

2023 ANNUAL REPORT



We believe in the power of vision,
Honoring the legacy of our forefathers,
And understand our role in the emergence of RAK.

Inspired by the wonders of our landscapes,
Of picturesque mountains and mysterious deserts,
Crystal clear waters and golden sands,
An abundance of natural mangroves & nature,
A city of abundant culture and heritage,
A foundation from which we thrive.

We are energized by people and communities,
Brought to life through experiential place – making,
Creating exceptional destinations,
Where lifestyles take central stage,
Delivering development with a purpose.

**We are RAK Properties,
Enhancing Lives & Places**

 **RAK**
PROPERTIES



SHAPING THE FUTURE OF RAS AL KHAIMAH

Crafting Communities, Enhancing Lifestyles and Elevating Ras Al Khaimah Since 2005. Guided by His Highness Sheikh Saud Bin Saqr Al Qasimi, As we move towards an exciting future for Ras Al Khaimah, we have made it our mission to be the most respected lifestyle developer building communities that embody the spirit of Ras Al Khaimah. Our flagship projects like Julphar Towers and Mina Al Arab confirm the standing of RAK Properties as one of the prime property developers in the Emirate.

Beyond building, we craft vibrant, nature-integrated communities, reflecting our commitment to quality, sustainability, and innovation. Each project, embodies our drive to enhance places and harmoniously contribute to the Emirate's growth with Vision 2030.

Listed on ADX in 2005.
Current market capitalisation of
AED 2.68 billion

Focus on creating mixed-use
community developments,
strategically placed retail shops,
health spas and hotels

Three key destinations in Ras Al
Khaimah with an additional
development in Abu Dhabi

Major contributor to delivery of
RAK Vision 2030 and plays a
central role in shaping the
lifestyle of residents of the UAE

Delivered 3,100
residential units from 12
developments since foundation

908,364 sqft GLA of residential,
commercial and retail property

Partnering with Intercontinental
and Anantara hotels - 525 total
keys

2023 Asset size 6.5 bn
and growing

NATURE'S WONDER

AT MINA AL ARAB

Immerse yourself in the heart of nature, where a rich tapestry of wildlife thrives, and experience the tranquility of life among 7000+ trees, a testament to our commitment to a thriving natural habitat.

We take pride in our lush mangroves, the vital green sanctuaries that cradle our diverse wildlife.

These protected wetlands are more than just scenery; they're active ecosystems where ecological balance and beauty converge.



DISCOVER

MINA AL ARAB

Embrace the epitome of waterfront luxury living at Mina Al Arab, a community where tranquility harmonizes with vibrant life, surrounded by stunning landscapes and breathtaking waterfront views.

LUXURIOUS ESCAPES

MINA AL ARAB

Embrace the epitome of waterfront luxury living at Mina Al Arab, a community where tranquility harmonizes with vibrant life, surrounded by stunning landscapes and breathtaking waterfront views.



WILDLIFE

Here, shores become nurseries for nesting turtles, waters dance with dolphins, and a kaleidoscope of fish colors the depths. Gaze skyward to witness the graceful ballet of migrating flamingos and listen to the symphony of marine life.



THE FUTURE

OF RAS AL KHAIMAH

Witness Ras Al Khaimah's transformative journey, poised to redefine luxury and entertainment with spectacular new developments, establishing the emirate as a destination for luxury and excitement.



INTERCONTINENTAL HOTEL RESORT AND SPA

350 exquisite rooms and suites with premium facilities including the health club, spa, and a choice of internationally recognized restaurants. The ideal for those seeking an eco luxury escape.

ANANTARA RESORT AND SPA

Anantara Mina Al Arab Resort introduces the first Maldivian inspired overwater villas in the emirate. With a private beach and a myriad of health and sports amenities, including the renowned Anantara Spa, this resort is a sanctuary of wellness and luxury.





NIKKI BEACH HOTEL AND BEACH CLUB

In partnership with Nikki Beach Global, we are set to unveil a new mix of luxury with Nikki Beach Resort & Spa. Offering Nikki Beach's signature luxury amenities while encapsulating the barefoot spirit of island life.



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SHAREHOLDERS REPORT

Dear Shareholders,

The Board of Directors of RAK Properties PJSC is pleased to submit the consolidated financial statements for the year ended 31st December 2023.

PRINCIPAL ACTIVITIES:

RAK Properties continues to invest in the development and management of real estate assets and its associated activities including but not limited to sales, leasing, facility management and hospitality businesses.



FINANCIAL RESULTS



2023 TOTAL REVENUE

AED
1004.89 Million
vs AED 408.22 (2022)



2023 NET PROFIT

AED
201.82 Million
vs AED 30.79 (2022)



2023 TOTAL ASSETS

AED
6.46 Billion
vs AED 6.32 (2022)



2023 TOTAL COMPREHENSIVE INCOME

AED
181.98 Million
vs AED 20.97 (2022)



2023 TOTAL EQUITY

AED
4.30 Billion
vs AED 4.12 (2022)

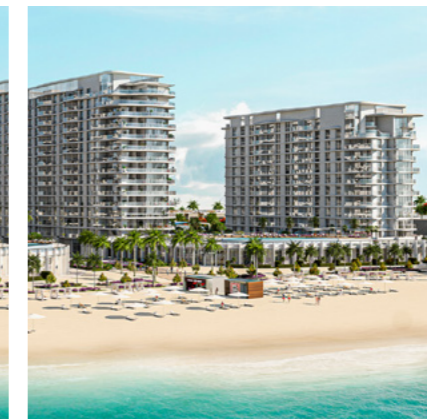
OPERATIONAL ACHIEVEMENTS

During the year RAK Properties continued investing in the development of residential and hospitality properties.



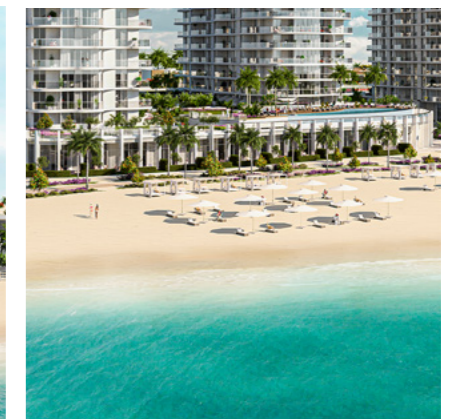
BAY RESIDENCE PHASE 1
HAYAT ISLAND, MINA AL ARAB,
RAS AL KHAIMAH
Beach front residential buildings

- a. Construction of these 2 towers is progressing as per the development plan.
- b. Both towers have been fully sold out.



BAY RESIDENCE PHASE 2
HAYAT ISLAND, MINA AL ARAB,
RAS AL KHAIMAH
Beach front residential buildings

- a. The sale of these 2 towers consisting of 324 apartments has been fully sold out.
- b. Construction of these 2 towers is progressing as per the development plan.



NASIM LOFTS AT BAY RESIDENCE
HAYAT ISLAND, MINA AL ARAB,
RAS AL KHAIMAH
Beach front residential buildings

- a. RAK Properties latest addition of Nasim Lofts at bay residence has been launched in the market and sales are ongoing.



GATEWAY RESIDENCE 2
HAYAT ISLAND, MINA AL ARAB,
RAS AL KHAIMAH
Residential building of 146 apartments

- a. Construction of this tower is progressing as per the development plan.
- b. All 146 apartment in this tower has been fully sold out.



MARBELLA VILLA PHASE 2
HAYAT ISLAND, MINA AL ARAB,
RAS AL KHAIMAH
Luxury Villas and Townhouses

- a. Construction of these additional 89 villas and townhouses commenced and is progressing as planned.
- b. Sales were launched in Q1 2023 and 90% sold out



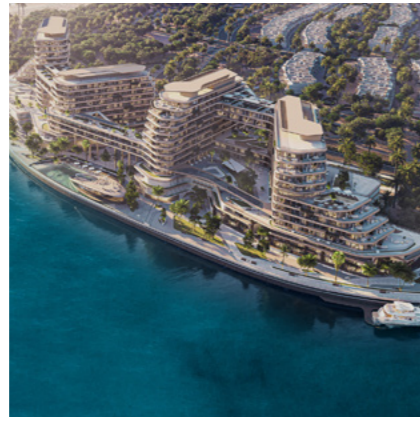
BAYVIEWS
HAYAT ISLAND, MINA AL ARAB,
RAS AL KHAIMAH
Residential Buildings

- a. The sale of these 2 towers consisting of 344 apartments has been launched in end Q2 2023 and it has been sold out within few hours of the launch.
- b. Construction of these 2 towers has commenced in Q4 2023.



