



المتحدة للتنمية  
UNITED DEVELOPMENT CO.

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# ANNUAL REPORT 2023





His Highness  
**Sheikh Tamim bin Hamad Al-Thani**  
The Amir of The State of Qatar



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31 December 2023

# Board of Directors



**H.E. Ahmed Ali Al-Hammadi**  
Chairman



**H.E. Faisal Fahad Jassim Al-Thani**  
Vice Chairman



**Mr. Abdulaziz Mohamed Al-Mana**  
Board Member



**Mr. Ali Hussain Al-Fardan**  
Board Member



**Mr. Abdulrahman Saad Al-Shathri**  
Board Member



**Mr. Nasser Jaralla Al-Marri**  
Board Member



**H.E. Abdulla Hamad Al-Attiyah**  
Board Member



**Mr. Hassan Abdulla Al-Hammadi**  
Board Member



**Mr. Ibrahim Jassim Al-Othman**  
President and Chief Executive Officer  
and Member of The Board





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**Ahmed Ali Al-Hammadi**  
Chairman

# Chairman Message

## Dear Shareholders,

On behalf of myself and the Board of Directors, I am pleased to present to you United Development Company's (UDC) annual report for the year 2023 which includes the audited financial statements for the fiscal year concluding on December 31, 2023.

In this transformative year, UDC has remained steadfast in its commitment to sustainable growth, focusing on robust revenue streams derived from residential sales, leasing activities, and retail leasing. Gewan Island stands as a beacon for future development, while The Pearl Island continues to evolve into a model for sustainable living. UDC's increased investment in leisure attractions, resident well-being, digital solutions, and environmental initiatives underscores our dedication to creating a harmonious and clean living environment.

The fiscal year 2023 witnessed UDC achieving a net profit of QR 401.7 million and revenues totaling QR 2.1 billion. The net profit attributable to equity holders of the parent reached QR 402 million, with basic earnings per share at QR 0.114. The Board of Directors has recommended the distribution of cash dividends equivalent to 5.5% of the share par value.

Thus, the proposed dividends for the year 2023 are in line with value of the real-estate projects that the Company is developing.

In our pursuit of global connections and international partnerships, UDC further engaged in several roadshows in key international markets throughout 2023.

Looking forward to 2024, UDC renews its commitment to completing development projects on Gewan Island, attracting investors, buyers, and tenants, and actively contributing to the Qatari economy and tourism sector. UDC also intends to reactivate the operations of some of its subsidiaries with the aim of enhancing the company's ongoing revenue streams.

In conclusion, I extend sincere thanks to His Highness the Amir, Sheikh Tamim bin Hamad Al-Thani, for his unwavering support. My sincere gratitude goes to our shareholders for their trust as well as continuous support, and I assure them once again that we will live up to their aspirations and expectations, by sustaining a high-performance culture at UDC. Heartfelt gratitude finally goes to UDC management and employees for their exceptional efforts in 2023.





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**Ibrahim Jassim Al-Othman**

President, Chief Executive Officer  
and Member of The Board

# President & CEO Message

## Dear Shareholders,

As we review the achievements and progress of United Development Company (UDC) in the year 2023, it is with great pleasure that I present to you our annual report, highlighting the strategic milestones and developments that have defined this period.

In 2023, our overarching vision was to position The Pearl and Gewan Islands prominently on the global investment map. Through a series of targeted roadshows and meticulously planned marketing initiatives, we successfully attracted attention from international investors seeking to benefit from Qatar's residency scheme.

Looking specifically at residential projects on The Pearl Island, we not only met but exceeded our annual targets for residential sales and leasing. The high tenant occupancy for both residential and retail spaces reflects the growing demand for our unique offerings.

The activation of Corinthia Yacht Club and Gewan Golf Club has added exceptional leisure and hospitality attractions, elevating our destinations to unparalleled levels of luxury service and memorable experiences for stakeholders.

The progress of The Pearl International Hospital marks a significant step toward establishing a state-of-the-art medical facility, enriching our service offerings on The Pearl Island in the year 2024.

Simultaneously, our beautification and infrastructure upgrade projects on The Pearl Island have enhanced the living environment. The introduction of green spaces, decorative lights, pedestrian crossings, safety measures, and digitized access systems through improved mobile applications exemplify our dedication to creating a seamless and advanced living experience.

Sustainability has been a focal point in 2023, earning international recognition and awards. With a 92% customer satisfaction level for our Ittisal call center, we are proud to provide outstanding service to our community. The installation of ultra-fast electric vehicle chargers and the inauguration of Qatar's first electric security patrol fleet underscore our commitment to sustainable solutions, reducing carbon emissions, and promoting environmental wellbeing.

On the developmental front in Gewan Island, significant progress has been made, with completed landscaping works, structural developments, and utility networks. The granting of early access to retail tenants to commence fit-out works has accelerated fit-out processes at Crystal Residence and Crystal Walkway, setting the stage for the island's substantial completion in 2024.

Building on the momentum of 2023, we anticipate an even more fruitful 2024. The inauguration of The Pearl International Hospital and continued efforts to attract foreign investments are among our strategic goals. Sustainability and community management will remain pivotal in maintaining The Pearl Island's reputation as a preferred living and leisure destination. In Gewan Island, we anticipate the handover of Crystal Residence units and the launch of retail activity, marking a significant milestone.

To our shareholders, partners, board members, and employees, I extend my sincere gratitude for your unwavering collaboration and dedication. Together, we embark on a new era, steadfast in our commitment to enhancing living experiences for our communities.

# United Development Company (UDC)



Incorporated: **1999**

Ownership: **Qatari Public Shareholding Company**

Sector: **Urban Development and Investments**

United Development Company (UDC) is a leading Qatari public shareholding company with a mission to identify and invest in long-term projects contributing to the growth of the State of Qatar and providing good shareholder value.

Established in 1999, the Company was listed on the Qatar Exchange in June 2003. It has an authorized share capital of QR 3.5 billion and total assets of QR 19.6 billion on 31 December 2023.

From day one, the Company actively contributed to the development of the State of Qatar, rapidly evolving into a leading Qatari Public Shareholding Company and successfully establishing a group of various good performing investments.

Through a combination of project activities and commercial enterprise, UDC and its subsidiaries have accumulated a large amount of experience and detailed knowledge in real estate development, property management, hospitality and maritime, district cooling, and infrastructure and utilities.

As part of its five-year business plan, UDC is leveraging its leading market position to achieve sustainable financial performance and maintain profitability targets by focusing on the core business activities and investing in new and viable real estate developments.

UDC's flagship project is The Pearl Island, an urban mixed-use, man-made island and one of the largest real estate developments in the Gulf.

UDC is also in the process of developing Gewan Island located adjacent to The Pearl Island, into the Company's latest world class residential, commercial and entertainment project. This development has the potential of becoming a magnificent destination that will maintain UDC's future growth.

# UDC Tower



UDC Tower, which is also UDC's main headquarters, is located at the entrance of The Pearl Island. It stands at around 201 meters high and is one of the tallest structures on the Island. The 42-storey tower has been developed to provide the best possible working environment with first-class facilities, making the Tower the location of choice for many businesses.

UDC Tower sets a prime example in sustainable operation, being the recipient of the GSAS certification, and Green Apple Environment award for Beautiful Buildings.

## Quick Facts:

- High-end office space
- Certified QFC (Qatar Financial Centre) business location
- Premium amenities and services
- 'GSAS'-Gold certified for sustainable operations (Global Sustainability Assessment System)
- Panoramic views
- 8-level parking podium
- Fine dining restaurant at the tower dome: Iksha 360
- Upscale ladies' fitness club: The Venue
- Luxury car showroom: Bentley
- Proximity to The Pearl Island's residential and retail precincts

# The Pearl Island



## Major Precincts:



The Pearl Island is one of the largest real-estate developments in the Middle East. It sits on four million sqm of reclaimed land and has been created over 32 km of new coastline with expected 25,000 dwellings and 52,000 current residents.

The integrated and sustainable Island incorporates a variety of distinct features including apartments, villas, townhouses, penthouses, diverse entertainment facilities, in addition to an award-winning marina and beautiful, serene beaches.

The Island is divided into ten architecturally distinct and themed precincts that house various property types including studios, one to three-bedroom apartments, in addition to villas and low-rise buildings, carefully planned pedestrian-friendly squares and plazas, and a wide range of landscaped gardens.

More than 400 retail shops are currently operational on the Island and include popular fashion brands, coffee shops, restaurants and other lifestyle offerings occupying more than 196,000 sqm of leased retail spaces.



## The gateway to The Pearl Island

Abraj Quartier precinct is a prime location for offices, businesses and companies; in particular the highly prestigious twin towers providing panoramic and breathtaking sea views.

## Quick Facts:

- 7 towers (36-42 floors)
- Tallest towers on the Island
- UDC Tower with leasable office space, restaurants and 8-level parking
- Abraj Bay (Towers 3, 4, 5, 6)
- Hilton Doha The Pearl Residences (7<sup>th</sup> tower)



## **Cosmopolitan Riviera Arabia lifestyle**

Porto Arabia represents a modern Mediterranean dwelling that echoes the French Riviera lifestyle with an open-air retail design overlooking Qatar's largest and award-winning marina. The colorful waterfront, known as La Croisette, is a lively 3.5-kilometer pedestrianized concourse, lined with numerous upscale retail stores and dining outlets.

## **Quick Facts:**

- 31 residential towers
- 7,257 residential units including townhouses
- 93,000 sqm of retail and F&B spaces
- 204 operational retail and F&B brands
- 3,500 retail parking spaces
- 3.5-kilometer Boardwalk (La Croisette)
- 906 marina berths
- Corinthia Yacht Club
- St. Regis Marsa Arabia Island



## The vibrant town center

Medina Centrale is The Pearl Island's vibrant town center and a hub for services. Located between the residential and retail district of Porto Arabia and the relaxed, family-oriented beachfront community of Viva Bahriya, Medina Centrale is characterized by Spanish-style low-rise buildings, abundant green space and various retail and F&B shops as well as entertainment and service outlets.

## Quick Facts:

- 538 residential units
- 70,600 sqm retail and F&B spaces
- 94 operational retail and F&B brands
- 3,600 retail parking spaces
- Government and Traffic Department service centre
- 'Khadamati' governmental and non-governmental services to residents
- Banks
- Indoor entertainment center
- Cinema complex
- The Pearl International Hospital





## Venetian charm meets Arabian chic

With its colorful Venetian character, Qanat Quartier is carefully planned around intricate canals and pedestrian-friendly squares and is located in proximity to the beach. Its boutique-style retail and F&B outlets add to Qanat Quartier's intimate village feel.

## Quick Facts:

- 1,164 residential units including townhouses
- Canals reminiscent of Venetian waterfront living
- 31,000 sqm retail and F&B spaces
- 94 operational retail and F&B brands
- 1,120 retail parking spaces
- Marsa Malaz Kempinski



## **Sophisticated beachfront living**

With its Moroccan-themed architecture, Viva Bahriya is a serene beachfront family destination featuring studios, apartments, along with luxury penthouses and low-rise townhouses. Complete with its own stretch of pristine beach, Viva Bahriya is lapped by a warm, inviting sea making it a haven for water sports enthusiasts.

## **Quick Facts:**

- 29 residential towers
- 5,645 residential units
- Beachfront condominium living
- Moroccan-styled townhouses with direct water views

# Giardino Village



## A villa sanctuary within urban surroundings

Giardino Village is located in a tranquil enclave with close proximity to the vibrant retail hubs of Medina Centrale and Porto Arabia, making it perfect for those wanting a discreet residence in a more sheltered locale. Carefully positioned amidst a lush, landscaped parkland, The Pearl Island's Giardino Village precinct promises to be the most comprehensive community on the Island.

## Quick Facts:

- Mixed-use residential plots ranging from 470 to 2,400 sqm
- Completed villas
- Low-rise building plots (G+3 floors, G+5 floors, G+6 floors)
- Giardino Gardens compound (80 villas)
- Lulu Mall, Giardino
- United School International
- Civil Defense Centre



## **Community Living with Parisian Inspired Architecture**

Floresta Gardens, the Parisian-inspired precinct, offers a variety of community living options with beautiful waterfront and public realm views and access to retail services and numerous amenities.

## **Quick Facts:**

- 10 mid-rise residential towers
- Floresta Garden Compounds 1, 2, 3 (115 villas)
- Floresta Galleria Mall
- Kids area

# The Pearl International Hospital



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**Date of Completion: 2024**

The Pearl International Hospital represents a new milestone in the added-value services and facilities that UDC is introducing to its community. It will be located in Medina Centrale on an area of 14,000 sqm and will be managed by the prestigious Ruzgar Healthcare Holding.

The Hospital will provide all medical specialties with state-of-the-art equipment and facilities, superior medical services and skilled professionals to provide clinical excellence and patient-centered care.

# Costa Malaz Villas



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**Date of Completion: 2025**

Welcome to Costa Malaz, an exquisite haven of tranquillity and sophistication, showcasing the prestigious “Marsa Malaz Kempinski” hotel on a captivating islet in the central bay. Discover Costa Villas, an exclusive and refined community offering 47 villa plots, ranging from 2,018 to 3,034 sqm. Within this luxurious enclave, UDC is developing two exceptional villas for sale.

The villa features are designed to elevate coastal living to new heights, including a private swimming pool, a five-level layout with a penthouse, spacious luxury bedrooms, a fully equipped elegant kitchen, a guest majlis on the ground floor, and ample parking spaces. Costa Malaz Villas promises an unparalleled residential experience, combining opulence with the serenity of coastal living.



Gewan Island, UDC's latest real-estate project, is a man-made Island situated next to The Pearl Island, spanning 400,000 sqm. The Island will be home to 657 residential units, including 586 apartments, 18 standalone villas managed by Corinthia Hotel, 21 beachfront villas with private beach, 26 waterfront villas that are equipped with private pontoons for private boats, and six independent island mansions, in addition to 11,000 sqm of retail spaces and 15 multi-use buildings.

The Island, which derives its name from the full-round, pink-tinted and perfectly shaped pearl, a symbol of Qatar's maritime heritage is designed to attract those seeking an urbane and vibrant international lifestyle.

Gewan Island will feature the five-star 'Corinthia Gewan Island Qatar' hotel with a connected golf course and beach club, as well as an air conditioned outdoor 'Crystal Walkway' and seaside Promenade, parks and green areas. The Island will also be home to entertainment facilities, a clubhouse, and a mosque.

