policies are disclosed in note 46.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IAS 17 – Leases (“IAS 17”) and IFRIC 4 – Determining Whether an Arrangement contains a Lease (“IFRIC 4”). The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group leases offices, labour camps, warehouses, equipment, vehicles, land from Government of Dubai and a sewage water treatment plant.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether a lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities at the date at which the leased asset is available for the use by the Group. This excludes low value and short term leases.

Transition

At transition, the associated right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepayments relating to that lease recognised in the consolidated balance sheet as of 1 January 2019.

Dubai Investments PJSC and its subsidiaries

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

3. Changes in significant accounting policies *(continued)*

IFRS 16 – Leases *(continued)*

As a lessee *(continued)*

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- > the use of a single discount rate to a portfolio of leases with reasonably similar characteristics. The discount rate applied ranges from 6.5% to 7%;
- > the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- > the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- > the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- > the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases (i.e. it applied IFRS 16 only to those contracts that were previously identified as leases). The Group has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 – Determining Whether an Arrangement contains a Lease (“IFRIC 4”).

As a lessor

Accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

Impacts on financial statements

(a) *Impact on transition*

On transition to IFRS 16, the Group recognized right-of-use assets with regards to lease liabilities and recognized the resultant difference in retained earnings. The impact on transition is summarized as below:

	At 1 January 2019 AED'000
Right-of-use assets	293,137
Lease liabilities	(296,815)
Retained earnings	3,678

Dubai Investments PJSC and its subsidiaries

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

3. Changes in significant accounting policies *(continued)*

Capitalisation of borrowing costs

In line with the International Financial Reporting Interpretations Committee agenda decision on 'Over Time Transfer of Constructed Goods (IAS 23 Borrowing Costs)' issued in March 2019, the Group has changed its accounting policy in respect of capitalizing borrowing costs in relation to the construction of the real estate development for sale. Borrowing costs relating to real estate development for sale during the accounting period is accounted for as a finance cost in the consolidated statement of comprehensive income.

Previously such borrowing costs were capitalised within Properties under development for sale within inventories.

In accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' the change in accounting policy has been applied retrospectively.

The impact on the key line items in the consolidated financial statements in respect of the above restatement and change in accounting policy is as follows:

	At 1 January 2019 AED'000
Inventories	(166,838)
Retained earnings	154,432
Non-controlling interest	12,406
	<hr/>

As the effects of the change in accounting policy prior to the year ended 31 December 2018 were not significant, management has elected not to restate the comparatives.

Measurement of land classified under Property, plant and equipment

The Group has changed its accounting policy in respect of the measurement of land held within property, plant and equipment, which it now records at historical cost net of accumulated impairment losses, if any. Under the previous accounting policy, land was carried at a revalued amount.

In accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', retrospective application has been applied in respect of this accounting policy change. This retrospective adjustment has had the following impact on the Group's consolidated financial statements.

The impact on the key line items in the consolidated financial statements in respect of the above change in accounting policy is as follows:

	At 1 January 2019 AED'000
Revaluation reserve	22,000
Retained earnings	(22,000)
	<hr/>

As the effects of the change in accounting policy prior to the year ended 31 December 2018 were not significant, management has elected not to restate the comparatives.

The other standards and amendments that have been applied by the Group for the first time for their annual reporting period commencing 1 January 2019 have not had any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Dubai Investments PJSC and its subsidiaries

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

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 2020, and earlier application is permitted, however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- > increasing the prominence of stewardship in the objective of financial reporting;
- > reinstating prudence as a component of neutrality;
- > defining a reporting entity, which may be a legal entity, or a portion of an entity;
- > revising the definitions of an asset and a liability;
- > removing the probability threshold for recognition and adding guidance on derecognition;
- > adding guidance on different measurement basis, and
- > stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- > that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- > the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Definition of a Business – Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

Dubai Investments PJSC and its subsidiaries

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

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

Those standards that are not yet effective, 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 the Group's risk management function which is responsible for developing and monitoring the Group's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management 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.

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.

Dubai Investments PJSC and its subsidiaries

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

5. Financial risk management *(continued)*

Credit risk *(continued)*

(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.

(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.

Dubai Investments PJSC and its subsidiaries

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

5. Financial risk management *(continued)*

Market risk *(continued)*

(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 2019 the Group held outstanding interest rate swap contacts with notional amounts of AED 887 million. The swaps mature in the year 2026.

Sukuk notes amounting to USD 300 million (AED 1,101.6 million) issued by a Group's subsidiary in 2014 (repaid in February 2019) carried fixed interest rate of 4.291% p.a.

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 plus sukuk notes 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 2019 *(continued)*

6. Cost of sales

	2019 AED'000	2018 AED'000
<i>These mainly include:</i>		
Materials consumed	892,576	1,046,116
Depreciation and amortization	191,679	138,007
Factory overheads (excluding depreciation)	170,791	188,580
Staff costs	143,286	143,667
Government of Dubai's share of the realized profits of a subsidiary (refer note 12)	108,062	115,358
Infrastructure and development works cost sharing with Roads and Transport Authority ("RTA") (refer note 35)	29,077	29,077
Cost of properties sold	27,872	81,714
Provision for write down of inventories to net realizable value (refer note 18)	10,402	73,290

7. Administrative and general expenses

	2019 AED'000	2018 AED'000
<i>These mainly include:</i>		
Staff costs	254,673	255,305
Selling and marketing expenses	63,986	50,716
Depreciation and amortization	45,759	35,905

Selling and marketing expenses include an amount of AED 1.45 million (2018: AED 1 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 2019 *(continued)*

8. Finance income and cost

	2019 AED'000	2018 AED'000
Interest income	49,205	45,991
Unwinding of discount on financial assets measured at amortized cost	-	1,477
Finance income	49,205	47,468
Interest costs/profit on sukuk notes	(237,737)	(135,745)
Net change in fair value of derivative financial instruments	(9,530)	-
Unwinding of discount on financial liabilities measured at amortized cost	1,805	1,805
Finance expenses on lease liabilities	(19,931)	-
Bank charges	(15,572)	(12,354)
Foreign exchange gain - net	1,580	4,239
Finance costs	(279,385)	(142,055)

9. Other income

	2019 AED'000	2018 AED'000
<i>These mainly includes:</i>		
Provision no longer required written back	11,129	9,526
Sale of scrap	4,660	3,167
Income from leased operations	4,100	1,397
Service charges	3,516	5,413
Management fee	2,493	4,678
Gain on disposal of property, plant and equipment	2,162	44
Advertisement income	35	4,510

Dubai Investments PJSC and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019 *(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
Cost							
At 1 January 2018	9,600	928,400	1,295,104	98,240	22,986	63,914	2,418,244
Additions	75,218	8,885	37,787	10,775	861	189,913	323,439
Transfer from inventories (refer (ii) below)	128,097	-	-	-	-	52,388	180,485
Disposals and write-offs	-	-	(1,392)	(715)	(869)	(23)	(2,999)
Acquisition through business combination	-	167,371	1,595,385	10,309	168	372,555	2,145,788
Transfers	-	2,963	97,105	506	467	(101,041)	-
At 31 December 2018	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 (refer note 40)	-	43,445	61,695	2,176	61	960	108,337
Transfers	-	13,986	18,699	2,070	-	(34,755)	-
At 31 December 2019	212,915	1,167,675	3,147,599	128,022	23,082	931,884	5,611,177
Accumulated depreciation and impairment losses							
At 1 January 2018	-	342,790	718,032	84,814	20,045	10,708	1,176,389
Charge for the year	-	40,261	115,317	9,593	1,450	-	166,621
On disposals and write-offs	-	-	(1,052)	(664)	(722)	-	(2,438)
On acquisition through business combination	-	18,616	271,386	6,698	168	-	296,868
Impairment loss	-	-	86	-	-	-	86
At 31 December 2018	-	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 (refer note 40)	-	16,984	38,462	1,669	54	-	57,169
At 31 December 2019	-	459,846	1,257,255	111,133	20,152	10,708	1,859,094
Net book value							
At 31 December 2018	212,915	705,952	1,920,220	18,674	2,672	566,998	3,427,431
At 31 December 2019	212,915	707,829	1,890,344	16,889	2,930	921,176	3,752,083

Dubai Investments PJSC and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019 *(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 2019 is an amount of AED 53.4 million (2018: 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 2018, the Group commenced construction of two hotels on plots of land classified within inventories in the earlier years which management intend to operate themselves once constructed. Accordingly, an amount of AED 180.5 million was reclassified from inventories to property, plant and equipment during the previous year.
- (iii) Buildings, plant and machinery with a net book value of AED 2,426 million (2018: AED 1,990 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
Cost					
As at 1 January 2018	124,085	7,445	-	18,675	150,205
Acquisitions through business combination	-	-	233,272	-	233,272
Additions	-	-	-	219	219
As at 31 December 2018	124,085	7,445	233,272	18,894	383,696
On acquisitions through business combination (refer note 40 (b))	-	222,825	-	-	222,825
Additions during the year	-	254	-	-	254
As at 31 December 2019	124,085	230,524	233,272	18,894	606,775
Accumulated amortization and impairment losses					
At 1 January 2018	(29,659)	(7,445)	-	(14,261)	(51,365)
Amortization	-	-	(5,981)	(1,310)	(7,291)
As at 31 December 2018	(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)
Carrying amount					
31 December 2018	94,426	-	227,291	3,323	325,040
31 December 2019	94,426	201,371	221,310	3,323	520,430

Dubai Investments PJSC and its subsidiaries

Notes to the consolidated financial statements for the year ended 31 December 2019 *(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 registrations have been valued using the Multi period Excess Earnings Method (“MEEM”) under the income approach. The MEEM approach involves the valuation of the net residual income stream derived from the customer contracts after deduction of an appropriate Contributory Asset Charges (“CAC”) to reflect returns attributable to all other assets, both tangible and intangible, employed in supporting the product registrations related intangible asset.

The underlying cash flows have been discounted using Weighted Average Cost of Capital (“WACC”) of 13.5%.