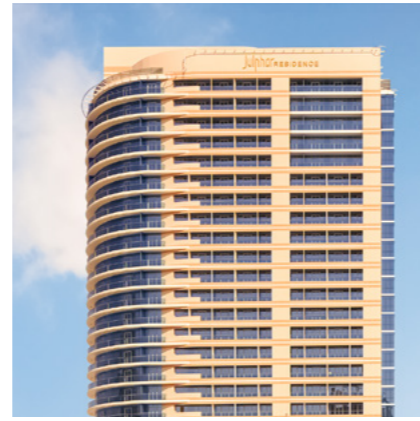
CAPE HAYAT
HAYAT ISLAND, MINA AL ARAB,
RAK
Residential Buildings

- a. The sale of these 4 towers consisting of 678 apartments has been launched in end Q3 2023 and 82% of the project has been sold by end of 2023
- b. Project construction of this 4 Residential Tower has commenced in end of 2023



QUATTRO DEL MAR
HAYAT ISLAND, MINA AL ARAB,
RAS AL KHAIMAH

- a. RAK Properties launched its latest masterpiece "Quattro Del Mar Project", nestled in a prime location of Hayat Island, Mina Al Arab. Quattro Del Mar comprises of 4 towers and promises an integrated lifestyle hub with entertainment and world-class facilities and started selling in Q1 2024



JULPHAR RESIDENCE
REEM ISLAND, ABU DHABI
Residential building of 266
apartments

- a. During the year RAK Properties commenced the sales of this completed tower in Abu Dhabi and had a very good market response which 100% released unit has been sold out.



INTERCONTINENTAL RAS AL KHAIMAH MINA AL ARAB RESORT AND SPA

This notable 5 Star luxury hospitality asset has been operating successfully since February 2022 and delivering strong revenues. The hotel achieved higher occupancy and financial as compared to the compset as the hotel completed the full year of operation in 2023.



ANANTARA MINA AL ARAB HOTEL AND RESORT, RAS AL KHAIMAH

The second 5 Star luxury hospitality asset with 174 keys opened its door subsequent to financial year closing, and started operation from 02nd January 2024

During the year RAK Properties and Ellington Properties entered into a JV to develop a premium waterfront residential project in Hayat Island. The partnership marks Ellington Properties' entry into the emirate and the first joint residential apartment project which will bring a new perspective to exclusive waterfront living. Also RAK Properties partners with Nikki Beach Global to open first branded resort in Mina Al Arab, Ras Al Khaimah

OUTLOOK 2024

RAK Properties continues to invest in the development of appropriate asset classes and in human capital to manage ongoing business challenges and realize opportunities. With the support of all stakeholders RAK Properties has developed a robust budget for 2024. RAK Properties has allocated substantial funds for development, predominantly in Mina Al Arab, with the goal of maximizing the value of this important company asset and to increase revenue generation, as well as building the RAK Properties PJSC and Mina Al Arab brands and their appeal to our target customers and investors.

THE BOARD OF DIRECTORS



Abdul Aziz Abdullah Al Zaabi
Chairman



Mohammad Ahmad Ruqait Al Ali
Deputy Chairman



Sheikh Ahmed Omar Al Qassimi
Director



Mohamed Musabbah Al Nuaimi
Director



Abdallah Rashed Alabdouli
Director



Mohamed Ghobash Al Marri
Director



Yasser Abdulla Al Ahmad
Director

AUDITORS:

The consolidated financial statements for the year ended 31st December 2023 have been audited by M/s. Grant Thornton, they are eligible for re-appointment and have expressed their willingness to be re-appointed

On behalf of the Board,

Abdul Aziz Abdullah Al Zaabi
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RAK PROPERTIES PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of RAK Properties P.J.S.C. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit and loss, consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of 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' 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 the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with the requirements of 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 our audit of the consolidated financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key matters to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RAK PROPERTIES P.J.S.C. (continued)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key Audit matter (continued)

i.) Valuation of unquoted investments through other comprehensive income

Note 9 to these consolidated financial statements shows that the Group's unquoted investments portfolio classified as fair value through other comprehensive income amounted to AED 20,270 thousand at 31 December 2023 (2022: AED 40,108 thousand) and the net fair value loss recorded in the consolidated statement of comprehensive income for the year ended 31 December 2023 amounted to AED 19,838 thousand (2022: loss of AED 9,822 thousand).

The determination of fair value of these unquoted investments involves significant judgements and is determined based on valuations undertaken by external valuers.

We identified assessing the fair value of unquoted investments measured at fair value through other comprehensive income as a key audit matter because of the degree of complexity involved and significant judgement exercised in determining the inputs used in the valuation models.

Our audit procedures, among others, included:

- We obtained the valuation assessment report prepared by the external valuers;
- We evaluated the external valuers qualifications, experience and expertise in the investments being valued and considered their objectivity, independence and scope of work;
- We assessed whether the valuation methods used are in accordance with the established standards for valuation of the investments and determining the fair value;
- On sample basis, we tested the inputs, if any, provided to the external valuers by management;
- We involved our internal valuation specialists to review the valuation methodologies, key assumptions and critical judgements used by comparing these with market data, or other publicly available information, on selected investments; and
- We assessed the disclosures made in the consolidated financial statements is in accordance with the requirements of IFRSs.

ii) Valuation of investment properties

As at 31 December 2023, the Group owns a portfolio of investment properties amounting to AED 1,532,708 thousand (2022: AED 1,559,016 thousand) which comprising commercial properties, residential properties and various parcels of land. The Group incurred a net fair value gain recorded in the consolidated statement of profit or loss amounting to AED 28,646 thousand during the year ended 31 December 2023 (2022: AED 29,425 thousand) (Notes 6).

These investment properties are stated at their fair values as determined by independent real estate valuers engaged by the Group ("the valuers"). The valuation process involves significant judgements in determining and estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the significant unobservable inputs and a small change in the assumptions can have a significant impact to the valuation.

Our audit procedures, among others, included:

- We obtained the valuation assessment report prepared by the external valuers;
- We evaluated the external valuers qualifications, experience and expertise in the investment properties being valued and considered their objectivity, independence and scope of work;
- We assessed whether the valuation methods used are in accordance with the established standards for valuation of the properties and determining the fair value;

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key Audit matter (continued)

ii.) Valuation of investment properties (continued)

Our audit procedures, among others, included:

- We involved our internal valuation specialists to review the valuation methodologies, key assumptions and critical judgements used by comparing these with market data, or other publicly available information, on selected properties;
- On sample basis, we tested, whether property specific data provided to the external valuers by management reflected the underlying property records; and
- We assessed the disclosures made in the consolidated financial statements is in accordance with the requirements of IFRSs.

iii) Assessment of net realisable value of trading properties and trading properties under development

As at 31 December 2023, the Group has trading properties amounting to AED 38,552 thousand (2022: AED 42,140 thousand) and trading properties under development amounting to AED 1,341,869 thousand (2022: AED 1,696,662 thousand) (Notes 8 and 12). Impairment loss recorded in the consolidated statement of profit or loss amounted to AED 2,288 thousand (2022: AED 25,858 thousand) for trading properties under development and AED 710 thousand (2022: AED Nil) for trading properties.

Trading properties and trading properties under development are stated at the lower of their costs and their net realisable values. The Group engaged independent real estate valuers to assess the net realisable value of substantial portion of its properties. The valuation process involves significant judgements in determining and estimating the underlying assumptions to be applied. Assessment of net realisable value requires management to make significant estimates and judgements.

Our audit procedures, among others, included:

- We obtained the assessment report prepared by the external valuers;
- We evaluated the external valuers qualifications, experience and expertise and considered their objectivity, independence and scope of work;
- With the assistance of our internal valuation specialist, we considered and assessed the reasonableness of valuation methodologies and assumptions used, such as estimated selling prices, in the valuation for selected properties;
- On sample basis, we tested the inputs, if any, provided to the external valuers by management;
- On sample basis, tested the net realisable value by comparing property cost to the estimated selling prices and assessed the appropriateness of the carrying value of such properties and any resultant write-down if any; and
- We assessed the disclosures made in the consolidated financial statements is in accordance with the requirements of IFRSs.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key Audit matter (continued)

iv) Revenue recognition from sale of units

Revenue recognition from sale of units require significant judgements to be applied and estimates to be made.

The Group assesses for each of its contracts with customers, whether to recognise revenue over a period of time or at a point in time based on the consideration of whether the Group has created an asset with no alternative use and whether the Group has an enforceable right for payment related to the satisfaction of performance obligations during the term of the contract.

Where revenue is recognised over time, the Group estimates total development and infrastructure costs required to satisfy the performance obligations under the contract and recognises proportionate revenue to the extent of satisfaction of performance obligations as at the end of each reporting period.

Revenue recognition on sale of units was assessed as a key audit matter due to the significance of the assessment of satisfaction of performance obligations and judgements made in assessing the timing of revenue recognition.

Other Information

The Board of Directors and management are responsible for the other information. The other information comprises the Board of Directors' report which we obtained prior to the date of this auditor's report.