The Island's design incorporates a number of sustainability features to reduce the use of vehicles and encourage walking and biking through dedicated pedestrian and cycling networks. The Island is also designed to reduce urban heat by incorporating green roofs, shading, and reflective surfaces.

## Quick Facts:

- Smart and sustainable features
- Amenity-rich mix of residential, retail and leisure districts
- Longest climatized retail walkway
- Climatized seaside promenade
- Total residential units: 657
- Total residents: 3,500

# Crystal Residence



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**Date of Completion: 2024**

Crystal Residence's low-rise buildings sit at the heart of Gwan Island within a vibrant commercial and residential district, with unobstructed sea views from one side and the lively Crystal Walkway from the other. Once completed, they will have 586 apartment units from one to four bedrooms, 101 public retail, entertainment and dining outlets, comprehensive leisure facilities for residents, and several underground car parks.



# Crystal Walkway



**Date of Completion: 2024**

At the heart of Gewan Island is 'Crystal Walkway' a climatized outdoor pedestrian area that is the Island's commercial hub. Nestled between 15 residential buildings, it serves as a vibrant place for shopping and relaxation with 11,000 sqm shopping and dining space housing 101 retail units and several visitor parking spaces for easy access.

# Corinthia Hotel Gewan Island Qatar



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**Date of Completion: 2025**

Corinthia Hotel Gewan Island Qatar is an architectural jewel combining urban luxury and neo classical design. It is envisioned to become a unique landmark on Gewan Island and a benchmark of high-end hospitality in Doha.

The hotel will be established on an area of 13,000 sqm and will comprise 110 guestrooms, a banquet hall and outdoor patio with a 1,000 people capacity, an all-day dining and specialty restaurants in addition to a distinguished spa facility.

Connected to the hotel through a dedicated bridge, will be the luxurious Solymar Beach Club facility which will provide the ultimate leisurely guest experience and offer several pools and chalets with stunning views in addition to exquisite restaurants and a cigar lounge.

Gewan Golf Club also part of the hotel, is set in six hectares of parkland and is designed to the highest standards, to offer a new-generation golfing experience.

Corinthia Hotel will further manage 18 elegant standalone villas located on the beachfront in Gewan Island.

# Qatar District Cooling Company (Qatar Cool) Private J.S.C



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Ownership: **UDC (91.06%)**

Sector: **District Cooling**

Qatar Cool is the leading district cooling company in Qatar. Since its inception, Qatar Cool has aimed for operational excellence in every aspect of its business. Over the past 19 years, the company has developed solid technical and operational experience and has refined its approach on both business-to-business (B2B) and business-to-consumer (B2C) fronts.

Qatar Cool is entirely committed to meeting client needs with solutions of the highest quality that will yield the best possible results, in the most competitive manner. Earning and retaining client trust is at the core of the organization's practice, from planning, to execution, to Service delivery.

Qatar Cool owns and operates five cooling plants spanning across three major districts in Qatar. Three of the cooling plants are situated in the West Bay district, with a combined cooling capacity of 107,500 Tons of Refrigeration.

The fourth cooling plant is located on The Pearl Island, a 41 million square feet man-made island. The Pearl Island plant is the largest in the world housing a cooling capacity of 130,000 Tons of Refrigeration.

Qatar Cool's fifth cooling plant in The Pearl Island will serve Gewan Island development. The cooling plant has a capacity of 18,000 Tons of Refrigeration.

Qatar Cool have successfully executed the first step of expanding overseas with the establishment of its international arm 'United District Energy International' (UDEI), with United Development Company (UDC) as the majority shareholder. The company held a signing ceremony in January 2023 with Ajlan & Bros Holding and Marubeni Corporation, which marked the inauguration of a Saudi based collaborative district cooling company 'Diarona District Energy Ltd between Ajlan Marubeni and UDEI.



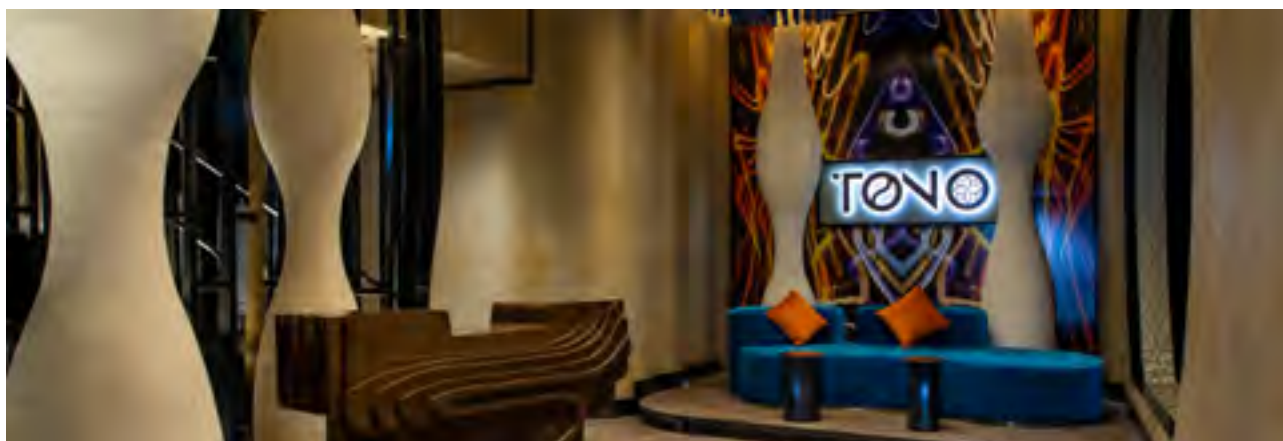
# Hospitality Development Company (HDC)



Ownership: **UDC (100%)**

Incorporated: **2007**

Sector: **Hospitality**



Hospitality Development Company (HDC) is a wholly owned subsidiary by UDC that aims to own, develop and operate world-class hospitality businesses, by bringing several established international franchises to The Pearl Island. HDC contributed to the reputation of the Island as one of the most distinguished hospitality destinations in the region.

HDC operates several successful restaurants at The Pearl Island, a diverse portfolio of popular brands, each with their own unique and different offering but all with great hospitality at their core. HDC portfolio offers something for everyone. Its principal trading brands are “Burj Al-Hamam”, “Shirvan Métisse Doha”, “Burger & Lobster”, “TONO”, “DALLOYAU” and “SPONTINI”. HDC also operates self-developed concepts such as “Arabesque”, “Isla Mexican Kitchen”, “Chocolate Jar” and “The Oyster Catering” as well as four food trucks strategically located on the Island and Expo. In addition, HDC operates VIP dine-in groups and events, outside catering events, and school catering services currently serving more than 500 daily meals at United School International (USI).

The year 2023 has brought significant progress for the business, evidenced by encouraging profits and driven by a strategic focus on the following areas:

#### **1. New Restaurant Addition:**

**TONO** - A unique Nikkei cuisine created by Michelin starred Chef Akira Back in a modern dining experience in the heart of Porto Arabia. TONO is a Peruvian slang for party, offering a festive sharing food concept with lively service crew, modern salsa music and a chilled-vibes all surrounded by the panoramic stunning view of the marina.

**DALLOYAU** - Dalloyau, a world-famous pastries and luxurious caterer from France, brings together all the talents of taste and hospitality: chefs, chocolate makers, confectioners, pastry chefs, bakers and ice cream makers.

**2. New Marketing Approach:** implemented based on a data-driven strategy throughout The Pearl Island, by exposing HDC brands innovatively to residents and visitors through customer-driven digital marketing and strategic offline marketing placement around the Island.

Throughout 2023, HDC’s primary focus has been to grow the culture of “Guest Hospitality”, which is based on the understanding that “It is our people that make the difference”. With continuous training and talent nurturing, HDC has worked to achieve its mission of gaining customer loyalty.

Results of HDC’s efforts have quickly been materialized in the form of several prestigious achievements. The Company’s concepts have bagged in 2023 nominations and

wins of Travelers’ Choice awards for most of its brands by the reputable “TripAdvisor” platform. The following is a brief overview of the awards that HDC has received for all its restaurants in 2023:

#### **“Burj Al-Hamam”:**

- Recipient of the 2023 Travelers’ Choice award on TripAdvisor.
- Awarded Luxury Lifestyle Awards 2023.
- Ranked No. 4 among all Lebanese restaurants in Doha for 2023 on TripAdvisor.
- Included in the top 5 Lebanese restaurants in Doha for 2023 by TimeOut.

#### **“Shirvan Métisse Doha”:**

- Awarded Luxury Lifestyle Awards 2023.

#### **“Isla Mexican Kitchen”:**

- Recipient of the 2023 Travelers’ Choice award on TripAdvisor.
- Ranked No. 1 among all Mexican restaurants in Doha on TripAdvisor.

#### **“Chocolate Jar”:**

- Recipient of the 2023 Travelers’ Choice award on TripAdvisor.
- Awarded the 2023 Lifestyle Awards for the best café in Doha.

#### **“Arabesque”:**

- Recipient of the 2023 Travelers’ Choice award on TripAdvisor.
- Ranked No. 8 among all Lebanese restaurants in Doha for 2023 on TripAdvisor.

Moving into 2024, HDC’s strong performance will be reinforced by the introduction of new dining concepts and the expansion of catering services. This expansion is the result of a meticulous evaluation of various factors, including demographic trends and competitive dynamics. With the completed development of a Central Production Unit (CPU), HDC’s team is strategically positioned to attract larger catering and events within the commercial, luxury, and HORECA sectors.

Additionally, HDC plans to extend its footprint as a master franchisor in the GCC market. This involves the introduction of HDC brands, including Burger & Lobster, Isla, and Arabesque, into new markets such as KSA, UAE, and Oman. This strategic move aims to leverage the success of HDC’s brands and capitalize on opportunities in diverse regional markets.

# Ronautica Middle East (RME)



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Ownership: **UDC (100%)**

Incorporated: **2007**

Sector: **Marine Industry and Services**

Ronautica Middle East (RME) is a fully owned subsidiary of United Development Company (UDC) and is well known in the region for providing dependable marina management and nautical services. Since its incorporation in 2007, the company has hosted many luxury yachts and provides a portfolio of premium marine services to its clients and visitors to The Pearl Island. Over these years, The Ronautica has become one of the leading companies in the field of marina management, operation, and development.

Porto Arabia Marina at The Pearl Island is one of the largest marina facilities in the Middle East with a capacity of up to 906 berths. It comprises six individual marinas offering various berth sizes and operates as the company's principal service hub. Ronautica is also enhancing the services available to luxury yacht owners with boat lengths of up to, and sometimes exceeding, 65 meters.

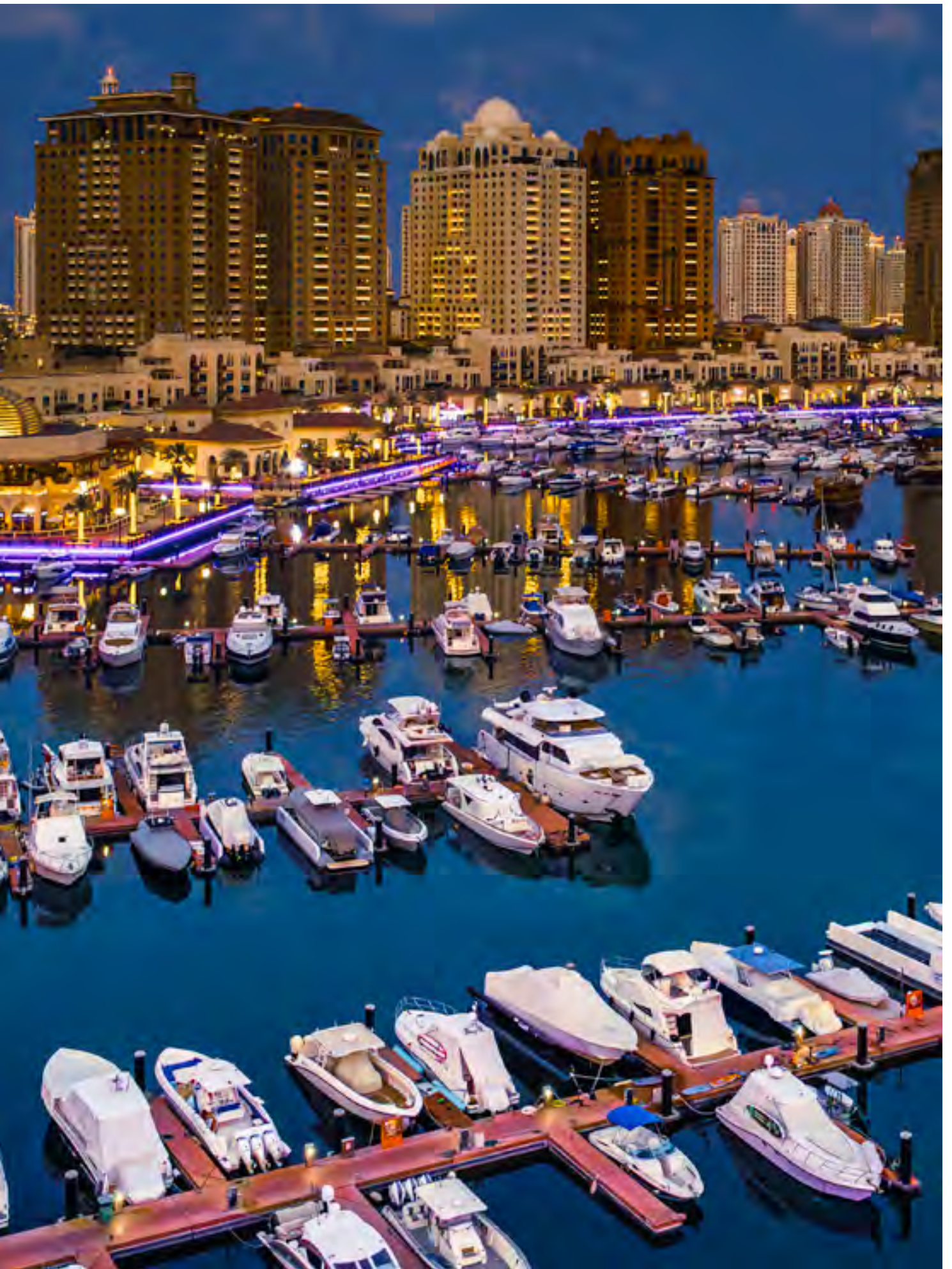
In 2023, Ronautica successfully established ten new small craft berths in response to the increasing demand for this type of berths. This expansion, which has already reached full capacity at Porto Arabia Marina, is part of Ronautica's continuous efforts to make The Pearl Island Marina a premier destination for boat enthusiasts.