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

	2019 AED'000	2018 AED'000
At 1 January	8,292,108	7,704,980
Additions	316,098	284,468
Transferred from inventories (refer note 18)	-	199,895
Transferred from development properties	-	5,183
Sale of investment properties	(37,542)	(4,315)
Gain on fair valuation (net)	134,414	101,897
At 31 December	8,705,078	8,292,108

- > During 2018, based on a change in use, the Group reclassified land and buildings under construction from inventories to investment properties.
- > Additions during the year represents development work in progress on certain plots of land.

Dubai Investments PJSC and its subsidiaries

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

12. Investment properties *(continued)*

Investment properties comprises the following:

	2019 AED'000	2018 AED'000
Infrastructure and ancillary facilities	4,977,608	4,847,122
Plots of land for future development and under development	1,693,522	1,248,896
Residential, retail and commercial facilities	1,388,918	1,540,160
Labor camps and warehouses	645,030	655,930
	8,705,078	8,292,108

(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 2019, 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 126.6 million (2018: AED 250.0 million) has arisen due to a significant change in the net cash flows as per 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:

	2019 AED'000	2018 AED'000
Fair valuation of completed phases and ancillary facilities as per independent registered valuation reports	4,720,289	4,596,414
Less: adjustment for rent receivable for completed phases (note 16)	(46,195)	(43,958)
Add: adjustment for unearned rent for completed phases*(note 26)	195,452	179,308
Add: adjustment for recognized liabilities (included in trade and other payables (refer notes 6 and 26)	108,062	115,358
	4,977,608	4,847,122

* Unearned rent represents lease rentals billed in advance.

Dubai Investments PJSC and its subsidiaries

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

12. Investment properties *(continued)*

(a) Infrastructure and ancillary facilities (continued):

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 2019, 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 gain of AED 42.4 million (2018: fair valuation loss of AED 16 million).

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

(c) Residential, retail and commercial facilities comprises of:

- (i) A mixed use building constructed on a plot of land granted by the Government of Dubai 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;
- (iii) Residential units held for rentals; and
- (iv) Other retail and commercial facilities on operating leases.

The residential, 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 23.7 million (2018: fair valuation loss of AED 116.6 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.

Dubai Investments PJSC and its subsidiaries

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

12. Investment properties *(continued)*

(c) Residential, retail and commercial facilities comprises of: (continued)

Residential properties amounting to AED Nil (2018: AED 457 million) are mortgaged against facilities obtained from a bank. Further, the insurance over these properties is also assigned in favor of the bank.

(d) 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 10.9 million (2018: fair valuation loss of AED 15.5 million).

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

Valuation processes

The Group's investment properties were valued at 31 December 2019 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 the below significant unobservable inputs. In determining a property's valuation, the valuers take into account property specific information such as the current contracted tenancies 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.

The valuation basis and assumptions used for valuation of investments properties remains largely consistent with the methodology adopted as at 31 December 2018.

Dubai Investments PJSC and its subsidiaries

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

12. Investment properties *(continued)*

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

Significant unobservable inputs include:

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 604 million higher/AED 607 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 132 million lower or AED 161 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 167 million higher/AED 167 million lower.
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 535 million lower or AED 695 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 169 million lower or AED 164 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.

	2019 AED'000	2018 AED'000
Balance at 1 January	8,292,108	7,704,980
Additions	316,098	284,468
Transfers from development properties	-	5,183
Transfers from inventories	-	199,895
Sale of investment properties	(37,542)	(4,315)
Changes in fair value (unrealized)	134,414	101,897
Balance at 31 December	8,705,078	8,292,108

Dubai Investments PJSC and its subsidiaries

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

13. Financial investments

	2019 AED'000	2018 AED'000
(i) Investments at fair value through other comprehensive income - refer note 13 (a)		
Equity securities	120,653	133,586
(ii) Investments at fair value through profit or loss - refer note 13 (b)		
Held for trading quoted equity securities	205,467	355,280
Unquoted equity securities, funds, bonds and sukus	1,234,775	1,073,947
	1,440,242	1,429,227
Geographical distribution of investments:		
UAE	741,514	730,775
Other GCC countries	370,688	351,243
Other countries	448,693	480,795
	1,560,895	1,562,813

Investments in unquoted equity securities, funds and bonds with a fair value of AED 537 million (2018: AED 682 million) are pledged in favor of banks against borrowings availed (refer note 24).

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 37.8 million (2018: AED 31.5 million).

(a) Investments at fair value through other comprehensive income

The main investment held relates to a 5% shareholding in First Energy Bank, 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 unquoted equity securities, funds, bonds and sukus are in bonds and managed funds.

The Group has invested AED 502.6 million (2018: AED 597 million) in diversified fixed income bonds portfolio and AED 34.9 million (2018: AED 85.2 million) in managed equity funds by utilizing a related leverage facility of AED 371 million (2018: AED 426 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 2019 *(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, sukuks 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 gain of AED 67 million has been recorded in profit or loss during the current year (2018: loss of AED 153.3 million). The gain has arisen mainly due to marked to market of held for trading equity securities and increase in fair value of certain unquoted equity securities, funds and bonds.

The Group has reviewed the fair value of investments in unquoted equity securities classified as fair value through other comprehensive income and accordingly, no change in fair value has been posted during the current year in other comprehensive income (2018: loss of AED 48.2 million).

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 2019 *(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
31 December 2019				
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
	183,711	853,567	523,617	1,560,895
	=====	=====	=====	=====
31 December 2018				
Financial assets at fair value through profit or loss	349,971	699,513	379,743	1,429,227
Financial assets at fair value through other comprehensive income	645	-	132,941	133,586
	350,616	699,513	512,684	1,562,813
	=====	=====	=====	=====

Reconciliation of Level 3 fair values measurements of investments

	2019 AED'000	2018 AED'000
As at 1 January	512,684	515,683
Additions during the year	7,624	95,659
Redeemed/ sold during the year	(19,645)	(32,187)
Loss recorded in OCI		
- Net change in fair value (unrealized)	-	(48,205)
Gain/(loss) recorded in profit or loss		
- Net change in fair value (unrealized)	22,954	(18,266)
As at 31 December	523,617	512,684

Investments redeemed during the year represents sale of investment in unquoted equity securities with a carrying value of AED 19.6 million classified as fair value through other comprehensive income. Upon redemption of investment, the related fair value reserve amounting to AED 9.1 million has been transferred to retained earnings.

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 40.3 million (2018: AED 51.3 million).

Dubai Investments PJSC and its subsidiaries

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

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

	2019 AED'000	2018 AED'000
Other financial assets at fair value through profit or loss	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'

	2019 AED'000	2018 AED'000
Investment in joint ventures (refer (i) below)	18,047	17,053
Investment in associates (refer (ii) below)	111,389	229,701
Total investment in equity accounted investees	129,436	246,754

(i) Joint ventures

The following are the investments in joint ventures held by the Group as at 31 December 2019:

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)*

	2019 AED'000	2018 AED'000
Non-current assets	3,072	128
Current assets	35,630	31,178
Non-current liabilities	(18,340)	(16,270)
Current liabilities	(6,966)	(3,628)
Net assets (100%)	13,396	11,408
Group's share of net assets	6,698	5,704
Goodwill	11,349	11,349
Carrying amount of interest in joint ventures	18,047	17,053
Income	75,144	58,236
Other expenses	(72,376)	(57,002)
Profit for the year (100%)	2,768	1,234
Group's share of profit	1,384	617
Group's share of other comprehensive income	-	-
Group's share of total comprehensive income	1,384	617
Dividends received by the Group	390	-

(ii) Associates

Effective 7 March 2019, the Group acquired the additional 66% shares in its existing associate entity, Globalpharma Co. LLC ("Globalpharma"). Upon acquisition of the additional interest, Globalpharma has become a wholly owned subsidiary of the Group. Accordingly, the investment in the equity accounted investee has been derecognized and the entity has been consolidated on a line by line basis effective from the date of acquisition. Also refer note 40 (b).

The Group's associates comprise includes the following entities:

	2019 Ownership %	2018 Ownership %
Associate		
Globalpharma LLC (see Note 40 (c))	-	34
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	32
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 2019 *(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 2019.

	2019 AED'000	2018 AED'000
Total assets	1,487,284	1,300,445
Total liabilities	(1,061,435)	(751,336)
Net assets (100%)	425,849	549,109
Group's share of net assets	111,389	164,809
Fair value adjustment of retained interest upon initial recognition	-	175,748
Impairment of investment in equity accounted investee	-	(110,856)
Carrying amount of interest in associates	111,389	229,701
Income	40,190	126,341
Expenses	(236,195)	(234,272)
Loss for the year (100%)	(196,005)	(107,931)
Group's share of loss	(59,964)	(29,769)
Group's share of other comprehensive income	-	-
Group's share of total comprehensive income	(59,964)	(29,769)

During prior year, the Group carried out an assessment of the recoverable amount of an associate based on the fair value less costs of disposal. The assessment resulted in an impairment loss of AED 28 million. Fair value less costs of disposal had been computed using discounted cash flow projections. Key assumptions included: discount rate of 8.9% and terminal growth rate of 1%.