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

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

Our audit procedures, among others, included:

- We obtained an understanding of the process implemented by the Group for revenue recognition and measurement in respect of sale of units;
- We inspected a sample of contracts with customers for sale of units and assessed management's identification of performance obligations and their determination of whether revenue should be recognised over a period of time or at a point in time in accordance with the requirements of IFRS 15, "Revenue from Contracts with Customers" by making reference to the terms and conditions specified in the contracts;
- For those projects where it was determined by the Group's management to recognise revenue over a period of time, we assessed the contractual arrangements with the customers and the reasonableness of the costs estimated to complete the underlying project development;
- On a sample basis, we tested that the revenue is per the contract with customer and the costs incurred is per the progress of the project development based on the approved payment certification / invoices. We checked the percentage of completion of the project by comparing the costs incurred to the estimated project development costs; and
- We assessed the disclosures made in the consolidated financial statements is in accordance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RAK PROPERTIES P.J.S.C. (continued)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Other Information (continued)

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

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

Other Matter

The consolidated financial statements for the year ended 31 December 2022 were audited by another auditor who expressed an unqualified opinion on 11 February 2023.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, their preparation in compliance with the applicable provisions of the UAE Federal Law No. (32) of 2021, 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RAK PROPERTIES P.J.S.C. (continued)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
RAK PROPERTIES PJSC**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Report on other Legal and Regulatory Requirements

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

- i. We have obtained all the information we considered necessary for the purposes of our audit;
- ii. The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- iii. The Group has maintained proper books of account in accordance with established accounting principles;
- iv. The financial information included in the Board of Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;
- v. Note 9 to the consolidated financial statements discloses investment in securities by the Group during the financial year ended 31 December 2023;
- vi. Notes 19 and 26 to the consolidated financial statements discloses material related party transactions and balances, and the terms under which they were conducted;
- vii. Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Law No. (32) of 2021, or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2023; and
- viii. Note 23 to the consolidated financial statements discloses social contributions during the financial year ended 31 December 2023.

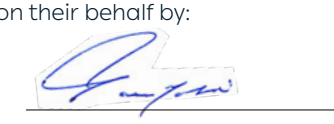

GRANT THORNTON
Farouk Mohamed
Registration No: 86
Sharjah, 12 February 2024

**RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

ASSETS	NOTES	2023 AED'000	2022 AED'000
Non-current assets			
Property and equipment	5	1,868,205	1,648,737
Investment properties	6	1,532,708	1,559,016
Investment properties under development	7	28,098	44,299
Trading properties under development	8	1,341,869	1,501,472
Investments	9	20,270	40,108
Investment in a joint venture	10	68,069	-
Trade and other receivables	11	548,900	491,534
		5,408,119	5,285,166
Current assets			
Trading properties under development	8	-	195,190
Inventories		1,618	1,380
Investments	9	3,249	5,447
Trading properties	12	38,552	42,140
Trade and other receivables	11	549,667	292,967
Bank balances and cash	13	457,705	492,779
		1,050,791	1,029,903
TOTAL ASSETS		6,458,910	6,315,069
EQUITY AND LIABILITIES			
Equity			
Share capital	14	2,000,000	2,000,000
Statutory reserve	15	1,000,000	1,000,000
Retained earnings		589,778	409,057
Other reserves	16	714,577	713,112
		4,304,355	4,122,169
Non-current liabilities			
Employees' end-of-service benefits	17	5,635	4,051
Bank borrowings	18	781,042	806,030
Deferred government grants	6	369,662	388,484
Trade payable, accruals and other liabilities	19	154,846	140,907
		1,311,185	1,339,472
Current liabilities			
Bank borrowings	18	452,067	547,251
Trade payable, accruals and other liabilities	19	391,303	306,177
		843,370	853,428
TOTAL LIABILITIES		2,154,555	2,192,900
TOTAL EQUITY AND LIABILITIES		6,458,910	6,315,069

These consolidated financial statements for the year ended 31 December 2023, were approved by the Board of Directors and authorised for issuance on 12 February 2024 and signed on their behalf by:


Abdul Aziz Abdullah Al Zaabi
Chairman


Sameh Muhtadi
Chief Executive Officer

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 AED'000	2022 AED'000
Revenue	20	1,004,891	408,219
Cost of revenue	21	(658,491)	(267,714)
GROSS PROFIT		346,400	140,505
Selling, marketing and administrative expenses	23	(139,380)	(99,854)
Other income	22	27,386	26,808
Net change in fair value of investment properties	6	28,646	29,425
Share of profit in joint venture	10	69	-
Loss on impairment of trading properties under development	8, 12	(2,998)	(25,858)
Provision for expected credit losses	11	(3,588)	(5,231)
OPERATING PROFIT		256,535	65,795
Finance costs	24	(66,129)	(41,622)
Finance income		13,609	6,812
Dividend income	9	-	469
Net change in fair value of investments through profit or loss	9	(2,198)	(665)
PROFIT FOR THE YEAR		201,817	30,789
Earnings per share for the year - basic and diluted (AED)	25	0.101	0.015

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

RAK PROPERTIES P.J.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023 AED'000	2022 AED'000
PROFIT FOR THE YEAR	NOTE	201,817	30,789
Other comprehensive loss: <i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value investments at fair value through other comprehensive income	9	(19,838)	(9,822)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		181,979	20,967

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

RAK PROPERTIES P.J.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	SHARE CAPITAL AED'000	STATUTORY RESERVE AED'000	RETAINED EARNINGS AED'000	OTHER RESERVES AED'000	TOTAL EQUITY AED'000
Balance at 1 January 2022	2,000,000	1,000,000	402,578	704,832	4,107,410
Profit for the year	-	-	30,789	-	30,789
Other comprehensive income for the year	-	-	-	(9,822)	(9,822)
Total comprehensive income for the year	-	-	30,789	(9,822)	20,967
Transfer to other reserves (Note 16)	-	-	(3,792)	3,792	-
Transfer on sale of investments carried at fair value through other comprehensive income	-	-	(14,518)	14,518	-
Board of Directors' remuneration (Note 26)	-	-	(6,000)	-	(6,000)
Utilisation of reserves	-	-	-	(208)	(208)
Balance at 31 December 2022	2,000,000	1,000,000	409,057	713,112	4,122,169
Profit for the year	-	-	201,817	-	201,817
Other comprehensive income for the year	-	-	-	(19,838)	(19,838)
Total comprehensive income for the year	-	-	201,817	(19,838)	181,979
Transfer to reserves	-	-	207	-	207
Transfer to other reserves (Note 16)	-	-	(21,303)	21,303	-
Balance at 31 December 2023	2,000,000	1,000,000	589,778	714,577	4,304,355

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

RAK PROPERTIES P.J.S.C. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 AED'000	2022 AED'000
Cash flows from operating activities			
Profit for the year		201,817	30,789
Adjustments for:			
Depreciation	5	36,201	32,906
Provision for employees' end-of-service benefits	17	1,842	1,275
Dividend income		-	(469)
Net change in fair value of investments at fair value through profit or loss		2,198	665
Gain on disposal of investments	22	-	(927)
Net change in fair value of investment properties	6	(28,646)	(29,425)
Write down of trading properties under development	8	2,288	25,858
Write down of trading properties	12	710	-
Expected credit losses on trade, contract and other receivables	11	3,588	5,231
Share of joint venture income	10	(69)	-
Amortisation of government grant	6	(18,823)	(14,374)
Finance income		(13,609)	(6,812)
Finance costs	24	66,129	41,622
Cash from operations before working capital changes		253,626	86,339
Trading properties		(2,456)	6,173
Trading properties under development		345,659	144,403
Trade and other receivables		(325,030)	(47,126)
Trade payable, accruals and other liabilities		165,597	66,855
Inventories		(237)	(469)
Net cash flows from operations		437,159	256,175
Employees end of service indemnity paid	17	(258)	(262)
Net cash flows generated from operating activities		436,901	255,913
Cash flows from investing activities			
Additions to property and equipment		(227,795)	(238,490)
Additions to investment properties under development		(12,331)	(7,478)
Interest received		10,764	5,691
Dividend received		-	469
Proceeds from disposal of investments		-	45,193
Net cash used in investing activities		(229,362)	(194,615)
Cash flows from financing activities			
Dividend paid		(33,266)	(4,145)
Bank borrowings availed	18	96,247	423,769
Bank borrowings repaid	18	(111,467)	(360,656)
Interest paid		(55,909)	(38,446)
Board of directors' remuneration paid		-	(6,000)
Net cash flows (used in)/generated from financing activities		(104,395)	14,522
Net change in cash and cash equivalents		103,144	75,820
Cash and cash equivalents at the beginning of the year		(1,127)	(76,947)
Cash and cash equivalents at the end of the year	13	102,017	(1,127)

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. Corporate information

RAK Properties P.J.S.C. (the «Company») is a public joint stock company established under Emiree Decree No. 5 issued by the Ruler of the Emirate of Ras Al Khaimah on 16 February 2005 and commenced its operations on 2 June 2005. The Company is listed in the Abu Dhabi Securities Exchange, United Arab Emirates ("UAE"). The registered office of the Company is P.O. Box 31113, Ras Al Khaimah, UAE.

The consolidated financial statements as at and for the year ended 31 December 2023 comprises the Company and its subsidiaries (collectively referred to as "the Group").

The principal activities of the Group are investment in and development of properties, property management, hotel operations, marina management and related services.