Beyond marina development and management, Ronautica has completed the installation of a state-of-the-art Black Water Discharge System. This system, which includes buggies, a pump boat, and a booster pump, is a testament to the joint commitment of RME and UDC to protect the environment of The Pearl Island Marina.

Additionally, Ronautica has made significant progress in installing new smart pedestals with metering systems around the marina. This innovation is a step forward in promoting energy sustainability in Qatar.

Highlighting our commitment to environmental stewardship and sustainability, The Pearl Island Marina has been honored with a prestigious award from the Yacht Harbour Association as a clean marina.

Looking ahead to 2024, Ronautica plans to enhance the size and quality of its facilities at Porto Arabia Marina, further supporting its nautical activity and water taxi fleet and services. The goal is to firmly establish The Pearl Island Marina as a leading destination for boaters and yacht owners both in Qatar and internationally.





# Madinainova



Ownership: **UDC (100%)**

Incorporated: **2010**

Sector: **Community Management and Services**



Madinainova was established as a central hub to address the needs of property owners and residents of The Pearl Island, ensuring the delivery of a superior, luxurious, sustainable, and high-quality lifestyle from a community management, facilities management, and services perspective.

In 2023, Madinainova excelled in the development and provision of world-class community services through fast-track projects, system upgrades, and community engagement initiatives. Additionally, it focused on enhancing waste and water management, implementing customer-centric environmental and sustainability measures, and refining community rules and regulations.

With a steadfast commitment to quality services, sustainability, and community engagement, Madinainova went above and beyond in delivering services that fostered a strong community spirit within this world-class community. In 2023, Madinainova achieved global excellence, earning awards and recognition for its outstanding contributions. Here is a selection of some notable achievements:

## Community Service Excellence

1. Installation of umbrellas to provide shade and comfort for visitors and residents while visiting the Qanat Quarter area.
2. Achievement of notable Stevie Awards for Ittisal Customer Service and a 92% Customer Satisfaction rating.

3. UDC maintains five ISO certifications for services offered at The Pearl Island and Gewan Islands: ISO 9001:2015, 14001:2015, 45001:2018, 27001:2015, and 22301:2019 by BSI – UK.
4. Enhancement of residents' beach experience through maintenance, cleaning, the installation of kayak racks, and the provision of musical entertainment.
5. Addition of nine laybys to the current transportation link, bringing the total to 34 bus stops around the Island, in line with connectivity improvement efforts.
6. Inauguration of The Pearl Photo walk phase 2, featuring landmarks, and jogging and cycling track phase 2, expanding the existing tracks to 1,000 meters.
7. Introduction of a new sea paddle boat facility at Viva Bahriya beach, providing additional attraction to the community while maintaining a safe and healthy lifestyle.
8. Deployment of eight security booths to support the welfare and working conditions and ensure a safe and healthy work environment.
9. Inauguration of numerous fast and ultra-fast electric vehicle chargers on the Island, supporting the national vision and NetZero mission.
10. Launch of the first complimentary eco-friendly London limousine service (plug-in hybrid) on the Island, reducing Greenhouse Gas Emissions by 65% while maintaining luxury and essential lifestyles.
11. Receipt of the Community Service Excellence award by Communitas Awards, USA.

## Infrastructure, Roadwork, and Road Safety

12. Inauguration of the first floating Pedestrian Crossing Bridge connecting Porto Arabia and Qanat Quarter precincts, along with the delivery of a series of wayfinding enhancements around the Island.
13. Implementation of more than 1,100 linear meters of safety fences at The Pearl Boulevard to prevent pedestrian crossing, thereby enhancing road safety.
14. Completion of various landscape and beautification projects, including improvements to Porto Arabia

roundabouts, Duck Lake, and the planting of an additional 51 trees in Floresta Gardens. Landscaping improvements adjacent to Floresta Gardens Towers 103 to 106 were also carried out, expanding green spaces and promoting walkability around the precinct.

15. Enhancement and renovation of Isola Dana Park, featuring additional palm trees and the implementation of soft grass landscapes to expand areas for community outdoor engagement and activities.
16. Beautification of the Viva Bahriya precinct landscape area, creating a pleasant wide landscape view with spacious and expanded green spaces.
17. Beautification and installation of decorative lighting across Porto Arabia Drive roundabouts.
18. Beautification of various building facades, incorporating thousands of meters of hanging plantations and green landscapes that enrich the Island with a greener community. This initiative provides comfort, reduces the urban heat island effect, encourages walkability, and improves the overall living experience.
19. Enhancement of traffic safety through the addition of new pedestrian crossings, sustainable footpaths, and public parking areas around The Pearl Island. The use of Palsa lights, crossing controllers, and several traffic calming measures contribute to overall safety.
20. Implementation of decorative lighting beautification projects in roundabouts and Medina Centrale, utilizing energy-saving fixtures to elevate the customer journey and sustainability efforts.
21. Road safety enhancement, including 31,400 square meters of asphalt resurfacing work at The Pearl Island boulevard, improving road safety. Additional measures include the implementation of unified yellow road markings around several precincts.

### **Health, Safety, Environment and Sustainability**

22. Issuance of UDC's second report on Environmental, Social, and Corporate Governance (ESG) to the Qatar Stock Exchange, marking the first real estate company in Qatar to officially disclose its sustainability and governance practices and achievements.
23. Receipt of four Green World Awards for Environment and Sustainability Achievements.
24. Celebration of the 8th edition of Qatar Sustainability Week 2023, featuring a series of community engagement and activation events at The Pearl Island to raise environmental awareness and inspire action to protect and preserve.
25. Recycling of more than 37% of community and retail waste, reflecting a 15% increase compared to 2021 figures.
26. The Pearl Island and UDC became the first in Qatar to receive CSR Accreditation and the Best CSR Award in Qatar – 2023 in the gold category.
27. Launch of the first interactive biodiversity map in the

State of Qatar aimed at raising community awareness and participation in educational activities about the healthy ecosystem of The Pearl and Gewan Islands. This map offers a unique understanding and experience of a thriving ecosystem, fostering a commitment to environmental action to combat plastic pollution.

28. UDC received the International Safety Award for The Pearl Island and Gewan Island in the Merit category from the British Safety Council, recognizing its commitment to safeguarding the health and safety of its community.
29. Launch of the Tree Planting Initiative for New Employees to reduce their carbon footprint at The Pearl and Gewan Islands, resulting in the planting of more than 750 trees locally and internationally in association with the Green Organization.
30. Launch of the seabed cleanup campaign at The Pearl Island, collecting 1.7 tons of debris, raising awareness about plastic pollution, and engaging with the community.
31. Receipt of five International Green Apple Awards, showcasing steadfast commitment to environmental sustainability.
32. Achievement of more than 15 million safe man-hours at The Pearl and Gewan Islands.
33. Inauguration of a new Sea Cleaner to preserve sea water cleanliness and the ecosystem in The Pearl Island, setting a regional record for a large cluster in operations.
34. Completion of The Pearl Island Recycling Campaign (Beat Plastic Pollution) for the year 2023, with more than 1200 kg of plastic being recycled.
35. Completion of the bi-annual ecological survey, providing assurance of a healthy ecosystem and providing insights for habitat management and protection.
36. The Pearl Island received the SEAL Business Award for Environmental Initiatives, ranking among the top 50 companies from around the world.
37. The Pearl Island ranked among the top two companies in environmental marine initiatives by the North American Marine Environment Protection Association (NAMEPA).

In 2024, Madinainova is dedicated to addressing critical sustainability and environmental challenges. The focus will be on enhancing the customer journey through the implementation of customer journey mapping, delivering world-class luxury and sustainable services, and integrating environmental and sustainability strategies and initiatives into all new company developments. The approach includes upgrading systems, organizing family events, developing new entertainment projects, implementing road safety measures, and placing increased emphasis on customer engagement at the community level. This commitment underscores Madinainova's ongoing efforts to provide exceptional services while prioritizing sustainability and community well-being.

# The Pearl Owners Corporation (TPOC)



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Ownership: **UDC (100%)**  
Incorporated: **2011**  
Sector: **Co-Owners Associations Management**

The Pearl Owners Corporation was established by United Development Company (UDC) to act as the Manager of the Co-Owners Associations' common areas and property across The Pearl Island.

TPOC is responsible for managing and maintaining the common areas and property of the Association that are not owned by any particular owner and for exercising the powers and functions of the Association, as agreed.

Such duties include performing various administrative, facility management, procurement, financial and insurance functions, as required, to ensure the efficient and cost-effective management of each Co-Owners Association pursuant to a budget that is duly approved by the Owners and verified by an independent external auditor.

In 2023, TPOC embarked on the implementation of a Smart Building Control Systems project under the management of the company, demonstrating its commitment to The Pearl community.

Furthermore, The Pearl Owners Association presented unit owners with an annual business plan aimed at reducing operational expenses, striving to lower service fees in line with efforts to support owners and investors.

In the same year, TPOC fully automated its operational systems, aligning with technological advancements across various domains.

Looking ahead to 2024, The Pearl Owners Association plans to onboard new owner associations, fulfilling its commitment to The Pearl community by delivering high-quality customer service.



# United School International Company



Ownership: **UDC (51%)**

Incorporated: **2020**

Sector: **Education**



United School International translates the aspirations of The Pearl Island to be a fully integrated city, by establishing a reputable educational institution that charts promising horizons for the young generations. Hence, “Orbital Education” was chosen to operate the school, being the recipient of international awards for excellence and innovation in the field of international education.

The three-floor school delivers the British Curriculum and can accommodate 2,500 students between the ages of 2 and 18 years, gradually covering all academic levels.

United School International spans an area of 44,000 sqm and features a library, cafeteria, auditorium, swimming pools, indoor and outdoor sports facilities, playgrounds, high-tech science laboratories, art classrooms as well as open court yards, and plenty of parking spaces.

# United Readymix (URM)



Ownership: **UDC (32%)**

Incorporated: **2006**

Sector: **Ready-Mix Concrete**



United Readymix WLL is a prominent player in the ready-mix concrete sector, established as a collaborative effort in 2006 between United Development Company (UDC), BESIX of Belgium, and various Qatari investors.

Having successfully addressed the construction requirements of The Pearl Island and numerous other significant projects in Qatar over the past fifteen years, the company remains at the forefront of concrete production and supply within the country. The company's unwavering commitment to providing consistent support and top-tier products adhering to both national and international standards has earned the trust of its clientele.

Since its inception, the company has contributed significantly to Qatar's infrastructure, delivering approximately 11 million cubic meters of concrete for projects spanning various sectors.

Demonstrating versatility and innovation, it has consistently met diverse customer needs by offering cutting-edge solutions for high-quality concrete supply. Operating from batching plants strategically located in Mesaieed, Al Mazroua, and Hamad International Airport (HIA), the company has maintained operational excellence, meeting the concrete material requirements for numerous major projects in the State of Qatar.

Aligned with its vision, United Readymix remains steadfast in its commitment to stakeholders, the community, and the environment. The company upholds ethical practices in construction, engineering, and property development, ensuring a sustainable and responsible approach to its operations.

# Major Achievements

In 2023, United Development Company (UDC) has achieved significant milestones across its key projects, consolidating its position as a leading developer committed to sustainable and innovative projects.



## Gewan Island Development

Gewan Island has undergone transformative developments, solidifying its position as Qatar's most anticipated living destination. The successful achievement of the Kahramaa electricity supply project stands as a crucial milestone, guaranteeing a robust and reliable power supply to support the island's continued growth.

Corintha Hotel's main structure has made remarkable progress, showcasing our steadfast commitment to delivering luxurious living experiences. Simultaneously, the completion of structural works for Solymar Beach Club and the connecting bridge to the hotel enhances the island's leisure and hospitality offerings.

On the same ground, work is progressing to complete Crystal Residence buildings. In addition, Crystal Walkway retail tenants have been given early fit-out access with retail leasing progress on Gewan Island, reflecting investors' growing interest in this thriving commercial hub.

The completion of landscaping in Gewan Island Corniche, Banana Park and the private island mansions contributes to the creation of an exquisite and aesthetically pleasing environment for prospective residents while the completion of the water taxi pontoon's civil works further enhances the island's accessibility.



## The Pearl Island Highlights

Meanwhile, developments on The Pearl Island continue to elevate its status as a premier destination such as the handover of Floresta Galleria to tenants.

The inauguration of a new pedestrian bridge linking Porto Arabia and Qanat Quartier enhances connectivity, while the jogging and cycling track at Duck Lake promotes an active lifestyle. Additionally, the installation of Isola Dana landscape and decorative lighting contributes to the island's overall aesthetic appeal, creating a visually pleasing environment for our community.

Notably, the introduction of seven ultra-fast electric vehicle chargers, coupled with the deployment of Qatar's first electric security vehicles, signifies a groundbreaking stride towards sustainable and eco-friendly transportation, aligning seamlessly with our commitment to environmental responsibility.

With 59 new retail openings, The Pearl Island continues to thrive as a commercial hub.

On another front, fit-out work for The Pearl International Hospital is on track to emerge as a leading medical establishment catering to the healthcare needs of The Pearl and Gewan Islands, further exemplifying our dedication to comprehensive community services.

The inauguration of new Sea Cleaners, designed to preserve the marine ecosystem of The Pearl Island, underscores our commitment to sustainability and environmental stewardship.

Attracting over 40 million visitors annually through a diverse year-round calendar of events and activations, The Pearl Island has solidified its position as a cultural and recreational hub, offering a vibrant and enriching experience for all.



### Innovation and Technological Advancements

The year 2023 witnessed significant technological advancements, including the substitution of physical access cards with digital phone access for residents, streamlining access control measures and enhancing convenience.

UDC also embraced digital transformation with the launch of a new mobile application for The Pearl Island, offering convenience and enhanced services to its stakeholders.



### Awards and Certifications

UDC's commitment to excellence was recognized with prestigious awards and certifications, including Stevie Awards for Ittisal's customer service and a 92% customer satisfaction rating. The receipt of world-class sustainability and environmental Awards, two International Safety Awards from The British Safety Council, CSR Accreditation, and the best CSR award in Qatar underscored UDC's role as a responsible corporate entity while receiving the Outstanding Cultural Experience at the Qatar Tourism Awards reinforced our position as a cultural contributor.

Mr. Ibrahim Jassim Al-Othman's SEAL Sustainability Leader Award and the attainment of five ISO certifications further emphasized our commitment to the highest standards in sustainability, leadership, and operational excellence.