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

	2019 AED'000	2018 AED'000
At 1 January	246,754	606,677
Group's share of loss for the year	(58,580)	(29,152)
Dividends received during the year	(390)	-
Impairment of investment in equity accounted investee	-	(27,990)
On acquisition of controlling interest in equity accounted investees (refer note 39)	(94,643)	(375,346)
Disposal of entities	-	(13,849)
Investments made during the year	36,295	86,414
At 31 December	129,436	246,754

There are no further commitments or contingent liabilities relating 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 2019 *(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:

	2019 AED'000	2018 AED'000
Gross investment	1,938	3,181
Unearned finance income	(115)	(217)
Net investment	1,823	2,964
Less: amount due in less than one year classified under other receivables (refer note 20)	(965)	(1,387)
Non-current portion	858	1,577

The finance leases receivable by the Group are as follows:

	Minimum lease payments 2019 AED'000	Interest 2019 AED'000	Principal 2019 AED'000	Minimum lease payments 2018 AED'000	Interest 2018 AED'000	Principal 2018 AED'000
Less than one year	997	32	965	1,435	48	1,387
Between one and five years	941	83	858	1,746	169	1,577
	1,938	115	1,823	3,181	217	2,964

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 2019 (continued)

18. Inventories

	2019 AED'000	2018 AED'000
Raw materials, work-in-progress and spares (net of provision for old and slow moving inventories)	185,576	183,685
Finished goods	76,961	60,015
Goods in transit	463	2,417
Properties under development/ held for sale (net of provision for write down to net realizable value)	2,677,426	2,559,733
	2,940,426	2,805,850
Less: properties under development for sale classified as non-current (net of provision for write down to net realizable value)	(269,784)	(353,059)
	2,670,642	2,452,791
Inventories carried at net realizable value	895,254	1,006,031

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 been estimated by independent registered valuers in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors using a combination of valuation techniques including the sales comparison approach and indicative pricing studies. Based on these valuations, a decline in net realizable value of AED 10.4 million has been recognized during the current year (2018: AED 73.3 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 2019, the Group is carrying a provision of AED 159.9 million (2018: AED 149.5 million) against properties under development for sale.

In line with the International Financial Reporting Interpretations Committee agenda decision on 'Over Time Transfer of Constructed Goods (IAS 23 Borrowing Costs)' issued in March 2019, the Group has changed its accounting policy in respect of capitalizing borrowing costs in relation to the construction of the real estate development for sale. Borrowing costs relating to real estate development for sale during the accounting period is accounted for as a finance cost in the consolidated statement of comprehensive income. Accordingly, inventories balance has been decreased by AED 166.8 million for the previously capitalized borrowing costs as at 31 December 2019.

Inventories amounting to AED 1,273 million (2018: AED 1,117 million) are mortgaged against facilities obtained from banks. In certain instances, the insurance over inventories is also assigned in favor of banks.

During 2018, management based on a change in use of properties under development for sale to lease to third parties, reclassified inventories with a carrying value of AED 199.9 million to investment properties (refer note 12).

Further during 2018, the Group commenced construction of two hotels on plots of land classified as inventories in the earlier years for which management intend to operate themselves. Accordingly, an amount of AED 180.5 million was reclassified from inventories to property, plant and equipment during 2018 (refer Note 10).

Dubai Investments PJSC and its subsidiaries

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

19. Trade receivables

Trade receivables are stated net of provision for doubtful debts amounting to AED 171.82 million (2018: AED 165.3 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 273.9 million are assigned against the facilities availed from the banks as at 31 December 2019 (2018: AED 45.64 million).

20. Due from related parties and other receivables

	2019 AED'000	2018 AED'000
Non – current		
Capital advance	24,835	24,846
Other receivables	6,707	21,261
	31,542	46,107
Current		
Other receivables and prepayments		
> receivable from customers for use of margin facilities	154,315	155,339
> retentions receivable	86,020	90,924
> advances paid to suppliers	65,316	168,735
> prepayments	51,343	42,660
> others	234,624	141,846
Current portion of net investment in finance leases (refer note 17)	965	1,387
Due from related parties	-	578
Due from customers for contract work (refer (ii) below)	64,506	63,245
	657,089	664,714

(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:

	2019 AED'000	2018 AED'000
Contract costs incurred	790,934	820,579
Recognized profits less recognized losses	(90,403)	(60,414)
	700,531	760,165
Progress billings	(636,025)	(696,920)
Due from customers for contract work	64,506	63,245
	2019 AED'000	2018 AED'000
Balance at the beginning of the year	63,245	100,769
Additions during the year	190,043	305,186
Progress billings	(188,782)	(342,710)
Balance at the ending of the year	64,506	63,245

Dubai Investments PJSC and its subsidiaries

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

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

	2019 AED'000	2018 AED'000
Short term deposits		
Short term deposits with banks having maturity of more than 3 months	1,045	69,373
Short term deposits within UAE under lien with banks	89,879	65,050
	90,924	134,423
Cash and cash equivalents:		
Cash in hand	1,252	1,374
Cash at bank within UAE (current accounts)	489,995	544,056
Cash at bank outside UAE – GCC Countries (current accounts)	4,660	6,369
Cash at bank outside UAE – Other countries (current accounts)	49,766	31,094
Short term deposits within UAE having original maturity of less than 3 months	212,641	215,176
Total cash and cash equivalents	758,314	798,069

22. Long-term bank borrowings

	2019 AED'000	2018 AED'000
Long-term borrowings	5,121,526	3,043,553
Less: Current portion of long term bank borrowings (note 24)	(478,125)	(280,863)
Non-current portion of long-term bank borrowings	4,643,401	2,762,690

- (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) During the current period, a subsidiary of the Company, namely Dubai Investment Park Development Company LLC ("DIPDC"), obtained bilateral term loan facilities of USD 500 million (AED 1,836.4 million) from local financial institutions. Terms of these borrowings vary from three to five years. The term loan proceeds were partially used to repay the USD 300 million (AED 1,101.6 million) Sukuk notes which matured in February 2019 (note 23).

Dubai Investments PJSC and its subsidiaries

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

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

(iii) 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

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 2019, the subsidiary has utilized AED 721.2 million from the loan facility (2018: AED 505.5 million).

The Group has complied with all covenants mentioned above.

23. Sukuk notes

	2019 AED'000	2018 AED'000
Sukuk notes (300,000 notes of USD 1,000 each)	-	1,101,600

In February 2014, DIPDC issued 5 year Sukuk certificates maturing in February 2019 for USD 300 million (equivalent to AED 1,101.6 million). The sukuk program was structured as a Wakala and was listed on NASDAQ Dubai and Irish Stock Exchanges. The terms of the arrangement included transfer of certain identified assets (the Wakala assets) of DIPDC to a Special Purpose Vehicle, DIP Sukuk Ltd. (the Issuer), formed for the issuance of sukuk certificates. In substance, the Wakala assets remained in control of DIPDC and continued to be serviced by DIPDC. In case of any shortfall in cash flows, DIPDC had provided an undertaking to make good on such shortfall to the sukuk certificate holders. The sukuk certificate holders had no recourse to the assets. These sukuk certificates had a fixed profit rate of 4.291% p.a. payable semi-annually. The issuer serviced the profit from returns generated from the Wakala assets.

On the maturity date in February 2019, the sukuk notes have been repaid in full by obtaining bilateral loan facilities from local financial institutions as explained in note 22.

Dubai Investments PJSC and its subsidiaries

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

24. Bank borrowings

	2019 AED'000	2018 AED'000
Bank overdraft, trust receipt loans and bills discounted	513,023	455,051
Short term loans	591,066	733,302
Current portion of long term bank borrowings	478,125	280,863
	1,582,214	1,469,216

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 371.2 million (2018: AED 426.2 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:

	2019 AED'000	2018 AED'000
Cash and cash equivalents	758,314	798,069
Short-term deposits with banks	90,924	134,423
Liquid investments*	1,037,278	1,050,129
	1,886,516	1,982,621
Sukuk notes	-	(1,101,600)
Borrowings - repayable within one year (including overdraft)	(1,582,214)	(1,469,216)
Borrowings - repayable after one year	(4,643,401)	(2,762,690)
Lease liabilities - due within one year	(39,934)	-
Lease liabilities - due after one year	(253,706)	-
Net debt	(4,632,739)	(3,350,885)

* 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 2,133.6 million as at 31 December 2019 (2018: AED 1,688.9 million).

Dubai Investments PJSC and its subsidiaries

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

25. 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
Cost				
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
As at 31 December 2019	99,753	65,238	153,205	318,196
Accumulated amortization and impairment losses				
Amortization	7,884	9,660	31,001	48,545
As at 31 December 2019	7,884	9,660	31,001	48,545
Carrying amount				
31 December 2019	91,869	55,578	122,204	269,651
Lease liabilities				
				2019 AED
Current				39,934
Non-current				232,679
				272,613
				2019 AED
Depreciation charge of right-of-use assets				48,545
Interest expense on lease liability (included in finance cost)				19,931

26. Trade and other payables

	2019 AED'000	2018 AED'000
Non-current		
Other payables	200,637	161,095
Current		
Trade payables	683,336	612,371
Payable to Government of Dubai for their share of realized profit of a subsidiary (refer note 12)	108,062	115,358
Unearned rent (refer note 12)	195,452	179,308
Advances received from customers / due to customers	182,236	118,864
Other payables and accrued expenses	883,149	748,390
	2,052,235	1,774,291

Dubai Investments PJSC and its subsidiaries

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

27. Share capital and share premium

	2019 AED'000	2018 AED'000
<i>Authorized:</i>		
8,000 million shares of AED 1/- each (2018: 8,000 million shares of AED 1 each)	8,000,000	8,000,000
<i>Issued and paid up:</i>		
4,252.02 million shares of AED 1/- each (2018: 4,252.02 million shares of AED 1 each)	4,252,018	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.

28. 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 the earlier years.

29. 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.

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 2019 *(continued)*

30. Revaluation reserve

In prior years, a plot of land was granted to the Company by the Government of Dubai (refer note 12(c)) which was recorded as property, plant and equipment at a nominal value. Upon construction of an office cum residential building in 2001 on the granted land for the purposes of leasing, the land was transferred from property, plant and equipment to investment properties at fair value in prior years. The resulting gain on fair valuation of AED 20 million was credited to a non-distributable revaluation reserve at the time of transfer.

As explained in note 3, upon change in accounting policy for measurement of land classified under property, plant and equipment, an amount of AED 22 million has been transferred to retained earnings.

31. 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).

32. Proposed dividend

For the year 2019, the Board of Directors have proposed a cash dividend of 10% (AED 0.10 per share) to the shareholders of the Company.

At the Annual General Meeting held on 17 April 2019, the shareholders approved a 10% cash dividend (AED 0.10 per share) proposed by the Board of Directors. The dividend amounting to AED 425.2 million was paid during the current year.