2. Basis of preparation

a. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable provision of the Articles of Association of the Company and UAE Federal Law No. 32 of 2021.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, investment properties under development and investments, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

c. Functional and presentational currency

These consolidated financial statements are prepared in Arab Emirates Dirhams ("AED"), which is the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its Subsidiaries. The Subsidiaries of the Company are as follows:

SUBSIDIARY	COUNTRY OF INCORPORATION	OWNERSHIP %	
		31 DECEMBER 2023	31 DECEMBER 2022
RAK Properties International Limited	United Arab Emirates	100%	100%
Lagoon Marina Ship Management & Operation LLC	United Arab Emirates	100%	100%
RAK Properties Tanzania Limited	Tanzania	100%	100%
Dolphin Marina Limited	Tanzania	100%	100%
Intercontinental RAK Mina Al Arab Resorts & Spa L.L.C.*	United Arab Emirates	100%	100%
RAK Properties Gayreimenkul Pazarlama Anonim Sirketi**	Turkey	100%	100%
Anantara Mina Al Arab Ras Al Khaimah Resort LLC***	United Arab Emirates	100%	-%

* Incorporated on 19 May 2021 and commenced commercial operations from 10 February 2022.

** Incorporated on 11 May 2022.

*** Incorporated on 13 June 2023

The principal activities of the above Subsidiaries are investment and development of properties, property management, hotel operations, marina management and related services.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Basis of preparation (continued)

d. Basis of consolidation (continued)

Subsidiaries

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
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results 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 period 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 in 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 adjusted and eliminated in full on consolidation.

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, noncontrolling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of comprehensive income. Any investment retained is recognised at fair value.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

3. New or revised Standards or Interpretations

New standards, interpretations and amendments adopted by the 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 annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued that is not yet effective.

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12).
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

These amendments did not have a significant impact on these consolidated financial statements. and therefore, the disclosures have not been made.

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

Other standards, amendments and interpretations that are not yet effective and have not been adopted early by the Company include:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

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

4. Summary of Material Accounting Policies

4.1. Overall Consideration

The preparation of the Group's consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

4.2. Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

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

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

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

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.2 Revenue Recognition (continued)

a. Revenues from the sale of properties

The Group enters into contracts with customers to sell property that are either completed or under development.

- Completed property

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers.

- Under development property

For contracts relating to the sale of property under development, the Group is responsible for the overall management of the project and accounts for such contracts as a single performance obligation. The Group has determined that, for sale of under development property, its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts.

For contracts that meet the over time revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation relative to the total expected inputs to the completion of the property.

Revenue from under development property is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

- Other consideration related to the sale of property

In determining the transaction price, the Group considers the effects of the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

When a significant financing component is identified, the Group is required to adjust the promised amount of consideration for the effects of the time value of money. This is because the Group is required to recognise revenue at an amount that reflects the price that the customer would have paid for the promised goods or services if the customer had paid in cash for those goods or services when (or as) they transfer to the customer.

For sale of property, the Group is required to incorporate the element of significant financing component in the trade and contract receivables recorded by the Group as the transaction implicitly gives a financing facility to the customer to pay the amount in future.

The Group usually repossesses properties from customers upon a default by them in fulfilling their contractual obligations. Such properties are measured at their fair value less cost to sell at the repossession date. The difference between such fair value less cost to sell the properties repossessed and the carrying amount of the trade receivables and contract assets is recognised in the consolidated statement of comprehensive income, as follows: (a) if higher, as revenue; and (b) if lower, as an impairment loss against the trade receivables and contract assets.

b. Revenue recognition for hotel operations

Revenue from contracts with customers is recognised when control of the goods are transferred or services rendered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring to the customer, has pricing latitude and is also exposed to inventory and credit risks.

Revenue is measured at the fair value of the consideration received or receivable net of discounts, service charges and municipality taxes, taking into account contractually defined terms of payment and excluding taxes and duty.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Summary of Material Accounting Policies (continued)

4.2 Revenue Recognition (continued)

(b) Revenue recognition for hotel operations (continued)

i. Room revenue

Rooms revenue represents revenue generated from the accommodation provided to its customers in respect to rooms' accommodation. Performance obligation is satisfied, and revenue is recognised over the passage of time based on period of stay of customers. Based on the assessment performed by the Group's management, the customers do not have right of returns, there are no variable considerations, warranty obligations or material loyalty points. Generally, advances are received from customers which are disclosed under contract liabilities. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when he customer pays for that good or service will be one year or less.

ii. Revenue from food and beverage, other departments, and service charge

Performance obligation for food and beverage, other departments, and service charge is satisfied and revenue is recognised at a point in time, which is generally upon fulfilment of the customer order and provision of services to customers.

c. Facility management income

Revenue from services such as property management and facilities management is recognised in the period in which the services are rendered over the period of time.

d. Leasing income

Leasing income from operating leases is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total lease income, over the term of the lease.

e. Forfeiture income

Forfeiture income is recognised in the consolidated statement of profit or loss when, in the case of properties sold and not yet recognised as revenue, a customer does not fulfil the contractual payment terms.

4.3 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under the section Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Cost to obtain a contract

The Group pays sales commission to its employees for contracts that they obtain to sell certain units of property and capitalises the incremental costs of obtaining a contract that meet the criteria in IFRS 15. These costs are recognised in the consolidated statement of profit or loss coinciding with the revenue recognition for such property.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.4 Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated financial statements.

4.5 Finance Income

Finance income mainly comprises interest income on fixed deposits. Interest income is recognised in the consolidated statement of profit or loss as it accrues, using the effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipt through the expected life of the financial asset or liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

4.6 Dividend income

Dividend income is recognised in the consolidated statement of profit or loss on the date on which the Group's right to receive payment is established.

4.7 Property and equipment including capital work-in-progress

Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items of property and equipment

Any gain or loss on disposal of an item of property and equipment is recognised in the consolidated statement of profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. When significant parts of equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Derecognition

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.7 Property and equipment including capital work-in-progress (continued)

Depreciation

Depreciation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Land is not depreciated. The estimated useful lives for are

Buildings	20-40 years
Hotel Equipment	15 years
Furniture and fixtures	4 years
Computer and office equipment	4 years
Motor vehicles	4 years

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

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses (refer accounting policy on impairment), if any, until the construction is complete. Upon completion of construction, the cost of such asset together with the cost directly attributable to construction are transferred to the respective class of assets. No depreciation is charged on capital work-in-progress.

4.8 Investment properties and investment properties under development

Recognition

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are classified as investment properties under development.

Measurement

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using fair value model. Any gain or loss arising from a change in fair value is recognised in the consolidated statement of profit or loss. Where the fair value of investment property under development is not reliably determinable, such property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

Transfer from trading properties to investment properties

Certain trading properties are transferred to investment properties when there is a change in the use of the properties. Trading properties are transferred to investment properties at carrying value. Subsequent to initial measurement, such properties are valued at fair value in accordance with the measurement policy for investment properties.

Transfer from investment properties to trading properties

Properties are transferred from investment properties to trading properties when there is a change in use of the property. Such transfers are made at the carrying value of the properties at the date of transfer. Fair value at the date of reclassification becomes the cost of properties transferred for subsequent accounting purposes. Subsequent to the transfer, such properties are valued at lower of cost or net realisable value in accordance with the measurement policy for trading properties.

Transfer from investment properties to owner-occupied properties

If an investment property becomes owner-occupied property, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Transfer from owner-occupied property to investment properties

When the use of a property changes from owner-occupied to investment property, the property is transferred to investment properties at carrying value. Subsequent to initial measurement, such properties are valued at fair value in accordance with the measurement policy for investment properties.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.9 Trading properties and trading properties under development

Land and buildings identified as trading properties based on underlying masterplan, including buildings under construction, are classified as such and are stated at the lower of cost and estimated net realisable value. The cost of work-in-progress comprises construction costs and other related direct/ operating costs. Net realisable value is the estimated selling price in the ordinary course of the business, less cost of completion and selling expenses.

The amount of any write down of trading properties is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down arising from an increase in net realisable value is recognised in the consolidated statement of profit or loss in the period in which the increase occurs but only to the extent that the carrying value does not exceed the actual cost.

Cost of trading properties is determined on the basis of specific identification of their individual costs. The classification of trading properties under development as current and non-current depends upon the expected date of their completion.

4.10 Financial Instruments

i. Classification and measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income («FVOCI») or fair value through profit or loss («FVPL»). The classification of financial assets under IFRS 9 is generally based on the Group's business model in which a financial asset is managed and its contractual cash flow characteristics. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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

- 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 outstanding principal amount.

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 FVPL. 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 FVPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition.

Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instrument as appropriate. The Group determines the classification of its financial liabilities at the initial recognition.

Trade payable, accruals and other liabilities

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.10 Financial Instruments (continued)

i. Classification and measurement (continued)

Loans and borrowings

Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

ii. Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets and financial liabilities.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

Equity instruments at fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets 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 losses are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in consolidated statement of profit or loss.