These achievements position UDC as a pioneering force in the real estate industry, committed to shaping vibrant, sustainable communities and leaving a lasting mark on Qatar's landscape. As we look toward the future, these achievements serve as a foundation for continued growth and success.



# Corporate Social Responsibility

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As an organization established to play a key role in the development of Qatar, United Development Company's (UDC) business practices are closely aligned with the wider goals of sustainable economic and social development that the State of Qatar has set forth in its vision for 2030.

Accordingly, the Company employs the highest standards of corporate social responsibility across its entire portfolio of activities and investments. These standards cover the welfare of its employees, the environmental consequences of its activities, community services and volunteer work, as well as responsible and transparent corporate governance, based on the following guidelines:

- Making choices that will sustain the businesses for the long term.
- Acting in ways that respect people and protect the environment.
- Expressing character through words and demonstrating character through actions.

## **Responsibility towards Employees:**

UDC understands that attracting and retaining the best possible people is important. Therefore, the Company has provided (i) a workplace where people want to work, (ii) a work environment and culture where all employees are treated fairly, and (iii) a workforce that reflects the diversity of the community at large in Qatar. UDC seeks to provide opportunities for training and development for all its employees, ensuring that they have the skills, capabilities and ability to be the best they can be.

## **Responsibility towards the Environment:**

UDC is committed to caring for the environment, as evidenced by the attention given to incorporate sustainable development programmes into the Company's business decisions and practices. The Company's efforts include the focus on such things as (i) appropriate management and recycling of waste, (ii) environmentally friendly processes and packaging, (iii) optimization of energy consumption in all Company operated and managed projects and developments, including the use of environmentally friendly

technologies, such as district cooling, (v) regular training and events designed to highlight environmental issues and initiatives, and (vi) constant awareness campaigns promoting activities to reduce environmental impacts and use of natural resources efficiently through innovation and performance monitoring.

## **Responsibility towards the Community:**

UDC contributes to the economic and social well-being of the people of Qatar and, by extension, the GCC, because it recognizes the deep interdependence that healthy businesses share with healthy societies. The Company has invested substantial financial resources to fund initiatives that foster economic, social, educational, health and environmental stability, thereby improving the quality of life in Qatar.

## **Responsibility towards Corporate Governance:**

UDC has a well-developed corporate governance system in place and has maintained a good record of compliance with all applicable rules and regulations since its inception. This system is being constantly reviewed by various stakeholders, including the Board of Directors, the Audit Committee and the Company's Internal and External auditors and Management, to ensure transparency and accountability that, in turn, will enhance the Company's overall performance.

## **Conclusion:**

United Development Company takes its social responsibilities very seriously and fully recognizes the importance of good citizenship, active community participation, sound environmental policies and strong corporate governance in fostering transparency and accountability throughout its organization, while maintaining a socially responsible and effective corporate culture.



RESPONSIBILITY  
TOWARDS  
EMPLOYEES



RESPONSIBILITY  
TOWARDS  
THE  
ENVIRONMENT



RESPONSIBILITY  
THE  
COMMUNITY



RESPONSIBILITY  
CORPORATE  
GOVERNANCE





CONSOLIDATED

# FINANCIAL STATEMENTS

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31 DECEMBER 2023

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# Independent Auditor's Report

To the shareholders of United Development Company (Q.P.S.C)

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of United Development Company Q.P.S.C. ("the Company") and its subsidiaries (together referred as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for opinion

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

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addresses the key audit matter
<b>Valuation of investment properties</b>	
<p>The Group owns investment properties (lands and buildings) located primarily in The Pearl Island, State of Qatar.</p> <p>The fair value of Group's investment properties as at 31 December 2023 amounted to QR 10,432 million (2022: QR 10,794 million), which is approximately 53% (2022: 52%) of the Group's total assets at the reporting date. The Group recorded a net fair value loss of QR 132 million for the year ended 31 December 2023 (2022: QR 66 million) as disclosed in Note 10 to the consolidated financial statements.</p> <p>Valuation of investment properties was considered a key audit matter due to the significance of the balance and the extent of significant judgments and estimates applied in assessing the fair values.</p>	<p>Our audit procedures included the following key areas, among others:</p> <ul style="list-style-type: none"> <li>• We performed walkthrough procedures and obtained understanding of the controls relating to the valuation of investment properties including valuation methods, assumptions and estimates used in the valuation of investment properties.</li> <li>• We assessed the competence, capabilities and objectivity of the external valuer appointed by the management along with the terms of appointment and the scope of work.</li> <li>• With the assistance of our internal valuation specialist, we assessed: <ul style="list-style-type: none"> <li>- whether the valuation approach and methodology used by the management are in accordance with generally accepted valuation standards practices; and</li> <li>- appropriateness of the assumptions and data used in the valuation such as annual cash flows, operating costs, terminal value, growth rate, weighted average cost of capital, occupancy and market comparable prices where applicable.</li> </ul> </li> <li>• We checked the arithmetical accuracy of the valuations on a sample basis.</li> <li>• We reviewed the adjustments made in the books in relation to the change in fair value of investment properties.</li> </ul> <p>In addition, we assessed the adequacy of the related disclosures in the consolidated financial statements including the disclosure of key assumptions and judgments.</p>

### Other information included in the Group's 2023 Annual Report

Other information consists of the information included in The Group's 2023 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we 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 when it becomes available 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.

### Responsibilities of management and Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

# Independent Auditor's Report

To the shareholders of United Development Company (Q.P.S.C)  
(continued)

## Report on the audit of the consolidated financial statements (continued)

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the 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 Board of Directors 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 Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

### **Report on other legal and regulatory requirements**

Furthermore, in our opinion, proper books of account have been kept by the Group, an inventory counts have been conducted in accordance with established principles, and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Group's consolidated financial position or performance.

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Ahmed Sayed  
of Ernst & Young  
Auditor's Registration No. 326

Date: 7 February 2024  
Doha, State of Qatar



# Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2023

	Note	2023 QR'000	2022 QR'000
Revenue	36	2,050,661	1,810,690
Cost of revenue		(1,364,497)	(1,115,380)
<b>Gross profit</b>		<b>686,164</b>	<b>695,310</b>
Dividend income		2,579	38
Other operating income	6	365,553	226,338
Fair value gain on investment securities	14	11,320	1,670
Reversal of impairment on trade receivables	17	5,130	2,283
General and administrative expenses	7	(342,035)	(298,452)
Sales and marketing expenses		(24,387)	(65,110)
<b>Operating profit</b>		<b>704,324</b>	<b>562,077</b>
Fair value loss on investment properties	10	(132,401)	(65,596)
Finance income		107,786	66,621
Finance costs		(263,703)	(164,527)
<b>Net finance costs</b>		<b>(155,917)</b>	<b>(97,906)</b>
Net share of results of associate	13	(4,031)	(4,118)
<b>Profit before tax</b>		<b>411,975</b>	<b>394,457</b>
Income tax	30	(10,255)	(3,980)
<b>Net profit for the year</b>		<b>401,720</b>	<b>390,477</b>

The attached notes from 1 to 36 form part of these consolidated financial statements.

	Note	2023 QR'000	2022 QR'000
<b>Other comprehensive income</b>			
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>			
Revaluation of property		(3,322)	-
Other comprehensive loss for the year		(3,322)	-
<b>Total comprehensive income for the year</b>		<b>398,398</b>	390,477
<b>Net profit for the year attributable to:</b>			
Equity holders of the Parent		402,065	388,114
Non-controlling interests		(345)	2,363
		<b>401,720</b>	390,477
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Parent		398,743	388,114
Non-controlling interests		(345)	2,363
		<b>398,398</b>	390,477
<b>Basic/Diluted earnings per share attributable to equity holders of the Parent:</b>			
Basic and diluted earnings per share (QR)	8	0.114	0.110

The attached notes from 1 to 36 form part of these consolidated financial statements.

# Consolidated statement of financial position

as at 31 December 2023

	Note	2023 QR'000	2022 QR'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	3,504,202	3,561,834
Investment properties	10	10,432,175	10,794,047
Right-of-use assets	11	8,810	8,913
Intangible assets	12	7,105	3,911
Investment in associates and joint venture	13	16,484	27,436
Investment securities	14	62,813	51,493
Accounts and other receivables	17	482,020	575,438
Deferred costs	16	115,621	122,037
<b>Total non-current assets</b>		<b>14,629,230</b>	<b>15,145,109</b>
<b>Current assets</b>			
Inventories	15	97,507	101,827
Work in progress		1,821,456	1,738,505
Accounts and other receivables	17	1,285,816	1,870,725
Deferred costs	16	15,123	14,676
Cash and bank balances	18	1,726,980	2,029,082
<b>Total current assets</b>		<b>4,946,882</b>	<b>5,754,815</b>
<b>Total assets</b>		<b>19,576,112</b>	<b>20,899,924</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	19	3,540,862	3,540,862
Legal reserve	20	1,770,431	1,770,431
Other reserves	21	1,208,727	1,212,049
Retained earnings		4,779,992	4,582,726
<b>Equity attributable to equity holders of the parent</b>		<b>11,300,012</b>	<b>11,106,068</b>
Non-controlling interests		65,923	70,688
<b>Total equity</b>		<b>11,365,935</b>	<b>11,176,756</b>

The attached notes from 1 to 36 form part of these consolidated financial statements.

	Note	2023 QR'000	2022 QR'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	24	3,842,429	3,545,201
Accounts and other payables	25	125,889	105,417
Retention payable	26	31,080	153,862
Deferred revenue	27	628,980	650,688
Employees' end-of-service benefits	28	59,175	54,279
Lease liabilities	29	7,752	7,544
<b>Total non-current liabilities</b>		<b>4,695,305</b>	<b>4,516,991</b>
<b>Current liabilities</b>			
Loans and borrowings	24	1,305,919	1,828,332
Accounts and other payables	25	1,962,947	3,228,730
Retention payable	26	176,663	82,414
Deferred revenue	27	67,227	64,736
Lease liabilities	29	2,116	1,965
<b>Total current liabilities</b>		<b>3,514,872</b>	<b>5,206,177</b>
<b>Total liabilities</b>		<b>8,210,177</b>	<b>9,723,168</b>
<b>Total equity and liabilities</b>		<b>19,576,112</b>	<b>20,899,924</b>

These consolidated financial statements were approved by the Board of Directors and signed on their behalf on 7 February 2024 by:

**Ibrahim Jassim Al-Othman**  
President and Chief Executive Officer

**Ahmed Ali Al-Hammadi**  
Chairman of the Board

The attached notes from 1 to 36 form part of these consolidated financial statements.

# Consolidated statement of changes in equity

for the year ended 31 December 2023

	Share capital	Legal reserve
	QR'000	QR'000
<b>Balance at 1 Jan 2022</b>	3,540,862	1,770,431
Net profit for the year	-	-
Other comprehensive income for the year	-	-
Dividend paid (Note 22)	-	-
Contribution to Social and Sports Fund (Note 23)	-	-
<b>Balance at 31 December 2022</b>	<b>3,540,862</b>	<b>1,770,431</b>

Net profit for the year	-	-
Other comprehensive income for the year	-	-
Dividend paid (Note 22)	-	-
Contribution to Social and Sports Fund (Note 23)	-	-
<b>Balance at 31 December 2023</b>	<b>3,540,862</b>	<b>1,770,431</b>

The attached notes from 1 to 36 form part of these consolidated financial statements.

**Attributable to equity-holders of the Parent**

<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>
1,212,049	4,399,063	10,922,405	75,568	10,997,973
-	388,114	388,114	2,363	390,477
-	-	-	-	-
-	(194,748)	(194,748)	(7,243)	(201,991)
-	(9,703)	(9,703)	-	(9,703)
<b>1,212,049</b>	<b>4,582,726</b>	<b>11,106,068</b>	<b>70,688</b>	<b>11,176,756</b>
-	402,065	402,065	(345)	401,720
(3,322)	-	(3,322)	-	(3,322)
-	(194,748)	(194,748)	(4,420)	(199,168)
-	(10,051)	(10,051)	-	(10,051)
<b>1,208,727</b>	<b>4,779,992</b>	<b>11,300,012</b>	<b>65,923</b>	<b>11,365,935</b>

# Consolidated statement of cash flows

for the year ended 31 December 2023

	Note	2023 QR'000	2022 QR'000
<b>Operating activities:</b>			
Profit before tax		411,975	394,457
Adjustments:			
Net share of results in associates	13	4,031	4,118
Depreciation	9	127,936	109,305
Loss on disposal of property, plant and equipment		5,214	243
Written off property, plant and equipment		8,144	-
Amortisation of intangible assets	12	1,849	627
Amortisation of right-of-use assets	11	3,129	3,117
Net finance costs		155,917	97,906
Dividend income		(2,579)	(38)
Reversal of provision for impairment of trade receivables	17	(5,130)	(2,283)
Fair value gain on investment securities	14	(11,320)	(1,670)
Fair value loss on investment properties	10	132,401	65,596
Provision for employees' end-of-service benefits	28	10,388	8,311
<b>Operating profit before changes in working capital</b>		<b>841,955</b>	<b>679,689</b>
Changes in working capital:			
Inventories		240,020	178,983
Work in progress		(82,951)	(634,049)
Accounts and other receivables		683,506	(70,983)
Accounts and other payables		(1,252,638)	(129,958)
Retention payable		(28,533)	(58,242)
Deferred revenue and cost, net		(13,248)	46,116
<b>Cash generated from operating activities</b>		<b>388,111</b>	<b>11,556</b>
Finance costs paid		(267,672)	(151,606)
Employees' end-of-service benefits paid	28	(5,492)	(3,740)
Income tax paid		(6,867)	(5,345)
<b>Net cash generated from/ (used in) operating activities</b>		<b>108,080</b>	<b>(149,135)</b>

The attached notes from 1 to 36 form part of these consolidated financial statements.