33. Proposed directors' fee

Proposed directors' fees amounting to AED 10.5 million (2018: AED 10.5 million), represents compensation for professional services rendered by the Directors.

34. 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:

	2019	2018
Profit attributable to Owners of the Company (AED '000)	657,419	651,431
Weighted average number of shares outstanding ('000s)	4,252,018	4,252,018
Basic and diluted earnings per share (AED)	0.15	0.15

There is no significant impact on earnings per share on adoption of new accounting standards in the current year.

35. Commitments

	2019	2018
	AED'000	AED'000
Capital commitments – contracted and committed	1,169,658	1,634,381

Dubai Investments PJSC and its subsidiaries

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

35. Commitments *(continued)*

Capital commitments mainly includes the following:

- > value of construction contracts awarded to contractors for real estate projects under development.
- > DIPDC 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 2019 amounts to AED 276.5 million (2018: AED 305.5 million) which will be invoiced and paid until 2029, in semi-annual instalments of AED 14.5 million each.

36. Contingent liabilities

The Group has contingent liabilities in respect of letters of guarantee and letters of credit amounting to AED 210.6 million (2018: AED 277.3 million) as at 31 December 2019.

37. 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:

	2019 AED'000	2018 AED'000
Less than one year	556,845	499,584
Between one to five years	2,086,301	2,029,426
More than five years	5,071,545	5,152,115
	7,714,691	7,681,125

38. 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:

	2019 AED'000	2018 AED'000
Land and other lease charges	-	1,382

Compensation to key management personnel, including Directors' fees is as follows:

Short-term benefits (including proposed Directors' fees)	27,519	28,525
Post-employment benefits	468	462

39. Non-controlling interests

The Group does not have any individually material non-controlling interests in any of its subsidiaries as at 31 December 2019.

Dubai Investments PJSC and its subsidiaries

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

40. Investment in subsidiaries

(a) The following are the investments in subsidiaries held by the Company as at 31 December 2019:

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	UAE	75.63
Dubai Investments International Limited	UAE	100
Anchor Mozna Real Estate LLC	UAE	100
Al Mal Capital PSC	UAE	66.61
Properties Investment LLC	UAE	70

(i) The following are investments in subsidiaries held by Dubai Investment Real Estate Company LLC as at 31 December 2019.

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 2019:

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	UAE	51
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 2019:

Emirates Glass LLC	UAE	100
Lumi Glass Industries LLC (refer note (c) below)	UAE	100
Emirates Float Glass LLC	UAE	100
Saudi American Glass Company Limited	KSA	100
Emirates Insolaire LLC	UAE	51

* Became subsidiary during the current year

Dubai Investments PJSC and its subsidiaries

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

40. Investment in subsidiaries *(continued)*

(iv) The following are the investments in subsidiaries held by Masharie LLC as at 31 December 2019:

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 2019:

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 2019:

Aquacool Metering LLC (see note (c) below)	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
Reaia Building Maintenance LLC	UAE	60
Emirates Integrated Cooling Services LLC*	UAE	51

* Became subsidiary during the current year

(b) Acquisition of a subsidiary

With effect from 7 March 2019, the Group acquired the additional 66% shares in its existing associate entity, Globalpharma Co. LLC ("Globalpharma"). Upon acquisition of the additional interest, Globalpharma has become a wholly owned subsidiary of the Group. Accordingly, the investment in the equity accounted investee has been derecognized and the entity has been consolidated on a line by line basis effective from the date of acquisition.

Dubai Investments PJSC and its subsidiaries

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

40. Investment in subsidiaries *(continued)*

(b) Acquisition of a subsidiary (continued)

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

% interest acquired	66%
Fair value of assets and liabilities acquired:	AED'000
Non-current assets (excluding intangible assets)	60,444
Intangible assets (product registration, licence etc)	213,467
Current assets (excluding cash and bank balances)	60,430
Cash in hand and at bank	32,322
Total assets	366,663
Non-current liabilities	(14,464)
Current liabilities	(45,937)
Total liabilities	(60,401)
Total identifiable net assets acquired	306,262
Purchase consideration – (A)	147,789
Fair value of previously held equity interest	106,149
Total consideration	253,938
Less: fair value of identifiable net assets acquired	(306,262)
Bargain purchase gain	(52,324)
Gain on fair valuation of existing interest in Globalpharma	
Fair value of existing 34% interest in Globalpharma at 7 March 2019	106,149
Less: carrying amount of interest in Globalpharma at 7 March 2019	(94,643)
Gain on fair valuation of existing interest prior to acquisition of controlling stake	11,506
Cash acquired (B)	32,322
Net cash outflow (A) – (B)	(115,467)

The Group engaged an independent valuer to perform the fair valuation of net assets acquired, for the above acquisitions. A combination of valuation techniques depending upon the nature of the asset were used for measuring the fair values of significant assets acquired and liabilities assumed. These included: depreciated replacement costs, discounted cash flows, income capitalization and comparable market value, whichever was most relevant.

During the year ended 31 December 2018, the Group acquired the additional 50% shares in its existing joint venture entity, Emirates District Cooling LLC, which gave rise to a gain on fair valuation of its existing interest prior to acquisition of AED 229 million and a bargain purchase gain of AED 104 million.

Dubai Investments PJSC and its subsidiaries

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

40. Investment in subsidiaries *(continued)*

(c) Acquisition of non-controlling interests

During the current year, the Group acquired additional 40% and 24.3% equity interest in its existing subsidiaries Aquacool Metering LLC and Lumiglass LLC respectively. Upon acquisition, these companies have become 100% subsidiaries of the Group.

41. Disposal of a joint venture

During the previous year, the Group disposed its 50% shareholding in jointly controlled entity, Dubai International Driving Centre LLC. The disposal resulted in a gain of AED 21.1 million which was included under gain on sale of investments in the previous year.

42. 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.

(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.

Dubai Investments PJSC and its subsidiaries

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

42. Accounting estimates and judgments *(continued)*

(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) Accounting for a business combination

With effect from 7 March 2019, the Group acquired the additional 66% shares in its existing associate entity, Globalpharma Co. LLC (“Globalpharma”). The Group engaged an external independent valuer to perform the purchase price allocation exercise, the fair valuation of acquired assets and liabilities, and the identification and valuation of intangible assets acquired in the business. This valuation therefore required significant judgement and use of assumptions in performing this exercise. note 40 contains information about the valuation methodology considered by the third party valuers.

(f) 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.

(g) 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.

43. 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:

	2019 AED'000	2018 AED'000
Finance lease receivable	858	1,577
Trade receivables (net)	1,434,436	1,205,353
Cash and cash equivalents	757,062	798,069
Due from related parties and other receivables	546,739	474,580
Investments in bonds, sukuks and structured funds	502,471	541,567
Short-term deposits with bank	90,924	134,423
Rent receivable	46,195	43,958
Carrying amount	3,378,685	3,199,527

Dubai Investments PJSC and its subsidiaries

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

42. Financial instruments *(continued)*

Credit risk *(continued)*

The maximum exposure to credit risk for trade receivables and finance lease receivables at the reporting date by geographic region was:

	2019 AED'000	2018 AED'000
Domestic	1,239,576	1,062,075
Other GCC countries	121,007	106,830
Other regions	75,676	39,412
	1,436,259	1,208,317

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 2019 AED'000	Total 2018 AED'000
1 January: Opening impairment provision under IAS 39	-	125,331
Impact on adoption of adoption of IFRS 9	-	30,794
Opening impairment provision as at 1 January under IFRS 9	165,299	156,125
Impairment loss recognized	6,519	9,174
31 December - closing impairment provision	171,818	165,299

Further, an impairment provision of AED 7.94 million is recognised on due from customers for contract work at 31 December 2019 (2018: AED 22.67 million).

Dubai Investments PJSC and its subsidiaries

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

43. Financial instruments *(continued)*

Credit risk *(continued)*

The impairment provision as at 31 December 2019 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 2019	Current	More than 180 days overdue	More than 365 days overdue	Total
Expected loss rate	1%	1%	15%	
Gross carrying amount – trade receivables	226,336	260,350	318,729	805,415
Loss allowance	1,358	1,562	47,873	50,793

31 December 2018	Current	More than 180 days overdue	More than 365 days overdue	Total
Expected loss rate	1%	1%	16%	
Gross carrying amount – trade receivables	250,780	145,532	266,878	663,190
Loss allowance	1,632	947	43,490	46,069

In addition to above loss allowance, the Group has recognised specific impairment provision of AED 8.7 million (2018: AED 8.7 million).

The impairment provision as at 31 December 2019 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 2019	Current	More than 90 days overdue	More than 180 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

31 December 2018	Current	More than 90 days overdue	More than 180 days overdue	Total
Expected loss rate	5%	12%	15%	
Gross carrying amount – trade receivables	311,562	117,690	193,714	622,966
Loss allowance	15,431	13,592	28,532	57,555

In addition to above loss allowance, the Group has recognised specific impairment provision of AED 16.43 million (2018: AED 20.8 million).