Financial liabilities

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.10 Financial Instruments (continued)

iii. Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group measures impairment allowances using the simplified approach. Under this approach, the Group categorises its financial assets under a three stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the financial assets that are not measured at FVPL or FVOCI. Financial assets migrate through three stages based on the change in credit risk since initial recognition.

The three-stage ECL model is based on the change in credit quality of financial assets since initial recognition.

- Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded.
- Under Stage 2, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered as credit impaired, an amount equal to the default probability-weighted lifetime ECL will be recorded.
- Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments are classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.

The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL. 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.

Measurement of ECL

The Group employs statistical models for ECL calculations.

ECL 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). ECL are discounted at the effective interest rate of the financial asset.

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.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.10 Financial Instruments (continued)

iv. Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

The Group derecognises a financial liability when, and only when, its contractual obligations are discharged, cancelled, or they expire. 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. On 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 the consolidated statement of profit or loss.

v. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position if there is a legally enforceable right to set off the amounts and there is an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.11 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The results of the operating segments are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment, costs incurred for purchase of investment properties or redevelopment of existing investment properties and costs incurred towards development of properties which are either intended to be sold or transferred to investment properties.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.12 Impairment of non-financial assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in consolidated statement of profit or loss. 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 or amortisation, if no impairment loss had been recognised.

4.13 Equity and reserves

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

Statutory reserve is required to be created by UAE Federal Law No. (32) of 2021 as described in note 15.

In accordance with the Company's Articles of Association, 10% of the net profit for the year is transferred to the general reserve.

Retained earnings include all current year profit and prior period retained earnings.

Fair value reserve represents the net unrealised gains or losses that are recognised on the financial assets at FVOCI.

All transactions with the shareholder is recorded separately within statements of changes in equity.

Dividend distributed and paid are recorded when these dividends are approved in general meeting prior to the reporting date. Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the shareholders.

4.14 Government grants

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. They are then recognised in the consolidated statement of profit or loss as other income on a systematic basis upon the fulfilment of conditions stipulated by the Government.

Such grants are generally received with the implicit condition that they are to be utilised for development, and accordingly, the fulfilment of the condition is estimated based on the progress of development activities.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the year in which they are incurred.

4.16 Provisions and accruals

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.17 Employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

UAE national employees of the Group are members of the Government-managed retirement pension and social security benefit scheme pursuant to U.A.E. labour law no. 7 of 1999. The Group is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent a cash refund or a reduction in future payments is available.

Provision for employees' end of service benefits

Provision is made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law and is based on current remuneration and their period of service at the end of the reporting period.

The accrual relating to leave passage is disclosed as a current liability, while the provision relating to end of service indemnity it is disclosed as a non-current liability.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Directors' remuneration

Pursuant to Article 169 of the Federal Law No. 32 of 2021 and in accordance with article of association of the Company, the Directors shall be entitled for remuneration, which shall not exceed 10% of the net profit after deducting depreciation and the reserves.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.18 Foreign currency

Transactions in foreign currency are translated into the respective functional currencies of the Group companies at the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are generally recognised in the consolidated statement of profit or loss.

Foreign operations

The results and financial position of all the foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- ii. Income and expenses for each statement of profit or loss are translated at average exchange rates; and
- iii. All resulting exchange differences are recognised as a separate component of equity.

Since 2022, Turkey became a hyperinflationary economy. Management performed a detailed assessment of the impact of applying IAS 29 Financial Reporting in Hyperinflationary Economies. Based on the assessment management determined that the impact of applying IAS 29 is not material to consolidated financial statements of the Group.

4.19 Fair value measurement

The Group measures certain financial instruments such as financial assets (investments) at FVPL, and certain non-financial assets such as investment properties at fair value at each reporting date. 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.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.19 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group has an established control framework with respect to the measurement of fair values.

This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

External valuers are involved for valuation of significant assets, such as properties. If third party is used to measure fair values, the management team discusses with the valuer the valuation techniques and inputs to use and assesses the evidence obtained from the third party to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

4.20 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

4.21 Inventories

Inventories are stated at the lower of cost and net realisable value with due allowance for any obsolete or slow-moving items. Costs are those expenses incurred in bringing each product to its present location and condition on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.22 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.23 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the consolidated statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.24 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 current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- 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. A liability is current when:

- It is expected to be settled in the 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

The Group classifies all other liabilities as non-current.

4.25 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group assessed the nature of its joint arrangement and determined it to be a joint venture. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in consolidated statement of comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.26 Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

4.27 Judgements

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

i. Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of revenue recognition on the sale of property

The Group has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract. The Group has concluded that contracts relating to the sale of completed property are recognised at a point in time when control transfers. For contracts relating to the sale of property under development, the Group recognises the revenue over a period of time as the Group's performance does not create an asset with alternative use. Furthermore, the Group has an enforceable right to payment for performance completed to date. It has considered the factors that indicate that it is restricted (contractually or practically) from readily directing the property under development for another use during its development. In addition, the Group is, at all times, entitled to an amount that at least compensates it for performances completed to date. In making this determination, the Group has carefully considered the contractual terms as well as local legislations.

The Group has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Group and the transfer of goods and services to the customer.

Principal versus agent considerations – services to tenants

The Group arranges for certain services provided to tenants of investment property included in the contract the Group enters into as a lessor. The Group has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide these specified services. In addition, the Group has discretion in establishing the price that it charges to the tenants for the specified services.

Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Group has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and, at the same time, consume the benefits from these services.

Consideration of significant financing component in a contract

For contracts involving the sale of property, the Group is entitled to receive an initial deposit. The Group concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history.

Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include cost of design and consultancy, construction, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.27 Judgements (continued)

ii. 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. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, these financial statements have been prepared on the going concern basis.

iii. Leases – Property lease classification – the Group as lessor

The Group has entered into commercial and residential property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, 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 it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases

iv. Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property and equipment and/or trading property. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property and equipment and trading property. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by the management. Trading properties are grouped under current assets, as intention of the management is to sell it within one year from the end of the reporting date.

4.28 Key sources of estimation uncertainty

The key assumptions concerning 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. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment properties and investment properties under development

The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation methods. These methods comprise the sales comparable method and discounted cash flow method. The discounted cash flow method requires the use of estimates such as future cash flows from assets (comprising of leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period. Under the income capitalisation method, the income receivable under existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation dates. The Group's undiscounted future cash flows analysis and the assessment of expected remaining holding period and income projections on the existing operating assets requires management to make significant estimates and judgements related to future rental yields and capitalisation rates. Refer note 6 and note 7 for the fair valuation of investment properties and investment properties under development, respectively.

Estimation of net realisable value for trading properties and trading properties under development

The Group's management reviews the trading properties and trading properties under development to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in the consolidated statements of profit or loss, the management assesses the current selling prices of the property units and the anticipated costs for completion of such property units for properties which remain unsold at the reporting date. If the current selling prices are lower than the anticipated total cost at completion, an impairment provision is recognised for the identified loss to reduce the cost of development properties to its net realisable value.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
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FOR THE YEAR ENDED 31 DECEMBER 2023

4. Summary of Material Accounting Policies (continued)

4.28 Key sources of estimation uncertainty (continued)

Calculation of expected credit loss allowance

The Group assesses the impairment of its financial assets based on the ECL model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments. When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Impairment of property and equipment and capital work in progress

Impairment of property and equipment and capital work in progress The Group reviews its property and equipment and capital work in progress to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in the consolidated statement of profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a reduction in the carrying value of property and equipment or capital work in progress. Accordingly, provision for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property and equipment or capital work in progress.

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Valuation of unquoted investments

Valuation of unquoted investments is normally based on one of the following:

- Recent arm's length market transactions;
- The expected cash flows discounted at current rates applicable for the items and with similar terms and risk characteristics; or
- Other valuation models

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data. Refer to note 29 for estimates applied and amount involved.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

5. Property and equipment

	PLOTS OF LAND AED'000	BUILDINGS AED'000	HOTEL EQUIPMENT AED'000	FURNITURE AND FIXTURES AED'000	COMPUTER AND OFFICE EQUIPMENT AED'000	MOTOR VEHICLES AED'000	CAPITAL WORK-IN-PROGRESS AED'000	TOTAL AED'000
Cost								
As at 1 January 2022	561,598	169,228	-	4,856	9,387	829	767,033	1,512,931
Additions	-	2,384	-	581	602	536	234,178	238,281
Transfers on completion	-	498,634	37,829	27,298	-	-	(563,761)	-
Transfers from investment properties under development (Note 7)	-	14,732	-	-	-	-	-	14,732
At 31 December 2022	561,598	684,978	37,829	32,735	9,989	1,365	437,450	1,765,944
Additions	-	5,671	-	1,370	328	444	207,522	215,335
Transfers from investment properties (Note 6)	27,406	-	-	-	-	-	-	27,406
Transfers from investment properties under development (Note 7)	-	12,669	-	-	-	-	259	12,928
At 31 December 2023	589,004	703,318	37,829	34,105	10,317	1,809	645,231	2,021,613
Accumulated depreciation:								
As at 1 January 2022	-	71,063	-	4,527	7,963	748	-	84,301
Charge for the year	-	23,663	2,233	6,205	702	103	-	32,906
At 31 December 2022	-	94,726	2,233	10,732	8,665	851	-	117,207
Charge for the year	-	25,710	2,522	7,221	585	163	-	36,201
At 31 December 2023	-	120,436	4,755	17,953	9,250	1,014	-	153,408
Net book value								
As at 31 December 2023	589,004	582,882	33,074	16,152	1,067	795	645,231	1,868,205
At 31 December 2022	561,598	590,252	35,596	22,003	1,324	514	437,450	1,648,737

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5. Property and equipment (continue)

The depreciation charge has been allocated as follows:

	2023 AED'000	2022 AED'000
Cost of revenue (Note 21)	6,448	6,448
Selling, marketing and administrative expenses (Note 23)	29,753	26,458
At 31 December	36,201	32,906

Property and equipment mainly comprises land and buildings that are located in United Arab Emirates.