	Note	2023 QR'000	2022 QR'000
<b>Investing activities:</b>			
Additions to property, plant and equipment	9	(88,182)	(211,259)
Proceeds from the sale of property, plant and equipment		1,198	-
Additions to intangible assets	12	(5,043)	(2,040)
Finance income received		96,851	68,558
Additions to investment properties	10	(6,229)	(109,293)
Investment in joint venture	13	(1,079)	-
Principal portion received from lease receivables		10,851	-
Movement in time deposits maturing after three months		(128,185)	826,858
Dividend received from associate and other investees		10,579	6,438
<b>Net cash (used in)/ generated from investing activities</b>		<b>(109,239)</b>	<b>579,262</b>
<b>Financing activities:</b>			
Proceeds from loans and borrowings		913,630	1,392,270
Repayment of loans and borrowings		(1,138,815)	(559,365)
Dividend		(199,168)	(201,991)
Repayment of principal portion of lease liabilities		(2,667)	(2,985)
<b>Net cash (used in)/ generated from financing activities</b>		<b>(427,020)</b>	<b>627,929</b>
Net (decrease)/ increase in cash and cash equivalents		(428,179)	1,058,056
Cash and cash equivalents at the beginning of the year	18	1,378,692	320,636
<b>Cash and cash equivalents at the end of the year</b>	<b>18</b>	<b>950,513</b>	<b>1,378,692</b>



# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

## 1. Corporate information and principal activities

United Development Company Q.P.S.C. (the "Company") (the "Parent") was incorporated as a Qatari Shareholding Company in accordance with the Emiri Decree No. 2 on 2 February 1999 and whose shares are publicly traded. The registered office of the Company is situated in Doha, State of Qatar and its registered office address is P.O box 7256. The consolidated financial statements of the Group as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. Information regarding the Group's structure is provided in Note 4.1.

The principal activity of the Group is to contribute and invest in infrastructure and utilities, urban development, environment related businesses, marina and related services, hospitality and leisure, business management and providing information technology solutions.

Pursuant to the Emiri Decree No 17 of 2004, the Company has been provided with a right to develop an island off the shore of Qatar for the sale and/or lease of properties. The Company is presently engaged in the development of this area known as "The Pearl Qatar Project". The Pearl Qatar Project involves reclamation of land covering an area of 985 acres (4.2 million square meters) into a manmade island and the development of the island into various districts comprising housing beachfront villas, town homes, luxury apartments, retail shopping complex, penthouses, five-star hotels, marinas and schools with related infrastructure and community facilities.

The consolidated financial statements of the Group for the year ended 31 December 2023 were authorised for issue in accordance with approval of the Board of the Directors on 7 February 2024.

## 2. Basis of preparation

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

The consolidated financial statements have been prepared on a historical cost basis, except for land categorised as property, plant and equipment, investment securities and investment properties that are presented at fair value in accordance with IFRS.

These consolidated financial statements are presented in Qatari Riyals (QR), which is the Group's functional currency. All financial information is presented in Qatari Riyals and all values are rounded to the nearest thousands unless and otherwise indicated.

### Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### Revenue recognition for sale of real estate units

In making their judgment, management considered detailed criteria for the recognition of revenue from the sale of real estate units as set out in IFRS 15 Revenue from contracts with customers, and in particular, whether the Group had transferred the control of the completed properties to the buyer.

#### Classification of investment property or inventory

Property is classified as investment property or inventory based on the following criteria:

- Investment property comprises of land and buildings which are not occupied, not held for use by the Group in its operations, nor for sale in the ordinary course of business, but held primarily to earn rental income and capital appreciation;
- Inventory comprises of land and residential properties that are held for sale in the ordinary course of business. Principally these residential properties represent those that the Group develops and intends to sell before or on completion of construction.

#### Transfer of real estate units from inventory to investment properties

The Group sells real estate assets in the ordinary course of business. In the event of an actual change in the use of the property, the carrying amount of real estate assets is transferred to investment properties and any differences between the fair value of a real estate unit and its carrying amount is recognised in the consolidated statement of profit or loss and other comprehensive income at the date of transfer.

### **Useful lives of property, plant and equipment and intangible assets**

The Group's management determines the estimated useful life of property, plant and equipment and intangible assets for the purpose of determining depreciation. This estimate is determined after considering the expected usage of the asset or its physical wear and tear. Management periodically reviews the estimated useful life and depreciation method of an asset to ensure that the method and the period of depreciation is consistent with the expected pattern of economic benefits associated from the asset.

### **Impairment of non-financial assets**

The carrying amount of Group's non-financial assets (equity accounted investees and property and equipment but not inventories and investment properties) are reviewed at each reporting date to determine whether there is any indication of impairment. The determination of what can be considered impaired requires significant judgement.

### **Going concern**

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. The Group has been profitable, and it had positive net asset (equity), working capital and cash flow positions as at the reporting date.

### **Lease liabilities - Group as lessee**

Management assesses whether contracts entered by the Group for renting various assets contain a lease. The lease identification, including whether or not the Group has contracted to substantially all the economic benefits of the underlying asset, may require significant judgment. Establishing the lease term may also present challenges where a contract has an indefinite term or is subject to auto-renewal or there are renewal options that are unclear if they will be exercised at the option date. The extension of the lease term significantly influences the value of the lease liability and the related right-of-use asset, and arriving at a conclusion sometimes requires significant judgment calls. Furthermore, once the lease term is established, management needs to estimate the future cash flows payable over the lease term and discount them using the incremental borrowing rate that a lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. That also requires significant judgment and affects both the finance lease liability and the fair value of the underlying asset.

### **Property lease classification - Group as lessor**

The Group has entered into residential and retail property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of these lease contracts, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that Group retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases

For the residential property leases contracts where lessee has an option to purchase the underlying property at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable, where it is reasonably certain, at the inception date, that the option will be exercised, the Group transfers substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as finance leases.

### **Other provisions and liabilities**

Other provisions and liabilities are recognised in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognised provision or liability would result in a charge or credit to profit or loss in the consolidated statement of profit or loss and other comprehensive income in the period in which the change occurs.

### **Estimates and assumptions**

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

### **Fair value of property (land classified as property plant and equipment and investment property)**

The fair value of land and investment property is determined by valuation experts using recognised valuation techniques. These techniques comprise Discounted Cash Flow Method and Market Comparable Method.

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 2. Basis of preparation (continued)

### Provision of slow-moving and obsolete inventories

Inventories are held at lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of aging or obsolescence, based on historical realisable value.

### Impairment of receivables

The Group uses an expected credit loss (ECL) impairment model to determine the impairment of receivables. This impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring the ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

## 3. Changes in accounting policies and disclosures

### 3.1 New and amended standards and interpretations adopted by Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, except for certain standards and amendments applied by the Group for the first-time, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17: Insurance contracts
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 8: Definition of Accounting Estimates

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above amended and improved standards had no impact on the consolidated financial statements of the Group.

### 3.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard/Amendment	Effective date
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

The Group is currently assessing the impact of these amendments.

## 4. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group's entities.

### 4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and all its subsidiaries as at 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests,

even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that the control is lost. Subsequently it is accounted for as an equity accounted investee or fair value through profit or loss investment depending on the level of the influence retained.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. The consolidated financial statements include the financial statements of the Parent and its subsidiaries listed in the following table:

Name of the entity	Country of incorporation	% equity interest	
		2023	2022
Qatar District Cooling Company Q.C.S.C.	Qatar	91.06	91.06
Ronautica Middle East W.L.L.	Qatar	100	100
The Pearl Qatar Company W.L.L.	Qatar	100	100
Hospitality Development Company W.L.L.	Qatar	100	100
The Pearl Souvenir Trading W.L.L.	Qatar	100	100
Madina Centrale Company W.L.L.	Qatar	100	100
Abraj Al-Mutahida Company W.L.L.	Qatar	100	100
United Facilities Management Company W.L.L.	Qatar	100	100
Scoop Media and Communication Company W.L.L.	Qatar	100	100
Pragmatech Company W.L.L.	Qatar	100	100
Glitter W.L.L.	Qatar	100	100
Insure Plus W.L.L.	Qatar	100	100
Madina Innova W.L.L.	Qatar	100	100
The Pearl Owners Corporation W.L.L.	Qatar	100	100
United Development Investment Company	Cayman Island	100	100
United Technology Solution W.L.L.	Qatar	100	100
Resorts and Leisure Company W.L.L.	Qatar	100	100
United School International W.L.L.	Qatar	51	51
Proman LLC	Qatar	100	100
United Medical Company W.L.L.	Qatar	65	65
United District Energy International L.L.C.	Qatar	99	99

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 4. Material accounting policies (continued)

### 4.1 Basis of consolidation (continued)

Qatar District Cooling Company Q.C.S.C. ("Qatar Cool") is a material partly owned subsidiary of the Group and is engaged in the construction, owning and operation of district cooling systems. It consolidates Installation Integrity 2006 W.L.L. (100%) and Cool Tech Qatar W.L.L. (100%) in its consolidated financial statements.

During the year ended 31 December 2021, the Group completed acquisition of the shares in Qatar Cool allotted to them from National Central Cooling Company (an Emirati company), which increased the Group's equity interest in Qatar Cool from 51% to 91.06%.

Accumulated balance of non-controlling interests disclosed in the consolidated statement of financial position as at 31 December 2023 includes QR 84.6 million relating to 8.94% equity interest in Qatar Cool that is not owned by the Group (2022: QR 77.6 million relating to 8.94%). Profit allocated to non-controlling interests for the year ended 31 December 2023 amounted to QR 11.5 million (2022: QR 10.1 million).

The summarised financial information of this subsidiary, prior to intercompany eliminations, is provided below:

	2023 QR'000	2022 QR'000
Profit for the year	128,370	111,164
Total assets	2,390,048	2,378,380
Total liabilities	1,417,921	1,487,541
Total equity	972,126	890,839

Ronautica Middle East W.L.L. is involved in the operation of marina and sale of marine related equipment. During 2008, the capital of Ronautica Middle East W.L.L. was increased from QR 30 million to QR 100 million. The increase in capital was fully paid by the Group, which increased its equity interest from 60% to 88%. During 2009, the Group purchased the non-controlling interest of Ronautica Middle East W.L.L., which increased its equity interest from 88% to 100%.

The Pearl Qatar Company W.L.L.'s activity is real estate investments.

Hospitality Development Company W.L.L. (HDC) is engaged in the investment and management of restaurants and sales and purchases of fast-moving consumer goods in the hospitality sector. HDC consolidates Lebanese Restaurants Development L.L.C (100%), Flavours of Mexico L.L.C (100%), The Rising Sun L.L.C (95.68%), Wafflemeister Restaurant L.L.C (100%), Isla Mexican Kitchen W.L.L. (100%), Arabesque Restaurant W.L.L. (100%), The Circle Café W.L.L. (100%), Chocolate Jar W.L.L. (100%), Bread and Crumbs W.L.L. (100%) and Shirvan Metisse Doha Restaurant W.L.L. (100%) in its consolidated financial statements.

United Fashion Company W.L.L. was engaged in fashion retailing. The mandate of the Company was to acquire top international names for brand franchising and operating in the Middle East. The Company was renamed as The Pearl Souvenir Trading W.L.L.

Medina Centrale Company W.L.L. is engaged in the investment of real estate properties.

Abraj Al-Mutahida Company W.L.L.'s activity is in the development of real estate properties. During 2016, the name of the company was changed from "Abraj Quartier Company" to "Abraj Al-Mutahida".

United Facilities Management Company W.L.L. was engaged in facility management activity. The Company ceased operations during 2017.

Scoop Media and Communication Company W.L.L. activity is in the advertising sector.

PragmaTech Company W.L.L. activity is in providing information technology solutions. During the year 2012, a decision was taken to close this company's branch in Lebanon.

Glitter W.L.L.'s activity is to provide cleaning related services. The Company ceased operations during 2016.

Insure plus W.L.L.'s activity is an insurance agency and providing technical and risk related services. The Company ceased operations during 2016.

Madina Innova W.L.L. is engaged in providing registry and master community services at the Pearl Qatar.

The Pearl Owners Corporation W.L.L. is engaged in property management support services.

United Development Investment Company is engaged in development and investment of real estate activities.

United Technology Solutions W.L.L. is engaged in providing information technology solutions.

Resorts and Leisure Company W.L.L.'s activity is in the operation and development of hotels and resorts.

United School International W.L.L.'s ("USI") activity is in the management and operation of schools. Accumulated balance of non-controlling interests disclosed in the consolidated statement of financial position as at 31 December 2023 includes QR 19 million loss relating to 49% equity interest in USI that is not owned by the Group (2022: QR 7.2 million). Loss allocated to non-controlling interests for the year ended 31 December 2023 amounted to QR 11.7 million (2022: QR 7.7 million).

Proman L.L.C.'s activity is in the management of operations and support services.

United Medical Company W.L.L.'s ("UMC") activity is in the management and operation of hospitals.

United District Energy International L.L.C.'s activity is investment in infrastructure projects.

#### **4.2 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instrument: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration that is classified as equity is not remeasured, subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all its assets acquired and all of the liabilities assumed and reviews the procedures used to measure amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 4. Material accounting policies (continued)

### 4.3 Investment in associates

Associates are those entities in which the Group has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The Group's investments in its associates are accounted for under the equity method of accounting. Under the equity method, the investment in associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise the change in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Upon loss of the significant influence over the associate, the Group measures and recognises any retained investments at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of retained investments and proceeds from disposal is recognised in the consolidated statement of profit or loss.

### 4.4 Transactions eliminated upon consolidation

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

### 4.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive decision makers. The executive decision makers, who are responsible for the allocation of resources and assessing the performance of operating segments, have been identified as the Board of Directors.

## 4.6 Revenue recognition

Type of service	Nature, timing and satisfaction of performance obligations, significant payment terms	Revenue Recognition
Annual capacity fees	These are one-time non-refundable fees charged to customers on the service commencement date as per the service agreement. This is fully collected from the customer in advance on the service commencement date.	Revenue and related costs are recognised over the term of the contract with the customers.
Sale of Energy Transfer Stations (ETS)	ETS are installed at the customer's premises in order to receive cooling services. This is a one-time fee charged to the customers on date of substantial completion of the ETS and is fully collected from the customer in advance.	Revenue and related costs are recognised over the term of the contract with the customers.
Revenue from the sale of completed properties (land, townhouses, apartments and villas)	These are revenue from sale of properties such as land, townhouses, apartments and villas. The Group's performance obligation is satisfied when hand over certificate of the property is provided to the buyer.	Revenue is recognised when the control of the completed properties is transferred to the buyer.
Service charges	These are income arising from recovering the cost of providing maintenance activities to properties.	Revenue is recognised over the corresponding period.
Fee income	These are revenue arising from management services provided to properties.	Revenue is recognised upon rendering of service.
Rental income	These are revenue arising from leasing retail and residential units.	Revenue is recognised monthly based on the period of contract.
Revenue from sale of goods	These are arising from provision of food and beverage services at restaurants.	Revenue is recognised when control over the goods is transferred to the buyer.