Dubai Investments PJSC and its subsidiaries

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

43. Financial instruments *(continued)*

Credit risk *(continued)*

The impairment provision as at 31 December 2019 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 2019	Current	Up to 365 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

	AED' 000			
31 December 2018	Current	Up to 365 days overdue	More than 365 days overdue	Total
Expected loss rate	6%	10%	66%	
Gross carrying amount – trade receivables	29,462	18,233	36,801	84,496
Loss allowance	1,883	1,864	24,206	27,953

In addition to above loss allowance, the Group has recognised specific impairment provision of AED 4.2 million (2018: 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 2019 (continued)

43. 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
31 December 2019						
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)
31 December 2018						
Non-derivative financial liabilities						
Loans and borrowings (including sukuk notes)	5,333,506	(5,911,954)	(2,749,255)	(394,371)	(389,732)	(2,378,595)
Trade and other payables	1,472,634	(1,472,634)	(1,472,634)	-	-	-
Other long term liabilities	44,785	(44,785)	(14,516)	(1,133)	(1,133)	(28,004)
	6,850,925	(7,429,373)	(4,236,405)	(395,504)	(390,865)	(2,406,599)

Dubai Investments PJSC and its subsidiaries

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

43. Financial instruments (continued)

Market risk

Currency risk

	2019 Euro'000	2018 Euro'000
Trade and other receivables	3,003	951
Investments	18,721	16,312
Cash at bank	201	1,125
Trade and other payables	(4,216)	(4,669)
Loans and borrowings	(22,534)	(17,224)
Others	(15)	4,499
Gross exposure	(4,840)	994
Net exposure	(4,840)	994

The following exchange rates were applied during the year:

	Average rate		Spot rate	
	2019 AED	2018 AED	2019 AED	2018 AED
Euro	4.16	4.30	4.12	4.20

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:

	2019 AED'000	2018 AED'000
Fixed rate instruments		
Financial assets	788,381	891,102
Financial liabilities	(292,409)	(1,144,044)
Variable rate instruments		
Financial assets	161,804	155,339
Financial liabilities	(6,226,595)	(4,189,462)

Dubai Investments PJSC and its subsidiaries

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

43. 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 would have decreased profit by AED 9.1 million (2018: AED 9.5 million). A corresponding decrease of 100 bps in interest rate at the reporting date would have caused increase in profit by the same amount. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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 2018.

Effect in AED'000	Profit or (loss)	
	100 bp increase	100 bp decrease
31 December 2019	(60,648)	60,648
31 December 2018	(40,341)	40,341

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 2019.

Dubai Investments PJSC and its subsidiaries

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

44. 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 2019 (continued)

44. Segment reporting (continued)

Information about reportable segments

Business Segments	Property		Investments		Manufacturing contracting and services		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	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)	42,016	39,795	15,926	14,061	1,418,171	1,375,095	1,476,113	1,428,951
Contract revenue (over time)	-	-	-	-	190,043	305,186	190,043	305,186
Sales of properties (over time)	40,140	89,596	-	-	-	-	40,140	89,596
Rental income	912,286	926,654	-	-	-	-	912,286	926,654
Gain on fair valuation of investment properties	134,414	101,897	-	(153,306)	-	-	134,414	101,897
Gain/(loss) on fair valuation of investments	-	-	67,090	-	-	-	67,090	(153,306)
Gain on fair valuation of existing interest prior to acquisition of controlling interest	-	-	11,506	228,916	-	-	11,506	228,916
Bargain purchase gain	-	-	52,324	104,263	-	-	52,324	104,263
Others	14,656	634	(18,553)	13,566	-	-	(3,897)	14,200
Total income	1,143,512	1,158,576	128,293	207,500	1,608,214	1,680,281	2,880,019	3,046,357
Direct operating costs	(429,682)	(472,677)	-	-	(1,300,901)	(1,439,230)	(1,730,583)	(1,911,907)
Administrative and general expenses	(78,620)	(67,098)	(100,638)	(89,993)	(235,290)	(297,304)	(414,548)	(454,395)
Finance expenses	(133,039)	(28,405)	(44,151)	(40,883)	(102,195)	(72,767)	(279,385)	(142,055)
Finance income and other income	16,672	30,621	38,927	43,184	36,808	18,227	92,407	92,032
Impairment of investment in equity accounted investee	-	-	-	(27,990)	-	-	-	(27,990)
Net impairment losses on financial and contract assets	(4,638)	(877)	-	-	(9,822)	(30,966)	(14,460)	(31,843)
Profit/(loss) for the year	514,205	620,140	22,431	91,818	(3,186)	(141,759)	533,450	570,199
Profit/(loss) attributable to:								
Owners of the Company	612,863	632,078	22,236	104,530	22,320	(85,177)	657,419	651,431
Non – controlling interests	(98,658)	(11,938)	195	(12,712)	(25,506)	(56,582)	(123,969)	(81,232)
Profit/(loss) for the year	514,205	620,140	22,431	91,818	(3,186)	(141,759)	533,450	570,199
Assets	13,219,867	12,306,030	2,431,657	2,562,713	5,305,681	4,685,454	20,957,205	19,554,197
Liabilities	4,668,489	3,023,584	1,182,598	1,531,711	2,900,013	2,713,597	8,751,100	7,268,892

The impact on adoption of IFRS 16 on the segment assets and segment liabilities relating to property is AED 139 million and AED 146 million respectively; relating to manufacturing, contracting and services is AED 129.5 million and AED 125.2 million respectively; and investments is AED 1.1 million and AED 1.4 million respectively. Group's revenue is mainly earned from transactions carried out in UAE and other GCC countries.

Dubai Investments PJSC and its subsidiaries

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

45. 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.

45.1 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 2019 *(continued)*

45. Significant accounting policies *(continued)*

45.1 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 2019 *(continued)*

45. Significant accounting policies *(continued)*

45.1 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.

45.2 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 2019 *(continued)*

45. Significant accounting policies *(continued)*

45.2 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 2019 *(continued)*

45. Significant accounting policies *(continued)*

45.2 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.

45.3 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 2019 *(continued)*

45. Significant accounting policies *(continued)*

45.4 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.

45.5 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 2019 *(continued)*

45. Significant accounting policies *(continued)*

45.5 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:

	Years
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).

45.6 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 2019 *(continued)*

45.6 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.

45.7 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 2019 *(continued)*

45.8 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.

45.9 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.

45.10 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 2019 *(continued)*

45. Significant accounting policies *(continued)*

45.10 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 2019 *(continued)*

45. Significant accounting policies *(continued)*

45.11 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.

45.12 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 2019 *(continued)*

45. Significant accounting policies *(continued)*

45.13 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 2019 *(continued)*

45. Significant accounting policies *(continued)*

45.13 Impairment *(continued)*

(c) 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.

45.14 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.

45. Significant accounting policies *(continued)*

45.15 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 2019 *(continued)*

45.15 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.

45. Significant accounting policies *(continued)*

45.15 Leases *(continued)*

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 2019 *(continued)*

45.15 Leases *(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.

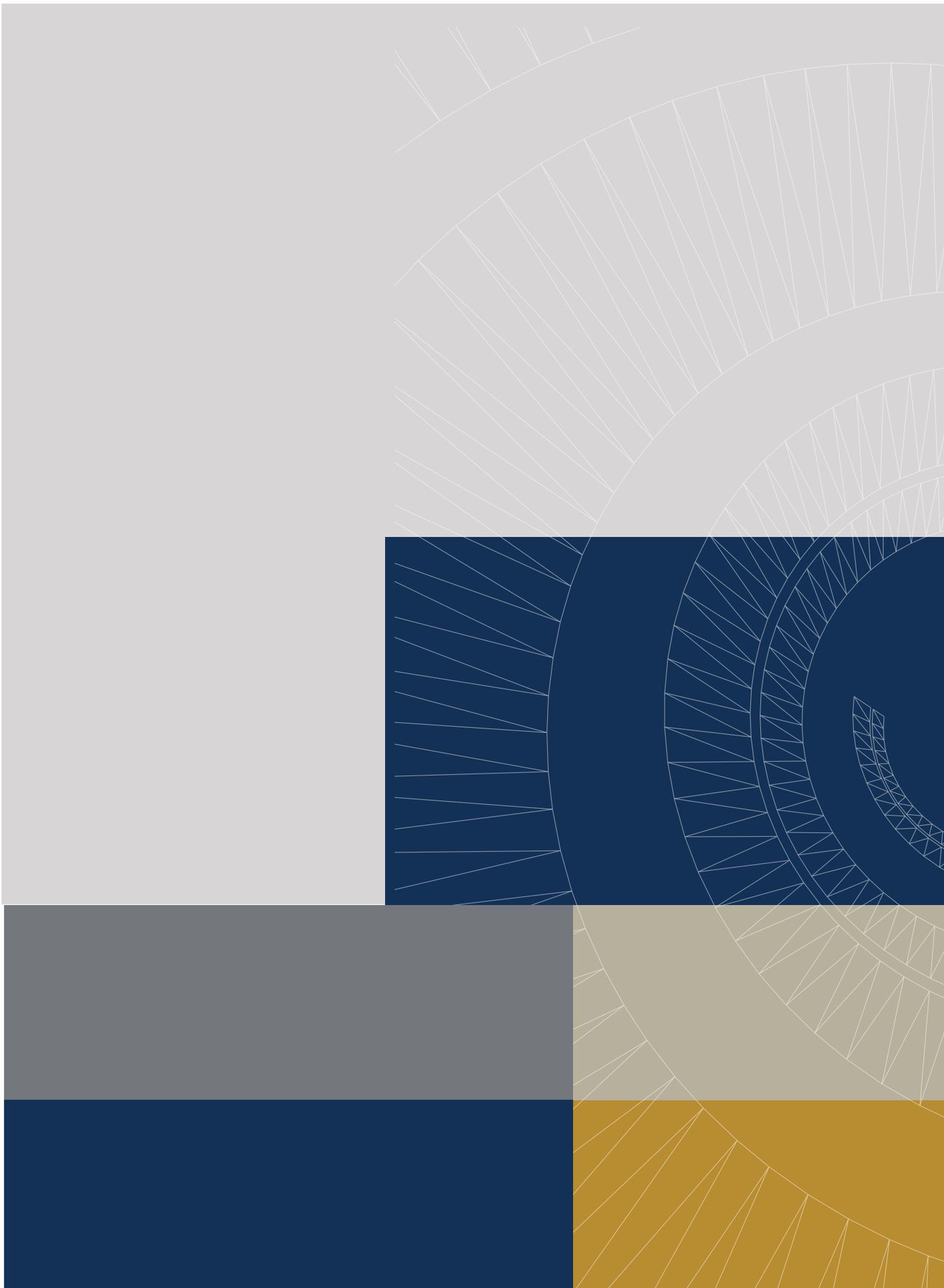
The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Revenue'.

45.16 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.