Capital work-in-progress represents expenditure incurred on the construction of a hotel, which is intended to be used according to the Group's relevant business model. The construction work on hotel property (Anantara Mina Al Arab) is ongoing at the reporting date and management expects to start the operation of this hotel in the year 2024. The Group is not committed to a significant capital commitment in respect of the construction of the hotel project as at 31 December 2023.

Capital work in progress includes borrowing cost capitalised during the year amounting to AED 26,525 thousand (2022: AED 19,166 thousand), calculated using an average capitalisation rate of 8.16% (2022: 5.21%) per annum.

During the prior year and effective 10 February 2022, the Group commenced operations of a hotel property (Intercontinental Hotel) pursuant to which capital work in progress amounting to AED 563,761 thousand was capitalized during the prior year. The depreciation associated with hotel property amounted to AED 25,730 thousand in the current year (2022: AED 22,601 thousand).

Property and equipment pertaining to hotel properties with net book value of AED 1,563,921 thousand as at 31 December 2023 (2022: AED 1,350,121 thousand) and certain other items of property and equipment are mortgaged against bank borrowings (Note 18).

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6. Investment properties

	2023 AED'000	2022 AED'000
At 1 January	1,559,016	1,568,192
Change in fair value	28,646	29,425
Transfer to property and equipment (Note 5)	(27,406)	-
Transfer to trading properties under development (Note 8)	-	(41,953)
Transfer from trading properties (Note 12)	6,044	3,352
Transfer to investment in a joint venture (Note 10)	(33,592)	-
At 31 December	1,532,708	1,559,016

Investment property comprises land parcels and a number of residential and commercial properties that are leased to third parties. The Group has neither restrictions on the realisability of its investment properties nor significant contractual obligations to purchase, construct, develop or repair investment properties. Investment properties are located in Ras Al Khaimah, United Arab Emirates.

The following table shows the net income arising from investment properties:

	2023 AED'000	2022 AED'000
Rental income derived from investment properties (Note 20)	29,797	28,857
Direct operating expenses generating rental income (Note 21)	(2,098)	(3,148)
Net income arising from investment properties carried at fair value	27,699	25,709

The fair values of the investment properties are arrived on the basis of a valuation carried out by independent valuers not related to the Group. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations.

A valuation model recommended by the International Valuation Standards Committee has been applied which is consistent with the principles of IFRS 13. In estimating the fair value of the investment properties, management has concluded that the highest and best use of the properties is their current use. The fair value measurement for all of the investment properties has been categorised as Level 3-fair value based on the inputs to the valuation technique used. The value of the investment properties has been determined through analysis of the following:

Valuation technique underlying management's estimation of fair value

Discounted cash flow method:

The fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

Sales comparable method:

This method involves analysing sales and asking prices of similar units and comparing these to the subject property. Comparative analysis is based on similarities in the property rights appraised, market conditions, size, location and physical features.

Significant unobservable inputs

Based on the type and location of the property, the value of each of the properties has been determined by assuming discount rates of 10% to 12% (2022: 10% to 12%) and exit cap rates of 8% to 8.5% (2022: 8% to 8.5%).

The fair value for the properties valued under the discounted cash flow method are sensitive to the change in the above factors.

Prices of land parcels range from AED 3.6 per square foot to AED 1,415 per square foot (2022: AED 4 per square foot to AED 1,312 per square foot).

Prices of commercial properties range from AED 300 to AED 1901 per square foot (2022: AED 300 to AED 1,721 per square foot).

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6. Investment properties (continued)

The Government of Ras Al Khaimah had granted certain plots of land with an aggregate area of 66,977 thousand square feet on the condition that these plots of land undergo development.

During the year, the management has reassessed the use of certain investment properties. In the view of the Board of Director, these properties with an associated cost of AED 27,406 thousand will be developed and used by the Group for its own use, therefore value of such properties have been transferred to property and equipment (2022: AED Nil). During the current year, no investment properties were transferred to trading properties under development (2022: AED 41,953 thousand).

Certain items of investment properties are mortgaged against bank borrowings (Note 18).

Deferred government grant

The Group has accounted for the portion of land granted as deferred government grant. This deferred government grant will be released on the fulfilment of the conditions stipulated by the Government of Ras Al Khaimah and is based on the progress of development activities. During the current year, management has recognised an amount of AED 18,823 thousand (2022: AED 14,374 thousand) to the consolidated statement of profit or loss as amortisation of government grant (Note 22). Remaining amount of deferred government grant as at 31 December 2023 is AED 369,662 thousand (2022: AED 388,484 thousand).

7. Investment properties under development

	2023 AED'000	2022 AED'000
At 1 January	44,299	65,197
Cost incurred	25,259	7,478
Transferred to property and equipment (Note 5)	(12,928)	(14,732)
Transferred to trading properties under development (Note 8)	(28,532)	(13,644)
At 31 December	28,098	44,299

Investment properties under development are located in Ras Al Khaimah, United Arab Emirates. The Group has neither restrictions on the realisability of its investment properties nor significant contractual obligations to purchase, construct, develop or repair investment properties.

Cost incurred includes borrowing costs capitalised during the year amounting to AED 1,891 thousand (2022: AED Nil), calculated using an average capitalisation rate of 8.16% (2022: 5.21%) per annum.

Certain items of investment properties under development are mortgaged against bank borrowings (Note 18).

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8. Trading properties under development

	2023 AED'000	2022 AED'000
At 1 January	1,696,662	1,811,327
Cost incurred	182,719	34,301
Cost of properties sold	(346,831)	(62,771)
Transfer from investment properties (Note 6)	-	41,953
Transfer to investment in a joint venture (Note 10)	(34,408)	-
Transfer from investment properties under development (Note 7)	28,532	13,644
Impairment loss	(2,288)	(25,858)
Transfer to trading properties (Note 12)	(182,517)	(115,934)
At 31 December	1,341,869	1,696,662

The following table shows the location wise of the trading properties under development.

	2023 AED'000	2022 AED'000
Inside UAE	1,328,054	1,680,559
Outside UAE	13,815	16,103
	1,341,869	1,696,662
Less: classified as current assets	-	(195,190)
Classified as non-current assets	1,341,869	1,501,472

As at 31 December 2023, the Group determined net realisable value of trading properties under development.

The estimates of net realisable value are based on the most reliable evidence available at the reporting date of the amount that the Group is expected to realise from the sale of these properties in its ordinary course of business. These estimates also take into consideration the purpose for which such properties are held. The determination of net realisable value of trading properties under development is based on external valuations using various valuation methodologies and techniques. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations.

Certain items of trading properties under development are mortgaged against bank borrowings (Note 18).

During the year, Board of Directors decided to write down net realisable value of AED 2,288 thousand (2022: AED 25,858 thousand) based on an independent valuation of net realisable value of trading properties under development.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
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9. Investments

	2023 AED'000	2022 AED'000
Non-current investments		
At fair value through other comprehensive income		
Investments within UAE		
Unquoted equity investments	1,898	6,098
Investments outside UAE		
Unquoted real estate funds	3,320	16,445
Unquoted equity investments	15,052	17,565
	20,270	40,108
Current investments		
At fair value through profit and loss		
Unquoted equity investments	3,249	5,447
	3,249	5,447
Total investments	23,519	45,555

During the year, no dividend income from these investments were received (2022: AED 469 thousand).

A reconciliation of investments measured at fair value based on significant unobservable inputs (level 3 fair value) is as follows:

	2023 AED'000	2022 AED'000
At 1 January	45,555	56,355
Disposals	-	(313)
Change at fair value through profit and loss, net	(2,198)	(665)
Change at fair value through other comprehensive income, net	(19,838)	(9,822)
At 31 December	23,519	45,555

The details of valuation techniques and assumptions applied for the measurement of fair value of investments are mentioned in Note 29.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
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10. Investment in a Joint Venture

	2023 AED'000	2022 AED'000
Investment in a joint venture	68,069	-

During the year, the Group entered into a joint venture agreement ("JVA") and a Development Management Agreement ("DMA"), collectively referred to as "the agreements", with Ellington Properties Development LLC ("Ellington"). Whereby, the Group intends to develop a plot of land situated on Hayat Island, Ras Al Khaimah into a premium development (the "Project") and granted a power of attorney in favour of Ellington, appointing it to manage the development of Porto Playa project.