## 4.7 Property, plant and equipment

### Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Land is measured at fair value.

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 labour, any other costs directly attributable to bringing the assets to the working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. 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.

Any revaluation surplus is recognised in other comprehensive income and presented in the revaluation reserve under Other Reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in the consolidated statement of profit or loss. A revaluation deficit is recognised in the consolidated statement of profit or loss, except where the deficit directly offsets a previous surplus on the same asset which is directly offset against the surplus in the asset revaluation reserve.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the consolidated statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Valuations are performed frequently enough to ensure that the fair value of the revalued assets do not differ materially from their carrying value.

### Reclassification to investment properties

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. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on re-measurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.



# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 4. Material accounting policies (continued)

### 4.7 Property, plant and equipment (continued)

#### Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

#### 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 recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings, plant and facilities	10 – 50 years
Building improvements	3 – 7 years
Furniture, fixtures, equipment and instruments	3 – 7 years
Motor vehicles and boats	5 – 8 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted as appropriate.

#### 4.8 Intangible assets

The Group recognises intangible assets arising from corporate branding, a brand strategy development arrangement where it has the right to charge for usage of brand strategy, development cost of technical know-how and computer software. These intangible assets are measured at cost upon initial recognition. Following initial recognition, the intangible asset is measured at cost, less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

Computer software which is not an integral part of hardware is recognised as an intangible asset and is amortised over its estimated useful life of 5 years as determined by the Group's management. Corporate branding and brand strategy development cost is amortised over its estimated useful life of between 8 and 12 years as determined by the Group's management. Development cost of technical know-how is amortised over its estimated useful life of 5 years as determined by the Group management. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### 4.9 Capital work-in-progress

The cost of capital work-in-progress consists of the contract value, directly attributable costs of developing and bringing the project assets to the location and condition necessary for them to be capable of operating in the manner intended by management. The costs of capital work-in-progress will be transferred to tangible and intangible non-current asset classifications when these assets reach their working condition for their intended use. The carrying values of capital work in progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

#### 4.10 Investment properties

Investment property comprises completed property and property under construction or re-development 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 administrative purposes. Investment property is measured at cost on initial recognition and subsequent to the initial recognition, investment property is stated at fair value with gains or losses arising from changes in fair value included in the consolidated statement of profit or loss in the year which they arise.

Cost includes expenditure that is directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes the cost of materials and direct labour and any other costs directly attributable to bringing the investment property to a working condition for their intended use. 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 item) is recognised in the consolidated statement of profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period in which it is incurred.

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

Transfers are made to investment property when and only when, there is a change in use, evidenced by the end of the owner occupation or commencement of an operating lease. Transfers are made from investment or commencement of an operating lease.

#### 4.11 Borrowing costs

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. For the purpose of determining interest available for capitalisation, the costs related to these borrowings are reduced by any investment income on the temporary investment of the borrowings. The capitalisation of borrowing costs will cease once the asset is ready for its intended use. All other interest is recognised in the consolidated statement of profit or loss.

#### 4.12 Financial instruments

##### Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

##### Classification and subsequent measurement

###### Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; at fair value through other comprehensive income (FVTOCI); or at fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 4. Material accounting policies (continued)

### 4.12 Financial instruments (continued)

#### Financial assets – Business model assessment

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest-rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of

money and for the credit risk associated with the principal amount outstanding during a period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par-amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### Financial assets - Subsequent measurement and gains and losses

At FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

#### At amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### At FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

#### Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### Derecognition

##### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position but retains either all or substantially all risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. Upon derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-

cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### 4.13 Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### 4.14 Impairment

##### Non-derivative financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

As a practical expedient, the Group calculates ECL on trade receivables using a provision matrix. The Group use its historical credit loss experience for trade receivables to estimate the lifetime expected credit losses. The provision matrix uses fixed provision rates depending on the number of days that a trade receivable is past due. The Group considers a financial asset to be in default when the customer is unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

##### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 4. Material accounting policies (continued)

### 4.14 Impairment (continued)

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

#### Presentation of impairment

Provision for impairment on trade receivables is deducted from gross carrying value of trade receivables and impairment losses relating to trade receivables are separately presented in the consolidated statement of profit or loss and other comprehensive income.

#### Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). 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 pre-tax 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 recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss 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, if no impairment loss had been recognised.

### 4.15 Inventories and work in progress

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

Properties which are being developed and constructed for sale in the ordinary course of business are classified as work in progress until construction or development is complete. The cost of work-in-progress consists of the contract value, directly attributable costs of developing and bringing the project assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

#### 4.16 Cash and cash equivalents

Cash and cash equivalents consist of cash, bank balances and short-term original deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, net off bank overdrafts, less restricted balances (declared unclaimed dividend), if any.

#### 4.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

#### 4.18 Employees' end of service benefits

Provision is made for amounts payable in respect of employees' end of service benefits based on contractual obligations or respective local labour laws of the group entities, whichever is higher, and is calculated using the employee's salary and period of service at the reporting date.

##### National employees

In addition, with respect to national employees, the Group makes contributions to the government pension fund to the respective local regulatory authorities as a percentage of the employees' salaries in accordance with the requirements of respective local laws pertaining to retirement and pensions, wherever required.

#### 4.19 Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and reliably measured.

Provisions are measured at present value of expenditure expected to be required to settle the obligation at the end of the reporting period, using the rate that reflect the current market assessments of the time value of money and the risk specific to the obligation.

Provisions are reviewed at each statement of financial position date and adjust to reflect the current best estimate. If it is no longer probable that an out-flow resource embodying economic benefits will be required to settle the obligation the provision is reversed.

##### Onerous contracts

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

#### 4.20 Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when inflow of economic benefits is probable.

#### 4.21 Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are recognised in the profit or loss apart from differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### 4.22 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading; or
- Expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 4. Material accounting policies (continued)

### 4.22 Current versus non-current classification

(continued)

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

### 4.23 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale.

Assets and liabilities of discontinued operations are considered as disposal groups and classified as held-for-sale. Impairment loss on initial classification to held-for-sale and subsequent gain or loss on re-measurement are recognised in profit or loss.

The disposal group is re-measured in accordance with the Group's accounting policies immediately before classification as held-for-sale. Therefore, generally the disposal group is measured at the lower of carrying amount and fair value less costs to sell. When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### 4.24 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the Qatar Commercial Companies' Law No. 11 of 2015 whose certain provisions were subsequently amended by Law No.8 of 2021, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of profit or loss.

### 4.25 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 an identified asset for a period of time in exchange for consideration.

#### The Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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-of-use asset is subsequently depreciated using the straight-line method from the commencement date to 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, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and type of the assets leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that 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 termination option of if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, 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.

### **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 that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### **The Group as a lessor**

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Under an operating lease, the asset is included in the consolidated statement of financial position as property, plant and equipment. Lease income is recognised over the term of the lease on a straight-line basis. This implies the recognition of deferred income when the contractual day rates are not constant during the initial term of the lease contract.

Leases in which a significant portion of the risk and rewards of ownership are transferred to the lessee are classified as finance leases. They are initially recognised as finance lease receivables on the consolidated statement of financial position at the present value of the minimum lease payments (the net investment in the lease) receivable from the lessee over the period of the lease. Over the lease term, each lease payment made by the lessee is allocated between the finance lease receivables and finance income in the consolidated statement of profit or loss so as to achieve a constant rate on the finance lease receivable balance outstanding.



# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 4. Material accounting policies (continued)

### 4.26 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with adequate frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

### 4.27 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or OCI.

#### Current tax

Current tax comprises the expected tax payable on the taxable profit for the year, adjusted for any corrections to the tax payable of previous years. It is calculated on the basis of the tax laws enacted (Income Tax Law No. 24 of 2018 and Ministerial Decision No. 39 of 2019) or substantively enacted at the reporting date in the State of Qatar. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

If applicable tax regulation is subject to interpretation and there is uncertainty over a treatment chosen by the Company that it is not probable that the tax authority will accept, it establishes a provision where appropriate on the basis of amounts expected to be paid to the tax authorities. Provisions made in respect of uncertain tax positions are re-assessed whenever circumstances change or there is new information that affects the previous judgements and estimates.

#### Deferred tax

Deferred tax is recognised in respect of temporary differences arising between the carrying amounts in the financial statements of a Group entity and their respective amounts used for tax purposes

Deferred income tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits;
- temporary differences related to investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability for future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future profits will be available against which they can be used.

Deferred tax assets are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled using tax rates based on tax laws that have been enacted (Income Tax Law No. 24 of 2018 and Ministerial Decision No. 39 of 2019) or substantially enacted at the reporting date in the State of Qatar.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Group where there is an intention to settle the balances on a net basis.

## 5. Financial risk management

The Group's principal financial liabilities comprise loans and borrowings, retention payable, lease liabilities, income tax liability and accounts and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables, investment securities and cash and short-term deposits that arrive directly from its operations.

### Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by 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.

The Group has exposure to credit risks, liquidity risks and market risks from its use of financial instruments. Quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework.

### 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 receivables from customers and investment securities.

### Accounts and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Majority of the Group's revenue is attributable to customers originating from the Gulf Cooperative Council States. There is no concentration of credit risk attributable to a single customer.

Properties sold are subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require additional collateral in respect of accounts and other receivables.

Accounts receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have adequate liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 5. Financial risk management (continued)

### Liquidity risk (continued)

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically, the Group ensures that it has adequate cash on demand to meet expected operational expenses, including the servicing of financial obligations; 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 holdings of financial instruments.

### Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of Group entities. Majority of the Group's transactions are denominated in the functional currency of the Group's entities or currencies with a fixed exchange rate to the functional currency.

### Equity price risk

The Group monitors equity securities based on the market indices. Material investments are managed by the Group on individual basis, and all buy and sell decisions are approved by the Board of Directors. The equity securities performance is actively monitored and managed on a fair value basis.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of change in the market interest rate relates primarily to the Group's interest-bearing loans and borrowings. The Group adopts a policy of ensuring that interest rate exposures are reviewed regularly.

### Capital management

The capital structure of the Group comprises of issued capital, reserves and retained earnings. The Board of Directors' policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group objectives when managing capital are:

- to safeguard the Group's ability to continue as going concern, so that it can continue to provide return for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- to ensure that it meets financial covenants attached to the interest bearing loans and borrowings.

## 6. Other operating income

	2023 QR'000	2022 QR'000
Fee income	-	26,360
Sundry income	365,553	199,978
	<b>365,553</b>	<b>226,338</b>

## 7. General and administrative expenses

	2023 QR'000	2022 QR'000
Payroll and related expenses	137,818	130,582
Depreciation and amortization	61,342	41,806
Rent	1,060	955
Professional expenses	34,799	36,428
Directors' remuneration	11,299	10,868
Others	95,717	77,813
	<b>342,035</b>	<b>298,452</b>

## 8. Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of shares outstanding during the year. There were no instruments or items that could cause a dilutive effect on the earnings per share calculation.

	2023	2022
Profit for the year attributable to equity holders of the Parent (QR'000)	402,065	388,114
Weighted average number of outstanding shares during the year ('000)	3,540,862	3,540,862
Basic and diluted earnings per share (QR)	0.114	0.110

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 9. Property, plant and equipment

	Land QR'000	Building QR'000	Boats QR'000	Plant facilities QR'000
<b>Cost or Valuation:</b>				
1 January 2022	1,007,955	270,424	7,406	2,179,273
Additions	-	-	25	122,194
Reclassification	-	238,082	-	66,946
Transfer from work in progress	-	94,017	-	-
Transfer from inventories	-	308,142	-	7,021
Disposals	-	-	-	(350)
31 December 2022	1,007,955	910,665	7,431	2,375,084
Additions	-	11,815	346	58,240
Revaluation	(3,322)	-	-	-
Impairment	-	-	-	(13,159)
Disposals	-	-	-	(8,987)
31 December 2023	1,004,633	922,480	7,777	2,411,178
<b>Accumulated depreciation:</b>				
1 January 2022	-	93,657	6,506	637,500
Charge	-	20,839	171	70,338
Disposals	-	-	-	(119)
31 December 2022	-	114,496	6,677	707,719
Charge	-	39,635	125	70,750
Impairment	-	-	-	(5,015)
Disposals	-	-	-	(3,462)
31 December 2023	-	154,131	6,802	769,992
<b>Net book value:</b>				
31 December 2022	1,007,955	796,169	754	1,667,365
<b>31 December 2023</b>	<b>1,004,633</b>	<b>768,349</b>	<b>975</b>	<b>1,641,186</b>

Fair value of land is determined primarily based on valuations carried out by professionally qualified third-party valuation companies that are members of a professional valuers' associations and have the appropriate qualifications and experience in valuing these types of properties. The valuation was mainly determined using the market comparable approach (classified as Level 3 of the fair value hierarchy) in accordance with RICS valuation standards, adopting the IFRS basis of fair value and using established principles and valuation techniques.

Furniture, fixtures, equipment, instruments and building improvements QR'000	Motor vehicles QR'000	Capital work in progress QR'000	Total QR'000
369,683	8,027	253,191	<b>4,095,959</b>
33,153	1,168	54,719	<b>211,259</b>
-	-	(305,028)	-
-	-	-	<b>94,017</b>
-	-	-	<b>315,163</b>
(429)	(819)	-	<b>(1,598)</b>
402,407	8,376	2,882	<b>4,714,800</b>
15,392	1,594	795	<b>88,182</b>
-	-	-	<b>(3,322)</b>
-	-	-	<b>(13,159)</b>
(4,419)	(3,617)	-	<b>(17,023)</b>
413,380	6,353	3,677	<b>4,769,478</b>
300,294	7,059	-	<b>1,045,016</b>
17,408	549	-	<b>109,305</b>
(417)	(819)	-	<b>(1,355)</b>
317,285	6,789	-	<b>1,152,966</b>
16,677	749	-	<b>127,936</b>
-	-	-	<b>(5,015)</b>
(4,398)	(2,751)	-	<b>(10,611)</b>
329,564	4,787	-	<b>1,265,276</b>
85,122	1,587	2,882	3,561,834
<b>83,816</b>	<b>1,566</b>	<b>3,677</b>	<b>3,504,202</b>

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 9. Property, plant and equipment (continued)

The depreciation charge has been disclosed in the consolidated statement of profit or loss as follows:

	2023 QR'000	2022 QR'000
Cost of revenue	71,289	71,085
General and administrative expenses	56,647	38,220
	<b>127,936</b>	<b>109,305</b>

## 10. Investment properties

	2023 QR'000	2022 QR'000
Balance at 1 January	10,794,047	9,822,212
Additions during the year	6,229	109,293
Transfers (to) / from inventories, net	(235,700)	357,028
Transfers from work in progress	-	571,110
Fair value loss	(132,401)	(65,596)
Balance at 31 December	<b>10,432,175</b>	<b>10,794,047</b>

The Group leases out its investment properties. The Group has classified these leases as operating leases as they do not transfer substantially all risks and rewards incidental to the ownership of the assets. Rental income recognised by the Group in respect of these leases during the year is QR 330 million (2022: QR 331 million).