45.17 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
2019



1. Corporate Governance Practices

Dubai Investments PJSC (“DI”) is celebrating its 25th anniversary in 2020. During the time when Dubai Investments was established in 1995, the UAE and the rest of the global economy were going through enormous changes brought about by globalization and technological developments. This period saw a rapid exchange of knowledge and information, paving the way for knowledge-based economies to flourish.

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 UAE with a wide portfolio of sustainable and profitable investments.

Throughout the years, Dubai Investments has been an active partner of the UAE in achieving the national vision of becoming one of the best countries in the world by 2021. Through its wide-range of businesses and investments, the Company has been significantly contributing in building knowledge societies, fostering a resilient business environment, and cultivating happiness for all.

DI has challenged the norms in introducing cutting-edge technologies, pioneering business models, unique investment strategies and innovative concepts across its diversified portfolio and geographies. DI also demonstrates its responsibilities to its stakeholders through its commitment to develop and enhance the Company’s transparency, and to raise the level of efficiency of its administrative bodies.

DI, in developing these policies and mechanisms, took into account the legislations in force in the UAE, especially Federal Law No.2/2015 concerning Commercial Companies and the Resolution of Securities and Commodities Authority Chairman No. (7 /R.M.) of 2016 regarding the Standards of Corporate Discipline and Governance of Public Shareholding Companies (“SCA Resolution No. 7 of 2016”) in addition to the best compatible international governance practices. The quality of this report demonstrates the approach and extent of corporate governance implementation by the Board of Directors and executive management of DI, and our commitment to continue applying the same in the future.

During 2019, DI introduced a number of new solutions to improve the Corporate Governance processes, including a demonstration of a best practice IT solution through workshops to DI employees for:

- > Submission of Related Party and Insider Trading declarations;
- > Submission of Related Party transactions for approvals.

Through several communication channels, DI listens to and obtains feedback from various stakeholders that affect or are affected by our business. Their involvement directs our sustainability approach and the material issues we focus on for action and improvement. Our key stakeholder groups are as depicted below:



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 DI’s business, except those reserved for the General Assembly. DI’s experienced Board and executive team are set out in section 3.

The Corporate Governance process at DI 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 Sections 4 to 9 below.

DI's Managing Director & CEO is quoted as saying that "Creating positive impact in the society and building a cohesive and happy community are embedded in our values and strategies". DI continues to offer opportunities to communities through various significant contributions. During 2019, DI provided and supported many initiatives and activities covering corporate social responsibility, sustainability and culture. Further, innovation and creativity are key to the future of the UAE and some of the contributions by DI are explained in section 12 (j) "Innovative Projects and Initiatives".

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 2019.

Sr. No.	Name/ Relationship	Title	Number of Shares as on 31/12/2018	Total Sell	Total Buy
1	Mr. Sohail Faris Ghanim Ateish Al Mazrui	Chairman	2,244,842	Nil	Nil
	Spouse	-	742,636	Nil	Nil
2	Mr. Hussain Mahyoob Sultan Al Junaidy	Vice Chairman	3,623,496	Nil	Nil
	Spouse	-	562,920	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. Abdulrahman Ghanem A. Al Mutaiwee	Director	Nil	Nil	Nil
6	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
7	Mr. Khalid Jassim Mohamed Bin Kalban	Managing Director and Chief Executive Officer	2,532,222	Nil	Nil
	Spouse	-	117,525	Nil	Nil

3. Board of Directors

(a) Board of Directors Composition

The Board comprises the Managing Director and 6 (six) independent and non-executive Directors who were unanimously elected by the shareholders for a period of three years during the Annual General Meeting held on April 10, 2017.

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:

Independent & Non-executive Directors

Key to Committees

AC

Audit Committee

NRC

Nomination and Remuneration Committee



Committee Chairman



Mr. Sohail Faris Ghanim Ateish Al Mazrui

Board Member for the last 25 years. Chairman of the Board since 2010.

Mr. Sohail Al Mazrui has wide experience in Petroleum Engineering and executive experience in the Oil Industry. He is the former CEO of Abu Dhabi National Oil Company (ADNOC) as well as the former CEO and Chairman of Aabar. He holds a degree in Petroleum Engineering.

Mr. Hussain Mahyooob Sultan Al Junaidy

AC NRC

Board Member for the last 25 years. Vice-Chairman of the Board since 2010.

Mr. Hussain Al Junaidy has been the Chairman and CEO of various companies in the Oil and Gas Industry. He is also the founder and former Group CEO of Emirates National Oil Company (ENOC). He holds a Bachelor of Science in Civil Engineering and is a Chartered Civil Engineer. He is also a Business graduate from School of Business, University of Pittsburg, USA.



Mr. Ali Fardan Ali Al Fardan

AC NRC

Board Member for the last 18 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

AC NRC

Board Member for the last 10 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
- > Board Member of Marka PJSC
- > Board Member of Al Mal Capital PSC





Mr. Abdulrahman Ghanem A. Al Mutaiwee

NRC

Board Member for the last 3 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. Khaled Mohammad Ali Al Kamda

AC



Board Member for the last 3 years.

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 and currently is a Board member in the following public joint-stock company.

- > Board Member of Marka PJSC

Executive Director



Mr. Khalid Jassim Mohamed Bin Kalban

Managing Director and Chief Executive Officer of DI. Board Member for the last 22 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 Marka PJSC
- > 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

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

Whilst there is presently no woman representation on the Board, it may be noted that DI had a woman candidate for the Board elections held in April 2017.

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 (Ten million five hundred thousand AED) for the year 2018.
2. The Nomination & Remuneration Committee and the Board of Directors have recommended an amount of AED 10.5 Mn (Ten Million Five Hundred Thousand) as remuneration for Board of Directors for the year 2019. 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 Mahyob Sultan Al Junaidy	Audit Committee	140,000	4
		Nomination and Remuneration Committee	110,000	1
2	Mr. Ali Fardan Ali Al Fardan	Audit Committee	150,000	5
		Nomination and Remuneration Committee	120,000	2
3	Mr. Mohamed Saif Darwish Ahmed Al Ketbi	Audit Committee	150,000	5
		Nomination and Remuneration Committee	120,000	2
4	Mr. Abdulrahman Ghanem A. Al Mutaiwee	Nomination and Remuneration Committee	120,000	2
5	Mr. Khaled Mohammad Ali Al Kamda	Audit Committee	150,000	5

During 2019, 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 five times during 2019, as follows:

Sr. No.	Date of Board Meeting	Number of Attendees	Proxy	Names of Absent Directors
1	12 th March 2019	7	None	None
2	2 nd May 2019	7	None	None
3	31 st July 2019	7	None	None
4	30 th October 2019	7	None	None
5	17 th December 2019	6	None	Mr. Hussain Sultan Mahyob Al Junaidy

(f) Number of Board of Directors Resolution by circulation issued during the financial year 2019 showing the dates

No Circular Resolutions were approved by the Board of Directors during the year 2019.

(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, Resolution No. 7 R.M and the Articles of Association of the Company.

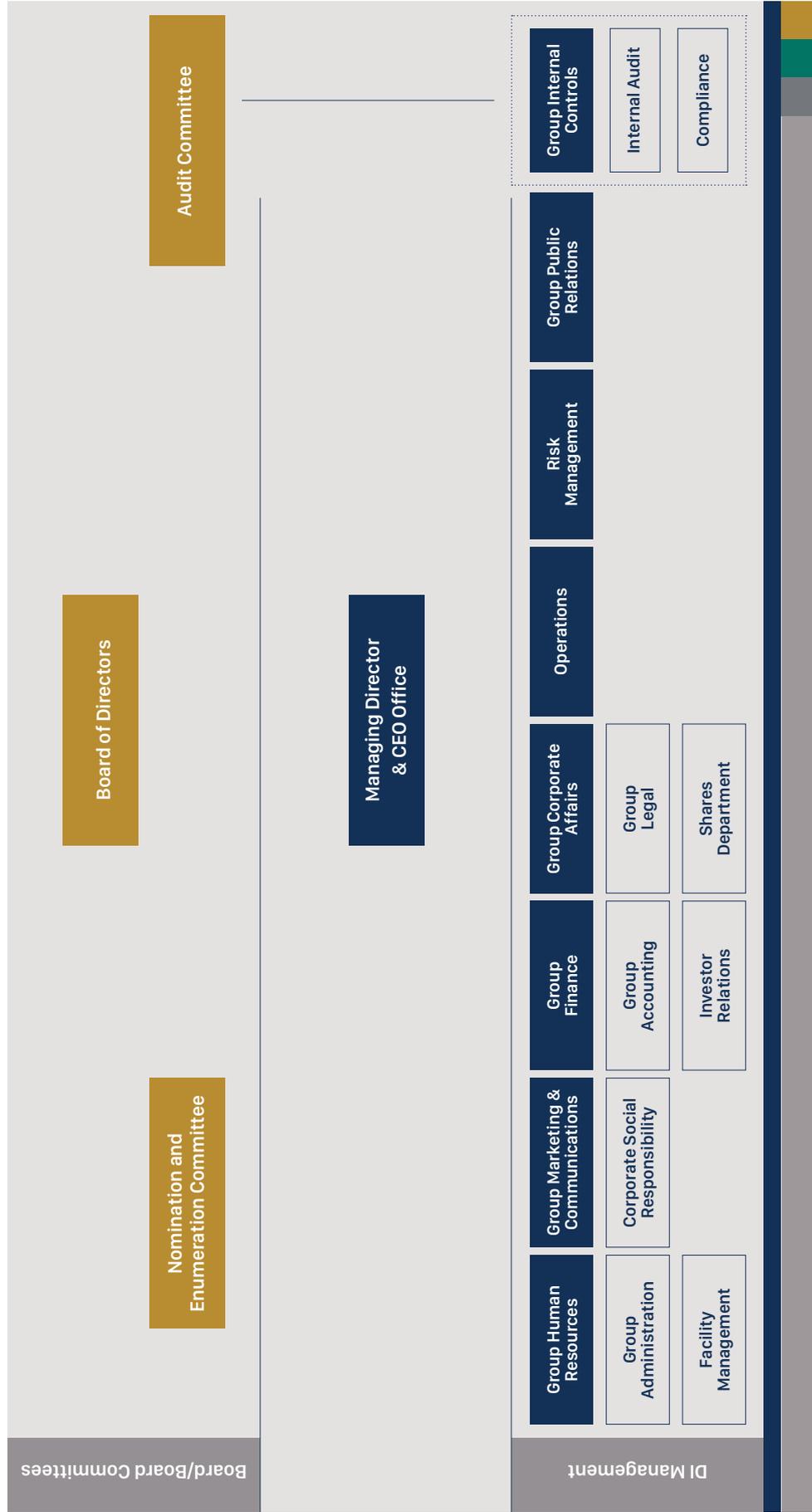
Detailed job descriptions are provided for each member of the Executive Management. During 2019 the Board did not delegate any of its reserved powers to the Executive Management.