Under the agreements, the Group's contribution in the Project shall be the Land with initial value of AED 68 million. Ellington shall, without any set-off, counterclaim or deduction, contribute the development funding for the Project in an amount equal to the Land Value, such contribution shall include the Development Manager Fee during the project development duration. To facilitate this arrangement, Ellington incorporated a development company called "Ellington Development FZ-LLC", of which Ellington owns 100% of the share capital, however, under the agreements both control and profit shall be on an equal 50:50 basis between the Group and Ellington.

Movement in the investment in a joint venture during the year is as follow:

	2023 AED'000	2022 AED'000
At 1 January	-	-
Transfer from investment properties (Note 6)	33,592	-
Transfer from trading properties under development (Note 8)	34,408	-
Initial investment to the joint venture	68,000	-
Share of profit	69	-
At 31 December	68,069	-

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11. Trade and other receivables

	2023 AED'000	2022 AED'000
Trade receivables (Note 20)	533,096	524,550
Contract assets (Note 20)	326,831	159,521
Trade receivables and contract assets, gross	859,927	684,071
Less: Provision for expected credit losses	(25,236)	(21,648)
Trade receivables and contract assets, net	834,691	662,423
Other receivables	142,893	42,489
	977,584	704,912
Advances to suppliers and contractors	111,572	73,654
VAT receivables	7,452	4,179
Prepayments	1,959	1,756
	120,983	79,589
	1,098,567	784,501
Less: Non-current portion of trade and other receivables	(548,900)	(491,534)
	549,667	292,967

Advances to suppliers and contractors include an amount of AED 18,841 thousand (2022: AED 18,841 thousand) paid to a real estate entity for purchase of parcels of land in Abu Dhabi. The legal formalities for purchase of parcels of land is in progress and is expected to be completed during the year ending 31 December 2024.

Trade receivables are secured by post-dated cheques amounting to AED 424,284 thousand (2022: AED 460,007 thousand). The movement in the allowance of expected credit loss during the year is as follows:

	2023 AED'000	2022 AED'000
At 1 January	21,648	16,417
Provision for expected credit loss	3,588	5,231
At 31 December	25,236	21,648

The ageing analysis of gross trade receivables and contract assets and expected credit loss is as follows:

	2023			2022		
	GROSS CARRYING MOUNT AED'000	EXPECTED CREDIT LOSS AED'000	EXPECTED CREDIT LOSS RATE %	GROSS CARRYING AMOUNT AED'000	EXPECTED CREDIT LOSS AED'000	EXPECTED CREDIT LOSS RATE %
Neither past due nor impaired	724,287	15,027	2.1%	602,922	16,394	2.7%
<i>Past due but not impaired</i>	-					
0-30 days	103,933	2,156	2.1%	44,934	1,222	2.7%
30-60 days	2,239	46	2.1%	2,321	63	2.7%
60-90 days	1,191	25	2.1%	187	5	2.7%
> 90 Days	28,277	7,982	28.2%	33,707	3,964	11.8%
	859,927	25,236	2.9%	684,071	21,648	3.2%

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12. Trading properties

	2023 AED'000	2022 AED'000
At 1 January	42,140	26,114
Transferred to investment properties (Note 6)	(6,044)	(3,352)
Cost incurred	-	31,627
Transfer from trading properties under development (Note 8)	182,517	115,934
Cost of properties sold	(179,351)	(128,183)
Impairment	(710)	-
At 31 December	38,552	42,140

The following table shows the location wise of the trading properties:

	2023 AED'000	2022 AED'000
Current	24,789	27,667
Inside UAE	13,763	14,473
Outside UAE		
Classified as non-current assets	38,552	42,140

As at 31 December 2023, the Group determined net realisable value of trading properties. The estimates of net realisable values are based on the most reliable evidence available at the reporting date of the amount that the Group is expected to realise from the sale of these properties in its ordinary course of business. These estimates also take into consideration the purpose for which such properties are held. The determination of net realisable value of trading properties is based on external valuations using various valuation methodologies and techniques. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations.

During the current year, the Board of Directors decided to write down net realisable value amounting to AED 710 thousand (2022: AED Nil) based on an independent valuation of net realisable value of trading properties under development.

Certain items of trading properties are mortgaged against bank borrowings (Note 18).

13. Bank balances and cash

	2023 AED'000	2022 AED'000
Cash in hand	140	288
Bank balances:		
- Current accounts	48,543	50,747
- Call accounts	3,293	2,749
- Current accounts - unclaimed dividends	5,729	38,995
- Term deposits	400,000	400,000
	457,705	492,779

For the purpose of consolidated statement of cash flows, cash and cash equivalent consist of:

	2023 AED'000	2022 AED'000
Bank balances and cash	457,705	492,779
Less: Current accounts - unclaimed dividends	(5,729)	(38,995)
Less: Bank overdraft (Note 18)	(349,959)	(454,911)
Cash and cash equivalent at the end of the year	102,017	(1,127)

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13. Bank balances and cash (continued)

Current accounts - unclaimed dividends will be utilised only for the payment of dividend and cannot be used for any other purposes. As required by directive issued by SCA dated 30 April 2023, the Group has transferred an amount of AED 32,992 thousand as unclaimed dividend pertaining to period approved before March 2015 to Securities and Commodities Authority (SCA).

Bank balances include term deposits amounting to AED 400,000 thousand (2022: AED 400,000 thousand) with an maturity period of less than three months. The effective average interest rate on deposits ranges between is 1.85 % to 5.30% per annum (2022: 0.2 % to 1.75% per annum). Term deposits amounting to AED 400,000 thousand are under lien against bank borrowings (Note 18).

14. Share capital

	2023 AED'000	2022 AED'000
Authorised, issued and fully paid up 2,000,000,000 shares of par value of AED 1 each	2,000,000	2,000,000

15. Statutory reserve

In accordance with UAE Federal Law No. 32 of 2021 and the Company's Articles of Association, 10% of net profit for the year is required to be appropriated to statutory reserve until the reserve equals 50% of paid up share capital of the Company. The reserve is not available for distribution except in the circumstances stipulated by the law. No transfer was made to statutory reserve during the current year and for the year ended 31 December 2023 as the balance in the reserve has reached 50% of paid up share capital of the Company (2022: AED Nil).

16. Other reserves

	GENERAL RESERVE AED'000	DEVELOPMENT RESERVE AED'000	FAIR VALUE RESERVE AED'000	OTHER AED'000	TOTAL AED'000
At 1 January 2022	633,447	303,675	(232,290)	-	704,832
Other comprehensive income for the year	-	-	(9,822)	-	(9,822)
Transfer on sale of investments carried at fair value through other comprehensive income	-	-	14,518	-	14,518
Transfer from retained earnings	3,079	-	-	713	3,792
Utilisation of reserves	-	-	-	(208)	(208)
At 31 December 2022	636,526	303,675	(227,594)	505	713,112
Other comprehensive loss for the year	-	-	(19,838)	-	(19,838)
Transfer from retained earnings	20,182	-	-	1,121	21,303
At 31 December 2023	656,708	303,675	(247,432)	1,626	714,577

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16. Other reserves (continued)

Nature and purpose of other reserves

General reserve

In accordance with the Company's Articles of Association, 10% of the net profit for the year is transferred to the general reserve. The transfer to general reserve shall cease by decision of the ordinary general meeting as recommended by the Board of Directors or if general reserve reaches 50% of the Company's paid-up share capital. General reserve shall be used for the purposes decided by the ordinary general meeting upon the suggestion of the Board of Directors.

Development reserve

In accordance with the Company's Articles of Association and pursuant to the approval of the Board of Directors, a development reserve has been created which will be utilised for future development and maintenance of facilities at various properties owned by the Group. During the year, there is no movement in the development reserve (2022: AED Nil).

Fair value reserve

Fair value reserve represents the net unrealised gains or losses that are recognised on the financial assets at FVOCI.

17. Employees' end of service benefit

	2023 AED'000	2022 AED'000
At 1 January	4,051	3,038
Charge for the year	1,842	1,275
Payments made during the year	(258)	(262)
At 31 December	5,635	4,051

18. Bank Borrowings

	2023 AED'000	2022 AED'000
Term loan	883,150	898,370
Bank overdraft (Note 13)	349,959	454,911
Total bank borrowings	1,233,109	1,353,281
Less: current portion	(452,067)	(547,251)
Non-current portion	781,042	806,030

The movement in the term loan during the year is as follows:

	2023 AED'000	2022 AED'000
Balance at 1 January	898,370	835,257
Additions during the year	96,247	423,769
Repayment during the year	(111,467)	(360,656)
Balance at 31 December	883,150	898,370

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18. Bank borrowings (continued)

Overdraft

The Group has obtained overdraft facility of AED 540,000 thousand (2022: AED 540,000 thousand) from commercial banks. Interest on the overdraft are at margin 0.25% to 0.5% per annum over term deposit rates, which are used as security against the overdraft balance. Further, for unsecured bank overdraft, interest is computed at a fixed margin + 3 months (EIBOR) per annum.