Maturity analysis of leases due based on undiscounted lease amounts receivable after the reporting date are as follows:

	2023 QR'000	2022 QR'000
Less than one year	327,414	315,813
Between one to two years	207,330	193,994
Between two to three years	130,081	116,339
Between three to four years	87,286	72,056
Between four to five years	63,701	55,471
More than five years	315,299	329,279
	<b>1,131,111</b>	<b>1,082,952</b>

Fair value of the investment properties is determined primarily based on valuations carried out by professionally qualified third-party valuation companies that are members of a professional valuers' associations and have the appropriate qualifications and experience in valuing these types of investment properties. The valuation was mainly determined using the market comparable approach and discounted cash flow method (classified as Level 3 of the fair value hierarchy) in accordance with RICS valuation standards, adopting the IFRS basis of fair value and using established principles and valuation techniques.

Discounted cash flow model considers the present value of net cash flows to be generated from the property considering the expected rental growth rate, void periods, occupancy rate and rent-free periods. The expected net cash flows are

discounted using risk adjusted discount rates. Among other factors the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.

Average expected market rental growth considered in the valuations is on the basis of IMF inflation projections ranging from 2% to 2.3% (2022: 1.48% to 3.31%) average expected occupancy rate ranges from 47% to 100% (2022: 41% to 100%) and risk adjusted discount rate from 7.38% to 8.02% (2022: 7.25% to 7.93%).

Incremental impact on the estimated fair values based on discounted cash flow method due to 1% change in the above input factors, with all other variables held constant, is as follows:

	Incremental effect on fair value 2023		Incremental effect on fair value 2022	
	Sensitivity level +1%	Sensitivity level -1%	Sensitivity level +1%	Sensitivity level -1%
	QR'000	QR'000	QR'000	QR'000
Discount rate	<b>(679,231)</b>	<b>746,103</b>	(723,596)	658,904
Rental growth rate	<b>105,789</b>	<b>(105,813)</b>	61,604	(187,096)
Occupancy rate	<b>121,613</b>	<b>(124,742)</b>	69,104	(194,496)

## 11. Right-of-use assets

	2023 QR'000	2022 QR'000
Balance at 1 January	<b>8,913</b>	11,698
Additions	<b>3,026</b>	332
Depreciation for the year	<b>(3,129)</b>	(3,117)
Balance at 31 December	<b>8,810</b>	8,913
Classified under asset class:		
Building	<b>8,480</b>	7,212
Motor vehicles	<b>330</b>	1,701
	<b>8,810</b>	8,913



# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 12. Intangible assets

	Branding QR'000	Goodwill QR'000	Operating software QR'000	Others QR'000	Total QR'000
<b>Cost:</b>					
At 1 January 2022	14,255	8,867	10,839	2,814	<b>36,775</b>
Additions	-	-	694	1,346	<b>2,040</b>
At 31 December 2022	14,255	8,867	11,533	4,160	<b>38,815</b>
Additions	-	-	4,308	735	<b>5,043</b>
At 31 December 2023	14,255	8,867	15,841	4,895	<b>43,858</b>
<b>Amortisation and impairment:</b>					
At 1 January 2022	14,154	8,867	8,576	2,680	<b>34,277</b>
Charge for the year	-	-	568	59	<b>627</b>
At 31 December 2022	14,154	8,867	9,144	2,739	<b>34,904</b>
Charge for the year	-	-	1,666	183	<b>1,849</b>
At 31 December 2023	14,154	8,867	10,810	2,922	<b>36,753</b>
<b>Net book value:</b>					
At 31 December 2022	101	-	2,389	1,421	3,911
<b>At 31 December 2023</b>	<b>101</b>	<b>-</b>	<b>5,031</b>	<b>1,973</b>	<b>7,105</b>

## 13. Investment in associates and joint venture

	2023 QR'000	2022 QR'000
United Readymix W.L.L.	16,128	27,436
Diarona District Energy Limited	356	-
	<b>16,484</b>	27,436

Details of the investment in associates and joint venture held during the years ended 31 December 2023 and 31 December 2022 were as follows.

<b>Name of investment</b>	<b>Place of incorporation and operation</b>	<b>Proportion of ownership and voting power held</b>	<b>Principal activities</b>
United Readymix W.L.L.	State of Qatar	32% directly	Engaged in the production and sale of ready-mix concrete and other building materials
Diarona District Energy Limited	Kingdom of Saudi Arabia	33.3% directly	To bid for a government cooling infrastructure project

The movements in investment in associates and a joint venture are as follows:

	<b>2023 QR'000</b>	2022 QR'000
Balance at 1 January	<b>27,436</b>	37,954
Additions	<b>1,079</b>	-
Share of loss for the year	<b>(4,031)</b>	(4,118)
Dividend received	<b>(8,000)</b>	(6,400)
Balance at 31 December	<b>16,484</b>	27,436

Following table represents the summarised financial information of the Group's investment in United Readymix W.L.L.

	<b>2023 QR'000</b>	2022 QR'000
Share of associate's results in the statement of financial position:		
Non-current assets	<b>5,255</b>	6,687
Current assets	<b>30,607</b>	35,690
Non-current liabilities	<b>(1,270)</b>	(1,555)
Current liabilities	<b>(18,464)</b>	(13,386)
Net assets	<b>16,128</b>	27,436
Share of associate's results in the statement of profit or loss:		
Revenue	<b>22,836</b>	37,501
Loss for the year	<b>(3,416)</b>	(4,118)

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023  
(continued)

## 14. Investment securities

	2023 QR'000	2022 QR'000
Balance at 1 January	51,493	49,823
Fair value gain/during the year	11,320	1,670
Balance at 31 December recognised as FVTPL	62,813	51,493
Quoted shares inside Qatar	29,158	29,796
Quoted shares outside Qatar	33,655	21,697
	62,813	51,493

## 15. Inventories

	2023 QR'000	2022 QR'000
Land and properties held for trading	65,553	65,554
Energy transfer stations	6,996	9,618
Material and spare parts	17,355	17,381
Food, beverage and consumables	7,603	9,274
	97,507	101,827

## 16. Deferred costs

These represent costs incurred in respect of connection revenue and one-time capacity revenue that is recognised on a straight-line basis over the term of the contracts with the customers.

## 17. Accounts and other receivables

	2023 QR'000	2022 QR'000
<b>Non-current:</b>		
Accounts receivable	294,153	548,644
Finance lease receivables	160,879	-
Long term deposits	25,583	25,354
Deferred tax asset (Note 30)	1,405	1,440
	<b>482,020</b>	<b>575,438</b>
<b>Current:</b>		
Accounts receivable, net	900,673	932,076
Advances to contractors	312,657	317,614
Finance lease receivables	20,664	-
Prepayments and accruals	31,409	22,717
Others	20,413	598,318
	<b>1,285,816</b>	<b>1,870,725</b>

Accounts receivable are presented net of impairments, movement during the year is as follows:

	2023 QR'000	2022 QR'000
Balance at 1 January	125,813	128,694
Reversal of provision for impairment during the year	(5,130)	(2,283)
Write-off during the year	(15,206)	(598)
Balance at 31 December	<b>105,477</b>	<b>125,813</b>

Note 34 on credit risk explains how the Group manages and measures credit quality of the accounts receivable.

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 18. Cash and bank balances

	2023 QR'000	2022 QR'000
Cash in hand and bank balances	557,325	788,650
Time deposits	1,169,655	1,240,432
Total cash and bank balances	1,726,980	2,029,082
Less: Declared unclaimed dividend	(15,378)	(17,486)
Less: Time deposits with original maturities greater than 90 days	(761,089)	(632,904)
Cash and cash equivalents	950,513	1,378,692

## 19. Share capital

At the reporting date, share capital represents 3,540,862,500 authorised, issued and fully paid ordinary shares of QR 1 each.

## 20. Legal reserve

In accordance with the Qatar Commercial Companies Law No.11 of 2015 whose certain provisions were subsequently amended by Law No.8 of 2021, 10% of the profits for the year are transferred to legal reserve. Management may discontinue such transfers when the reserve totals to 50% of the paid-up share capital. The reserve is not available for distribution, except in the circumstances as stipulated by the Qatar Commercial Companies Law No.11 of 2015 whose certain provisions were subsequently amended by Law No.8 of 2021. In 2006, the Company capitalised QR 57.3 million from the legal reserve in order to issue bonus shares for the year 2005.

## 21. Other reserves

These represent revaluation reserve which is used to recognise increase in the fair value of property, plant and equipment that were subject to fair valuation. Decrease in fair value is recognised in the reserve only to the extent it relates to an increase in fair value of the same asset previously recognised in equity.

## 22. Proposed dividend

The Board of Directors proposed a cash dividend of 5.5% of share capital (QR 0.055 per share) amounting to QR 194.7 million for the year 2023 which is subject to approval of the shareholders at the annual general meeting.

On 6 March 2023, the Company held its annual general meeting for the year 2022 which, among other things, approved cash dividend of 5.5% of share capital (QR 0.055 per share) amounting to QR 194.7 million.

## 23. Social and sports fund

Qatar Law No.13 of 2008 requires all Qatari listed shareholding companies to pay 2.5% of their net profit to a Social and Sports Fund. Pursuant to this Law and further clarifications issued in 2010, the Group has made an appropriation of QR 10.1 million for the year ended 31 December 2023 (2022: QR 9.7 million).

## 24. Loans and borrowings

	2023 QR'000	2022 QR'000
Loans and borrowings	5,172,654	5,396,636
Unamortised costs associated with raising finance	(24,306)	(23,103)
	<b>5,148,348</b>	5,373,533
Presented as:		
Non-current liability	3,842,429	3,545,201
Current liability	1,305,919	1,828,332
	<b>5,148,348</b>	5,373,533

Details of the Group's loans and borrowings are as follows. The loans carry interest at variable rates of Qatar Central Bank repo rate plus margin.

- In January 2015, the Group obtained a loan facility of US\$ 165.3 million from a local bank which is repayable by semi-annual instalments commencing March 2015 up to September 2024, with US\$ 155.8 million repaid as at reporting date. The loan is secured against plant and equipment and chiller plant, apart from revenue from the chiller plant and insurance proceeds assigned in favour of the lender.
- In January 2015, the Group obtained a loan facility of US\$ 86 million from a local bank out of which US\$ 72.5 million was drawn down. The loan is repayable by semi-annual instalments commencing September 2017 up to September 2026, with US\$ 49.5 million repaid as at reporting date. The loan is secured against plant and equipment and chiller plant, apart from revenue from the chiller plant and insurance proceeds assigned in favour of the lender.
- In March 2021, the Group obtained a loan facility of QR 195 million for construction of a plant facility out of which QR 146 million is drawn down as at reporting date. The loan is repayable by quarterly instalments commencing June 2023 up to May 2036 and is secured against the property under development.
- In March 2020, the Group renewed a facility for QR 728 million from a local bank which is fully repayable in March 2024. This loan is currently under the process of renewal.
- In July 2013, the Group obtained a project facility for QR 1,546 million from a local bank which was fully repaid during the year.
- In June 2014, the Group obtained a Musharaka facility for QR 770 million from a local bank out of which QR 715 million was drawn down. The loan is repayable in quarterly instalments from December 2018 to September 2026, with QR 421 million repaid as at reporting date. The loan is secured against a commercial property.
- In December 2016, the Group obtained project finance for QR 730 million from a local bank out of which QR 628 million is drawn down as at reporting date. The loan is repayable in quarterly instalments June 2021 to December 2032, with QR 436 million repaid as at reporting date. The loan is secured against a residential property.
- In August 2020, the Group renewed a revolving facility for QR 765 million from a local bank which was fully repaid during the year.
- In July 2019, the Group obtained syndicated loan facility from local banks for QR 1.25 billion for development of mixed-use properties out of which QR 1,114 million is drawn down as at reporting date. The loan is repayable from June 2024 to December 2030 and is secured against the mixed-use properties under development.
- In March 2020, the Group obtained Ijarah facility for QR 363 million from a local bank mainly for the development of residential properties. The loan is repayable in quarterly instalments from June 2023 to March 2030 and is secured against the residential properties under development.
- In September 2023, the Group increased its corporate facility to QR 2 billion from a local bank which is repayable in annual installments from August 2025 to August 2040 and is secured against a mixed-use property.

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 24. Loans and borrowings (continued)

- In April 2020, the Group obtained Murabaha facility for QR 175 million from a local bank mainly for the development of residential properties out of which QR 171 million is drawn down as at reporting date. The loan is repayable in semi-annual instalments from May 2023 to May 2029 and is secured against the property under development.
- In April 2020, the Group obtained Murabaha facility for QR 200 million from a local bank for development of a commercial property out of which QR 193 million is drawn down as at reporting date. The loan is repayable in semi-annual instalments from May 2023 to May 2029 and is secured against the property under development.
- In January 2021, the Group obtained Murabaha facility for QR 105 million from a local bank for the development of a commercial property out of which QR 105 million is drawn down as at reporting date. The loan is repayable in semi-annual instalments from May 2023 to May 2029 and is secured against the property under development.
- In May 2023, the Group obtained credit facility for QR 72.8 million for development of a new hospital project out of which QR 30.5 million is drawn down as at reporting date. The loan is repayable from June 2024 to March 2033 and is secured against the property under development.

Repayment profile of the principal amounts of the Group's loans and borrowings are as follows:

	2023 QR'000	2022 QR'000
Within one year	1,309,491	1,833,326
Between two and five years	2,069,105	1,202,360
More than five years	1,794,058	2,360,950
	<b>5,172,654</b>	<b>5,396,636</b>

The Group has capitalised directly attributable borrowing costs of QR 73.9 million during the year to work in progress (2022: QR 41.3 million).