(h) Transactions with Related Parties

A statement of the details of transactions made with the related parties (stakeholders) during 2019 is as follows.

	Name of the related parties	Nature of relationship	Type of transaction	Value of transaction
1	Mr. Obaid Al Salami	Employee	Supply of Glass	5,619.27
2	Ms. Asma Mohamed Ahmed	Employee	Land Rent & Service Charges	12,014.89
3	Mr. Ammar Al Duwaikh	Employee	Land Rent & Service Charges	11,924.00
4	Ms. Eman Lutfi	Employee	Rent for lease of apartment	90,000.00
5	Mr. Abdul Rehman Ghanem Al Mutaiwee	Director	Rent for lease of Town House	112,000.00
6	Mr. Taha Hasan	Employee	Rent for lease of flat	41,000.00
7	Mr. Alaa Eladin Mohammed	Employee	Rent for lease of flat	37,000.00
8	Mr. Saleh Ali Omran	Employee	Rent for lease of flat	45,000.00
9	Mr. Arun Hisaria	Employee	Rent for lease of flat	26,250.00
10	Ms. Asma Mohamed Ahmed	Employee	Joinery Works in Villa	19,424.00

(i) Organisation Structure of the Company



(j) Executive Management

The Managing Director & 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 2019 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 2019 or which shall be due in the future***
1	Managing Director & Chief Executive Officer	Jul 01,1995	4,655,252	5,250,000	***
2	CEO- Industrial Platform & Chief Risk Officer	March 01,1998	2,367,626	900,000	***
3	Group Chief Financial Officer	Jan 02, 2008	1,225,350	400,000	***
4	Chief Operating Officer	Sep 09, 2015	1,551,110	350,000	***
5	Chief Corporate Affairs Officer	May 01, 2005	1,047,822	320,000	***
6	Chief Internal Controls Officer	Oct 03, 2005	1,035,032	350,000	***
7	Chief Human Resources and Administration Officer	Nov 01, 2012	921,784	250,000	***
8	Group Marketing & Communication Manager	Oct 01, 2004	743,204	180,000	***
9	Group Public Relations Manager	Sept 01, 2004	748,146	130,000	***

Note:

* Includes allowances, general pension and social security

** Paid in 2019 pertaining to 2018

*** Bonuses for the year 2019 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 2019 by DI Shareholders in the Annual General Meeting held on 17th April 2019.

PwC is a network of firms in 157 countries with over 276,000 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 5,600 people.

(b) Professional fees of the external auditor for 2019 were as follows:

Name of Auditing Firm	PricewaterhouseCoopers
Name of Audit Partner	Mr. Rashid Khursheed
Number of years served as External Auditor for the Company	2 years
Fees for auditing Interim Financial Statements for 2019	AED 408,100
Fees and costs of the other special services other than auditing of the Financial Statements of the Company for the year ended 2019	AED 283,210
Details and nature of the above special services rendered	Other services relate to reporting required by SCA on unclaimed dividends, one off fees for audit on implementation of new IFRS, fees for review of subsidiary auditors reporting and audit fees for review of purchase price adjustment in relation to acquisition of a subsidiary.
A statement of the other services performed by an external auditor other than the Company's auditor in 2019 (if any)	Other auditor name: KPMG Details of services provided: IT and digital advisory, tax related services and sustainability reporting – AED 1,328,321.

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 2019 interim or annual consolidated financial statements.

5. Audit Committee

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. Hussain Mahyoob Sultan Al Junaidy 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 five times during 2019 on 12th March, 2nd May, 31st July, 30th October and 17th December 2019 and the following table summarizes the members and their attendance:

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

Mr. Hussain Mahyoob Sultan Al Junaidy, 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 & Remuneration Committee

The Roles and Responsibilities of the Nomination & Remuneration 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 & Remuneration Committee are Non-Executive and the Chairman of the Board is not a member. Mr. Ali Fardan Ali Al Fardan serves as the Chairman of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee convened twice in 2019 on 12th March and 17th December 2019 and the following table summarizes the members and their attendance:

Sr. No.	Name	Title	No of Meetings held	Meetings attended
1	Mr. Ali Fardan Ali Al Fardan	Chairman	2	2
2	Mr. Hussain Mahyoob Sultan Al Junaidy	Member	2	1
3	Mr. Mohamed Saif Darwish Ahmed Al Ketbi	Member	2	2
4	Mr. Abdulrahman Ghanem A. Al Mutaiwee	Member	2	2

Mr. Ali Fardan Ali Al Fardan, the Nomination and Remuneration 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 & 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.*

The ITSC convened four (4) meetings during 2019 on 11th March, 1st May, 31st July and 30th October 2019 and the following table summarizes the members and their attendance:

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

The Board has not established any other committees during the year 2019.

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 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 September 2015.
- (d) The Board is pleased to confirm to its stakeholders that in line with Article 50 of Resolution No. 7 R.M., 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 2019 requiring disclosure in a Report or to the Market.
- (e) Number of Reports – Five (5) periodic reports were issued by Internal Controls Department to the Audit Committee during 2019.

10. Violations

During 2019, DI received a warning letter from the SCA regarding statements made by the Managing Director (“MD”) during the AGM held on 17th April 2019. The MD’s statements were made in connection with the establishment of a Real Estate Fund by Al Mal Capital. As requested by SCA, DI published a statement to clarify the alleged violation. DI does not expect a recurrence of this alleged violation and the Directors are aware of the relevant regulations and best practices regarding corporate governance.

To the best of knowledge of the Board and the Executive Management, no other material violations were committed during 2019 and DI is compliant with Resolution No. 7 R.M. on Corporate Discipline and Governance Standards.

11. Contribution towards Society and Protection of the Environment

Dubai Investments' Sustainability Approach

At Dubai Investments, we believe that it our responsibility and obligation to support communities and people who are facing various challenges including social, environmental, health and economic challenges. During 2019, DI contributed a total of approximately AED 1.22 million in more than 34 initiatives that we launched, organized and participated in, to support local and regional communities.

Benefiting the Community	Protecting the Environment	Preserving UAE's Heritage & Culture	Social Awareness Campaigns
<ul style="list-style-type: none"> > Supported Al Noor Training Centre for Persons with Disabilities in its annual fundraising event. > Provided theater seats for the Theatre Therapy Program of Dubai Autism Centre. > Donated interactive touch screen for the speech therapy unit at Awladouna Centre for People with Disabilities. > 25 employees of DI volunteered in the 'Eid for Joy' event which was arranged to take underprivileged children out for Eid clothes shopping. Rawafed Centre and Emirates Red Crescent organized this event. > Organized film screenings event for more than 650 laborers in DIP. > Sponsored cancer treatment of children through tumor resection operation in Cancer Centre of Lebanon. > Provided educational sponsorships to school students. > Sponsored the medical treatment for a 6-year-old child suffering from Thalassemia. > Organized a Fitness Challenge for Green Community residents and employees to encourage a healthy and active lifestyle. 	<ul style="list-style-type: none"> > During the international E-waste day on October 14th, DI organized an e-waste collection drive for employees to promote recycling of electronic devices in an environmentally responsible way. > Building the Change: Acting on Plastic, an initiative launched by DI for youth and social communities to promote plastic waste management at university premises through implementing an integrated solution "3R"- Reuse, Reduce and Recycle. > DI participated in the Global Earth Hour initiative by switching off lights for an hour to show support for the planet. > 40,000 trees and shrubs and 140,000 square meters of grass were planted in DIP vicinity. > Employees from Edible Oil, a subsidiary of DI have planted a garden where they grow vegetables and flowering plants. 	<ul style="list-style-type: none"> > To mark the Year of Tolerance in UAE, DI organized a "Unity in Diversity" event with employees from almost 50 nationalities painting a tolerance inspired Ghaf leaf wall mural. > Organized various activities for DI staff to celebrate UAE's National Day and Flag Day. > Sponsored the Holy Quran Memorization Contest which was organized by The Sheikh Mohammed Centre for Cultural Understanding. <div data-bbox="815 1256 1110 1328" style="background-color: #c08040; color: white; text-align: center; padding: 5px;"> Supporting Youth Development </div> <ul style="list-style-type: none"> > DI is a strategic partner in the Seeds of the Future program for University students. > Sponsored the summer camp organized by "Hobbies Club", an educational and cultural club for the youth in Dubai. 	<ul style="list-style-type: none"> > Participated in Dubai Cares' annual Walk for Education which aims to support millions of children in developing countries to acquire quality education. > Hosted the annual Autism Awareness Ride organized by Berets Motorcycle Club. > Sponsored the annual International Day of the International School of Choueifat to promote and celebrate diversity during the Year of Tolerance. > Organized a Blood Donation Camp with an overwhelming response from employees of DI and its subsidiaries. > Supported Kalimati Communication and Rehabilitation Centre in an annual programme of events for women of determination. > Held a breast cancer awareness drive for employees by an expert doctor from King's College Hospital. > In collaboration with Beit AlKhair, distributed 9000 community meals in 2 hours 52 minutes, creating the Guinness World Record for the most community meals delivered. > Organized "First Responder" First Aid training for DI staff and UOBD students.

Ramadan Initiatives and Activities

- > Smile on the Face campaign with the distribution of iftar meal boxes to thousands of blue-collar workers.
- > Supported Beit Al Khair & Rewaq Al Ousha in distributing meal boxes.
- > Supported several sports events organized by Zayed Higher Organization for the disabled.
- > Sponsored Ramadan Soccer Championship that promoted health and fitness amongst working executives.
- > Organized Fit to Fast health campaign for DI employees where screenings including BP, BMI and sugar were performed by Kings College Hospital.

12. General Information

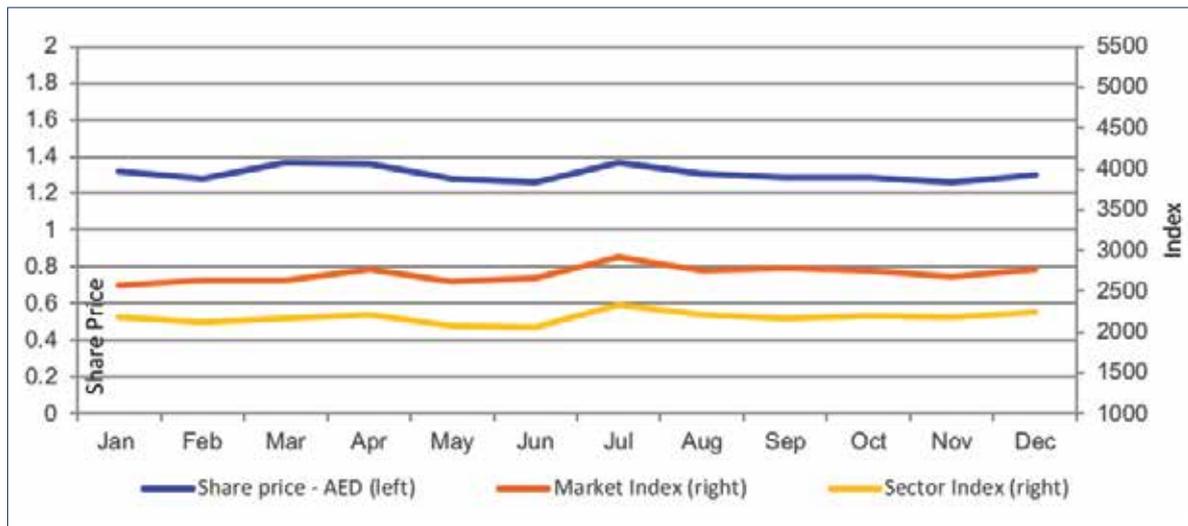
(a) Share Price Movement

The Company's (Maximum and Minimum) Share Price at the end of each month for the fiscal year ending on December 31, 2019 is given in the table below:

Month	Maximum price during the month	Minimum price during the month	Closing price at the end of the month	DFM General Index	Index of financial investment sector
January	1.35	1.23	1.32	2567.59	2184.42
February	1.35	1.04	1.28	2635.78	2120.14
March	1.44	1.26	1.37	2634.86	2173.89
April	1.63	1.36	1.36	2767.1	2210.88
May	1.42	1.17	1.28	2620.33	2075.59
June	1.33	1.23	1.26	2658.63	2059.06
July	1.43	1.22	1.37	2918.38	2329.59
August	1.38	1.29	1.31	2758.6	2206.39
September	1.35	1.24	1.29	2781.07	2174.75
October	1.33	1.24	1.29	2746.93	2193.63
November	1.29	1.23	1.26	2678.70	2186.92
December	1.32	1.25	1.30	2764.86	2239.80

(b) Comparative Share Price Performance

The graph depicted below indicates the performance of the Company Closing Share Price for 2019 against the DFM General Index and the Index of Financial Investment Sector for 2019.



(c) Statement of Shareholders' Nationality

As on December 31, 2019, 4,252,019,585 shares were held by 16,482 shareholders. The shareholder mix is depicted in the table below:

Classification	% of Ownership				Total %
	Individuals	Companies	Governments & Institutions	Banks	
Local	51.82%	16.27%	18.28%	0.37%	86.74%
GCC	1.26%	0.79%	0.06%	0.11%	2.22%
Arab	2.38%	0.08%	0.00%	0.04%	2.50%
Foreign	1.25%	7.18%	0.00%	0.10%	8.53%
Total	56.71%	24.32%	18.34%	0.62%	100%

(d) Top Shareholders

Shareholders who own 5% or more as on 31 December 2019 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 2019, 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
1	Less Than 50,000	12,121	215,281,969	5.063 %
2	Between 50,000 and 500,000	3,721	507,099,153	11.926 %
3	Between 500,000 and 5,000,000	532	780,251,117	18.350 %
4	Greater than 5,000,000	108	2,749,387,346	64.661 %
Total		16,482	4,252,019,585	100 %

(f) Investor Relations

For the purposes of Article 35 of Resolution No. 7 R.M., the officer in charge of investors' relations and shareholder communications for the Company is Mr. Maher Rabah. Investor Relations – Senior Officer.

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

Three special resolutions were approved at the 23rd Annual General Meeting held on 17th April 2019 by the shareholders and the competent authorities, as follows:

Amendments to Article 1 & 41 of the Articles of Association of the Company

1.(i) Article (1) Definition: Related parties

The Chairman and members of the Board of Directors of the Company, members of the Senior Executive Management of the Company, employees of the Company, and the companies in which any of such persons holds 30% or more of its capital, as well as subsidiaries or sister companies or affiliate companies, unless otherwise prescribed by the Commercial Companies Law, the Securities and Commodities Law, or their executing regulations.

1.(ii) Article (41) Announcement of the Invitation to a General Meeting

The invitation to the Shareholders to attend a General Meeting shall be made by publishing an announcement in two daily newspapers issued in the Arabic language, by registered mail or by SMS and e-mail if any, at least fifteen days prior to the date of the meeting after obtaining SCA approval. The invitation shall include the agenda of the meeting, and a copy of the invitation shall be sent to SCA and the authority concerned.

2. Article (67) Shareholders approval was obtained

Shareholders approved to authorize the Board of Directors to approve voluntary contributions for the year 2019 not exceeding 0.5% of the average net profits of the Company during the two previous financial years, at the Board's discretion.

(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 38 years' of experience in similar positions.

His duties include organizing the Annual General Meeting procedures, advising the Board of Directors on corporate governance and director's duties, liaising with various regulators and ensuring proper payment of dividends to Shareholders. He also organizes, takes minutes and follows up on Board of Director Meetings for all the sub-holding companies, including managing the interest area of the shareholders, issues of conflict of interest, investor guidelines and advising the Management and senior executives on applicable laws and regulations.

(i) Significant Events

-
- Acquisitions and Investments**
- > Dubai Investments Park obtained bilateral term loan facilities of USD 500 million. These funds were partially used to repay USD 300 million Sukuk notes.
 - > 100% ownership acquired in Globalpharma.

-
- Growth and Expansion**
- > Dubai Investments glass business achieved 45% market share.
 - > Dubai Investments signed contract to build Copthorne Creek Hotel.
 - > Kings College Hospital London in UAE opened in Dubai Hills.
 - > Dubai Investments Park signed contract to commission new DEWA sub station.
 - > Dubai Investments released 279 units in Al Multaqa Avenue, Mirdif Hills.
 - > Dubai Investments handed over Mirdif Hills.
 - > Infrastructure investment across DIP now exceeds AED 1.5 billion.
 - > DIP warehouse, office and commercial sub-leases now exceeds 5 million Sq. ft.
 - > Emicool reinstated sustainability drive with Renault ZOE electric vehicle fleet, registered 355,000 tonnes of refrigeration in H1 and opened new solar plant.
 - > Emirates Glass announced the launch of ARMAX (first locally coated anti-reflective glass) and introduced SmartLite (state of the art switchable glass).
 - > Properties Investment announced the launch of RERA approved owners association firm (PIDHOAM).
 - > Progress made on the AED 460 million Al Taif Business Centre project.
 - > University of Balamand, Dubai entered 2nd year of operation with new majors and signed MOU with Academia Management Solutions International.

-
- Recognition and Awards**
- > Al Mal Capital named UAE Asset Manager of the Year at MENA Fund Manager Performance Awards.
 - > MODUL University Dubai secured place on EXPO 2020 accelerator programme.
 - > Properties Investment awarded prestigious ISO certifications in 3 categories.
 - > Emicool received 2 IDEA District Energy Awards.
 - > Dubai Investments received ESQR Quality Choice Prize 2019.
 - > Emicool became GCC's first district cooling company with ISO 26000.
 - > Dubai Investments Impact of Investment became top choice at Arab Investor Award 2019.
 - > Dubai Investments honored with the Golden Award for Quality and Business Prestige 2019.

-
- Appointments**
- > Dr. Jihad Nader was appointed the new CEO for University of Balamand, Dubai.

(j) Emiratisation

The Emiratisation percentage in the Company as of **2017, 2018, 2019** is :

2017	12.50%
2018	15.87%
2019	15.87%

(k) Innovation Projects and Initiatives

- > Emirates Glass now produces SmartLite, a switchable glass that changes its appearance on demand by using electric current. SmartLite allows a decent amount of light to pass through but effectively prevents see-through.
- > Techsource, an IT subsidiary of Dubai Investments has embarked on the Group’s journey towards Digital Transformation

(l) Innovation in Education

- > MODUL University showed their commitment to innovation and sustainability by securing a place on the Expo 2020 accelerator programme with a mobile application “Carb-In”.

Signed:

Sohail Faris Ghanim Ateish Al Mazrui
Chairman, Board of Directors
Dated: 11th March 2020

Hussain Mahyoob Sultan Al Junaidy
Chairman – Audit Committee
Date: 11th March 2020

Ali Fardan Ali Al Fardan
Chairman – Nomination & Remuneration Committee
Date: 11th March 2020

Saderuddin Panakkat
Chief Internal Controls Officer
Date : 11th March 2020



Seal of Company