Cash flows from loans and borrowings represent net drawdown of loans in the consolidated statement of cash flows as follows:

	At 1 January QR'000	Cash flows QR'000	Issue costs amortisation QR'000	At 31 December QR'000
2023	5,373,533	(223,982)	(1,203)	5,148,348
2022	4,533,223	832,904	7,406	5,373,533

## 25. Accounts and other payables

	2023 QR'000	2022 QR'000
<b>Non-current:</b>		
Master community reserve fund	125,889	105,417
<b>Current:</b>		
Accounts payable	109,778	192,210
Accrued contract costs	193,925	372,696
Advances received from customers	456,682	1,654,851
Amounts due to related parties (Note 31)	5,899	8,139
Other accruals	712,813	720,604
Income tax payable	7,503	4,150
Other liabilities	476,347	276,080
	<b>1,962,947</b>	<b>3,228,730</b>

## 26. Retention payable

Retention payable represents amounts withheld from payments to contractors as per contractual terms. These amounts are payable upon completion of work and satisfactory discharge of obligations by the relevant contractors.

	2023 QR'000	2022 QR'000
Amounts due for settlement within one year	176,663	82,414
Amounts due for settlement after one year	31,080	153,862
	<b>207,743</b>	<b>236,276</b>

## 27. Deferred revenue

Deferred revenue represents connection fees and one-time capacity revenues that will be recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the contracts with customers. Related direct costs are recognised into the consolidated statement of profit or loss at the same time (Note 16).



# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023  
(continued)

## 28. Employees' end-of-service benefits

	2023 QR'000	2022 QR'000
Balance at 1 January	54,279	49,708
Charge for the year	10,388	8,311
Payments during the year	(5,492)	(3,740)
Balance at 31 December	59,175	54,279

## 29. Lease liabilities

	2023 QR'000	2022 QR'000
At 1 January	9,509	12,162
Additions	3,026	332
Lease payments during the year	(3,157)	(3,598)
Interest expense on lease liabilities	490	613
Balance at 31 December	9,868	9,509
Presented as:		
Non-current liability	7,752	7,544
Current liability	2,116	1,965
	9,868	9,509

### 30. Income tax

The income tax expenses in the consolidated statement of profit or loss is as follows:

	2023 QR'000	2022 QR'000
Change in estimates related to prior year	75	19
Income tax expense for the current year	10,145	4,165
Deferred income tax	35	(204)
	<b>10,255</b>	<b>3,980</b>

The tax on the Group entities profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2023 QR'000	2022 QR'000
Profit before tax	411,975	394,457
Tax exempt profit	(310,525)	(352,803)
Profit subject to tax	101,450	41,654
Effective tax rate	10%	10%
Tax calculated based on current tax rate	10,145	4,165
Change in estimates related to prior year	75	19
Tax effect on expenses and provisions not deductible for tax purpose	35	(204)
Income tax expense	<b>10,255</b>	<b>3,980</b>

Deferred tax asset represents temporary tax differences on the following assets at the reporting date:

	2023 QR'000	2022 QR'000
Property, plant and equipment	439	508
End of service benefits	130	38
Others	836	894
	<b>1,405</b>	<b>1,440</b>

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 31. Related party transactions

Note 4 provides information about the Group structure including subsidiaries and associates. During the year, certain transactions have occurred with related parties on the same commercial terms and conditions as non-related parties. Pricing policies and terms of these transactions are approved by the Group's management.

Balances with related parties and nature of significant transactions and amounts involved are as follows:

	2023 QR'000	2022 QR'000
Due to Orbital Doha Limited (Other related party) (Note 25)	(5,899)	(8,139)
<b>Transactions with related parties</b>		
Revenue	-	36,003
Rental income	-	72

Details of compensation and remuneration to key management personnel are as follows:

	2023 QR'000	2022 QR'000
Salaries and other short-term employee benefits	57,394	46,984
Post-employment benefits	3,158	4,700
	<b>60,552</b>	<b>51,684</b>

Directors' remuneration provided for the year 2023 is QR 11.3 million included in the general and administrative expenses.

### 32. Contingent liabilities

	2023 QR'000	2022 QR'000
Bank guarantees and bonds	13,062	5,746

The Group anticipates that no material liability will arise from the above guarantees which are issued in the ordinary course of business.

There is a court case between the Company and a developer wherein the developer filed a case against the Company and the Company filed a counterclaim against the developer each seeking compensation for recovery of costs incurred and damages suffered. The case was substantially decreed in favour of the Company, however, the developer's claim regarding costs incurred was decreed in favour of the developer which was appealed by the Company. Based on the assessment of the Company's lawyers, no material additional liability is expected to arise from this case.

### 33. Capital commitments

	2023 QR'000	2022 QR'000
Contractual commitments to contractors and suppliers	1,342,605	1,511,269

### 34. Financial instruments and risk management

Accounting policies for financial assets and liabilities are set out in Note 4.

Financial instruments consist of cash and bank balances, accounts receivable, other receivables, due from related parties, loans and borrowings, retention payables, lease liabilities and accounts and other payables.

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 34. Financial instruments and risk management

(continued)

### Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The Company's maximum exposure to credit risk as at the reporting date is the carrying amount of its financial assets, which are the following:

	2023			2022		
	Not credit impaired QR'000	Credit impaired QR'000	Total QR'000	Not credit impaired QR'000	Credit impaired QR'000	Total QR'000
Accounts receivable	1,194,826	105,477	1,300,303	1,480,720	125,813	1,606,533
Other receivables	227,539	-	227,539	623,672	-	623,672
Cash and bank balances	1,726,980	-	1,726,980	2,029,082	-	2,029,082
	<b>3,149,345</b>	<b>105,477</b>	<b>3,254,822</b>	<b>4,133,474</b>	<b>125,813</b>	<b>4,259,287</b>

Ageing of the accounts receivable and impairments are as follows:

	2023		2022	
	Gross carrying amount QR'000	Provision for impairment QR'000	Gross carrying amount QR'000	Provision for impairment QR'000
Not due	783,226	768	1,177,504	-
Past due for 1 to 90 days	127,370	2,717	133,958	5,318
Past due for 91 to 180 days	48,985	10,269	52,289	12,498
Past due for 181 to 365 days	192,321	7,926	46,773	9,382
Past due for more than 365 days	148,401	83,797	196,009	98,615
	<b>1,300,303</b>	<b>105,477</b>	<b>1,606,533</b>	<b>125,813</b>

The accounts receivable from property sales represents the receivables related to the sale of land and property units against which the title to the underlying property is held as a security. The management considers the value of the underlying property when assessing ECL provision.

- establishing maximum payment periods for each customer, which are reviewed regularly; and
- periodically reviewing the collectability of its trade receivables for identification of any impaired amounts.

Amounts due from related parties are dues from counterparties that are under the control of the shareholders of the Company. As a result, ECL on these receivables is expected to be minimal.

The Company uses an allowance matrix to measure the ECLs of its trade receivables from individual customers. The ECLs are probability-weighted estimate of the present value of credit losses that are measured as the present value of the difference between the cash flows due to the Group under respective contracts and the cash flows the Group expects to receive arising from the weighting of multiple present and future economic factors.

Other receivables are expected to be recovered in full and therefore management does not expect collection loss. As a result, ECL on other receivables is expected to be minimal.

The Company limits its exposure to credit risk from accounts and other receivables by:

Cash and bank balances are not credit impaired as ECL is expected to be insignificant. At the reporting date, the Group's cash balances are held with reputed banks that are independently rated by credit rating agencies, details as follows:

- evaluating the creditworthiness of each counter-party prior to entering into contracts;

	<b>2023</b> <b>QR'000</b>	2022 QR'000
<b>Credit rating</b>		
A2	<b>243,654</b>	216,416
A3	<b>946,969</b>	1,138,220
Aa3	<b>383,084</b>	673,855
Ba2	<b>86,740</b>	-
Other	<b>66,533</b>	591
	<b>1,726,980</b>	2,029,082

### Liquidity risk

The following are the contractual maturities of non-derivative financial liabilities and the impact of netting agreements. As at the reporting date, carrying amounts are approximately equal to their respective contractual cash flows.

# Notes to the consolidated financial statements

as at and for the year ended 31 December 2023

(continued)

## 34. Financial instruments and risk management

(continued)

### Liquidity risk (continued)

	Less than one year	Between 2 – 5 years	More than 5 years	Total
<b>31 December 2023:</b>				
Loans and borrowings	1,309,491	2,069,105	1,794,058	5,172,654
Accounts and other payables	1,042,807	125,889	-	1,168,696
Retention payables	176,663	31,080	-	207,743
Due to related parties	5,899	-	-	5,899
Lease liabilities	2,116	7,752	-	9,868
Income tax liabilities	7,503	-	-	7,503
	<b>2,544,479</b>	<b>2,233,826</b>	<b>1,794,058</b>	<b>6,572,363</b>
<b>31 December 2022:</b>				
Loans and borrowings	1,833,326	1,202,360	2,360,950	5,396,636
Accounts and other payables	677,635	105,417	-	783,052
Retention payables	82,414	153,862	-	236,276
Due to related parties	8,139	-	-	8,139
Lease liabilities	1,965	7,544	-	9,509
Income tax liabilities	4,150	-	-	4,150
	<b>2,607,629</b>	<b>1,469,183</b>	<b>2,360,950</b>	<b>6,437,762</b>

### Market risk

#### Interest rate risk

At the reporting date, interest rate profile and carrying amounts of the Group's interest-bearing financial instruments were as follows:

	2023 QR'000	2022 QR'000
<b>Fixed and variable rate instruments</b>		
Time deposits	1,169,655	1,240,432
Term loans	(5,148,348)	(5,373,533)

### Interest rate sensitivity analysis

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2023 would decrease/increase by QR 40.5 million (2022: QR 27.5 million).

### Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. All time deposits are designated in Qatar Riyals. The Group's exposure towards currency risk is minimal as majority of the foreign currency financial assets and liabilities are denominated in currencies that are pegged to the Qatari Riyal.

### Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), where those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

### Equity price sensitivity analysis

A 10% increase/decrease in equity prices, with all other variables held constant, would cause a decrease/increase of QR 6.3 million in the Group's profit for the year ended 31 December 2023 (2022: QR 5.1 million).

## 35. Fair values of assets and financial instruments

Financial assets consist of investment securities, cash and bank balances, financial assets at fair value through profit or loss and receivables. Financial liabilities consist of loans and borrowings, payables, and accrued expenses.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can therefore arise between book value under historical cost method and fair value estimates.

### Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;
- **Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

- **Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The management considers the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements are approximate to their fair values. The entire portfolio of investment securities (Note 14) is classified as Level 1, property, plant and equipment (Note 9) and investment properties (Note 10) are classified under Level 3. There were no transfers between Level 1 and Level 2 fair value measurements during the year.

## 36. Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require separate business strategies. For each of the strategic business units, the Group reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

Reportable segment	Nature of operations
Urban development	Real estate development and construction activities
Hospitality and leisure	Investment and development of hotel, leisure facilities and selling of luxurious items
Infrastructure and utilities	Construction and management of district cooling systems and marina activities
Other operations	Providing information technology solutions and other services

The accounting policies of the reportable segments are the same as described in note 4.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.



# Notes to the consolidated financial statements

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## 36. Operating segments (continued)

	Urban development QR'000	Hospitality and leisure QR'000	Infrastructure and utilities QR'000	Others QR'000	Inter- segment elimination QR'000	Total QR'000
<b>2023</b>						
Real estate revenue	1,264,007	-	-	-	(36,546)	1,227,461
Capacity charges	-	-	346,579	-	(42,271)	304,308
Consumption & ETS sale	-	-	168,773	-	-	168,773
Marina operations	-	-	38,307	-	-	38,307
Food and beverage sale	-	48,993	-	-	-	48,993
Others	-	-	-	347,555	(84,736)	262,819
<b>Total revenue</b>	<b>1,264,007</b>	<b>48,993</b>	<b>553,659</b>	<b>347,555</b>	<b>(163,553)</b>	<b>2,050,661</b>
Finance income	71,939	7	25,934	9,906	-	107,786
Finance costs	(245,744)	(288)	(26,483)	(18,436)	27,248	(263,703)
Depreciation and amortisation	(27,237)	(6,285)	(70,970)	(16,193)	(12,229)	(132,914)
Net share of results in associates	-	-	-	(4,031)	-	(4,031)
Income tax	(6,543)	-	(2,525)	(1,187)	-	(10,255)
<b>Profit/(loss) for the year</b>	<b>557,577</b>	<b>(55,196)</b>	<b>129,719</b>	<b>20,758</b>	<b>(251,138)</b>	<b>401,720</b>
Segment assets	17,645,794	44,373	2,463,944	1,193,766	(1,771,765)	19,576,112
Segment liabilities	7,102,622	209,595	1,408,904	661,956	(1,172,900)	8,210,177

## Geographical segments

The Group has not diversified its activities outside of the State of Qatar except for United Development Investment Company (established in Cayman Island), which does not have any material operations outside Qatar. Majority of the

Group assets are in the State of Qatar, accordingly, there are no distinctly identifiable geographical segments in the Group for the year ended 31 December 2023.

	Urban development QR'000	Hospitality and leisure QR'000	Infrastructure and utilities QR'000	Others QR'000	Inter- segment elimination QR'000	Total QR'000
<b>2022</b>						
Real estate revenue	1,110,962	-	-	-	(35,879)	1,075,083
Capacity charges	-	-	279,584	-	-	279,584
Consumption & ETS sale	-	-	196,150	-	(25,455)	170,695
Marina operations	-	-	40,546	-	-	40,546
Food and beverage sale	-	39,652	-	-	-	39,652
Others	-	-	-	271,690	(66,560)	205,130
<b>Total revenue</b>	<b>1,110,962</b>	<b>39,652</b>	<b>516,280</b>	<b>271,690</b>	<b>(127,894)</b>	<b>1,810,690</b>
Finance income	52,126	8	11,787	2,700	-	66,621
Finance costs	(154,904)	(191)	(18,217)	(5,594)	14,379	(164,527)
Depreciation and amortisation	(25,908)	(2,817)	(70,804)	(5,216)	(8,304)	(113,049)
Net share of results in associates	-	-	-	(4,118)	-	(4,118)
Income tax	(1,149)	-	(1,990)	(841)	-	(3,980)
<b>Profit/(loss) for the year</b>	<b>296,657</b>	<b>(27,316)</b>	<b>113,947</b>	<b>17,327</b>	<b>(10,138)</b>	<b>390,477</b>
Segment assets	19,080,355	53,700	2,485,079	1,156,666	(1,875,876)	20,899,924
Segment liabilities	8,817,610	163,732	1,512,382	649,427	(1,419,983)	9,723,168