The overdraft facility of the Group is secured by:

- Lien over fixed deposit for AED 400,000 thousand (Note 13);
- To route funds 1.5 times of the net clean limit utilised under the overdraft. (On 31 December 2023, the net clean limit utilised was AED 3,847 thousand (31 December 2022: AED 56,596 thousand)).

Term loans

The Group has obtained the following loans:

- Term loan of AED 358,000 thousand from a commercial bank to finance the construction of the hotel project. This facility is repayable in 28 quarterly step up instalments commencing from May 2022 and carries an interest rate of 3 months EIBOR + fixed margin per annum. The outstanding balance at 31 December 2023 amounted to AED 307,413 thousand (2022: AED 335,413 thousand). There is no available drawdown limit on 31 December 2023 (2022: Nil).
- Term loan facility of AED 324,400 thousand (2022: AED 250,000 thousand) from a commercial bank to finance the construction of the hotel project. The facility is repayable in 30 equal quarterly instalments with moratorium for a period of 2 years 9 months from the date of first drawdown and carries an interest rate of fixed margin over 3 months EIBOR. The outstanding balance at 31 December 2023 amounted to AED 287,378 thousand (2022: AED 191,131 thousand). Available drawdown limit on 31 December 2023 amounted to AED 14,492 thousand (2022: AED 36,338 thousand).
- Term loan facility of AED 185,000 thousand from a commercial bank to finance the construction of residential villas project. The facility is repayable in 19 equal quarterly instalments commencing 2 years 6 months from the date of first drawdown and carries an interest rate of fixed margin over 1 months EIBOR. The outstanding balance at 31 December 2023 amounted to AED 34,514 thousand (2022: AED 101,057 thousand). There is no available drawdown limit on 31 December 2023 (2022: AED Nil).
- Term loan facility of AED 275,000 thousand from a commercial bank which was replaced in the prior year by one of existing loans with new lease rental discounting loan of USD 74,871 thousand (AED 275,000 thousand). The loan is repayable over a period of ten years in 39 equal instalments and final instalment (40th) of USD 29,948 thousand and carry interest at USD secured overnight financing rate (SOFR) plus a fixed margin. The outstanding balance at 31 December 2023 amounted to USD 69,111 thousand (AED 253,845 thousand) (2022: USD 73,719 thousand (AED 270,769 thousand)). There is no available drawdown limit on 31 December 2023 (2022: Nil).

As at 31 December 2023, the Group is subject to compliance with certain financial covenants, such as maintenance of certain restrictive covenants including maintaining Debt to EBITDA ratio. The Group has complied with all covenants mentioned in those agreements in the current year.

Loans are secured against the following:

- Legal mortgage of land and buildings of specific properties included in property and equipment, investment properties, investment properties under development, trading properties under development and trading properties (Notes 6, 7, 8 and 12).
- Assignment of insurance over the mortgaged properties in favour of the bank.
- Assignment of guarantees from the main contractor/construction contracts under the project duly assigned in favour of the bank.
- Assignment of revenues from the hotel projects financed by the banks.
- Assignment of revenues from sale of apartments and rental revenues from the apartments financed by the bank.
- Pledge of project account opened with the bank for receiving the project receipts from buyers.

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19. Trade payable, accruals and other liabilities

	2023 AED'000	2022 AED'000
Trade payables*	81,882	90,145
Project accruals	114,442	50,536
Contract liabilities (Note 20)	48,550	32,065
Unclaimed dividends	5,729	38,995
Advance connection charges	110,697	141,559
Other payables and accruals	184,849	93,784
	546,149	447,084
At 31 December	(154,846)	(140,907)
Less: Non-current portion		
Current portion	391,303	306,177

*Trade payables includes amounts due to a related party of AED 4,953 thousand (2022: AED 31,315 thousand) (Note 26).

20. Revenue

	2023 AED'000	2022 AED'000
Type of revenue from contracts with customers		
Sale of properties	830,536	279,588
Rooms revenue	66,726	42,755
Food, beverages and other income	49,348	28,634
Facility management income	26,467	26,158
Forfeiture and other income	2,017	2,227
Total revenue from contracts with customers	975,094	379,362
Other operating income		
Leasing income (Note 6)	29,797	28,857
Total revenue	1,004,891	408,219

	2023 AED'000	2022 AED'000
Timing of revenue recognition		
Recognised over a period of time	667,825	188,304
Recognised at a point in time	307,269	191,058
Total revenue from contracts with customers	975,094	379,362
Leasing income - recognised over the lease term	29,797	28,857
Total revenue	1,004,891	408,219

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
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20. Revenue (continued)

CONTRACTS BALANCES	2023 AED'000	2022 AED'000
Trade receivables (Note 11)	533,096	524,550
Contract assets (Note 11)	326,831	159,521
Contract liabilities (Note 19)	48,550	32,065

Contract assets

Contract assets are initially recognised for revenue earned from sale of undeveloped properties as receipt of consideration is conditional on acceptance of the customer. Upon acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. As such, the balance of this account vary and depend on the number of ongoing development projects at the end of the year.

Contract liabilities

Contract liabilities represent advances received from customers to deliver projects and advances for rental of properties.

Performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023 AED'000	2022 AED'000
Within one year	791,697	174,318
More than one year	845,318	117,709
	1,637,015	292,027

21. Cost of revenue

	2023 AED'000	2022 AED'000
Cost of sale of properties		
Hotel operations expenses*	569,347	201,639
Facility management expenses**	46,987	31,535
Leasing expenses (Note 6)	39,717	31,036
Others	2,098	3,148
	342	356
	658,491	267,714

*Hotel operation expenses include cost of food and beverages of AED 15,658 thousand (2022: AED 9,846 thousand) and staff cost of AED 20,926 thousand (2022: AED 14,878 thousand).

**Facility management expenses include depreciation expense amounting to AED 6,448 thousand (2022: AED 6,448 thousand) (Note 5).

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22. Other income

	2023 AED'000	2022 AED'000
Amortisation of government grant (Note 6)	18,823	14,374
Late payment charges	8,563	4,630
Gain on disposal of investments	-	927
Subcontractor delay penalties	-	6,877
	27,386	26,808

23. Selling, marketing and administrative expenses

	2023 AED'000	2022 AED'000
Payroll and related expenses	45,037	32,453
Depreciation of property and equipment (Note 5)	29,753	26,458
Advertisement and marketing expenses	32,034	17,046
General and administrative expenses	32,556	23,897
	139,380	99,854

An amount of AED 598 thousand was paid as social contribution during the year (2022: AED Nil).

24. Finance costs

	2023 AED'000	2022 AED'000
Interest on bank borrowings *	64,685	38,816
Bank charges	1,444	2,806
	66,129	41,622

* Interest on borrowing include an amount of AED 10,231 thousand (2022: AED 3,175 thousand) charged for the discounting of long term receivables.

Borrowing costs relating to hotel properties under construction amounted to AED 26,525 thousand (2022: AED 19,166 thousand) have been capitalised under capital work in progress (note 5) during the current year.

25. Earnings per share

The basic and diluted earnings per share is as follows:

	2023 AED'000	2022 AED'000
Profit for the year (AED '000)	201,817	30,789
Number of shares (in '000)	2,000,000	2,000,000
Basic and diluted earnings per share (AED)	0.101	0.015

There was no dilution effect on the basic earnings per share, as the Company does not have any such outstanding commitments as at the reporting dates.

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FOR THE YEAR ENDED 31 DECEMBER 2023

26. Related party transactions and balances

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24.

The significant transactions entered into by the Group with related parties during the year are as follows:

	2023 AED'000	2022 AED'000
Key management personnel of the Group		
Sale of properties	1,860	-
Sub-contracting and purchase of services	-	4,740

Balances with related parties included in the consolidated financial statements are as follows:

	2023 AED'000	2022 AED'000
Due to a related party - trade payables (Note 19)	4,953	31,315

Outstanding balances at the year-end arise in the normal course of business, are unsecured, interest-free and settlement occurs generally in cash.

Compensation of key management personnel:

The remuneration of Directors and other key members of management during the year is as follows:

	2023 AED'000	2022 AED'000
Salaries and benefits	11,107	7,253
End of service benefits	389	417
Board of Directors' remuneration	-	6,000
	11,496	13,670

The Directors have proposed a remuneration for the Board of Directors for year ended 31 December 2023 amounting to AED 8 million. This is subject to approval by the Shareholders at the Annual General Meeting and have not been included as a liability in these consolidated financial statements.

27. Commitments

Significant commitments relating to the property development are as follows:

	2023 AED'000	2022 AED'000
Approved and contracted	1,144,523	370,659

The above commitments represent the value of contracts entered into by the Group including contracts entered for construction of properties, net of any payables or accruals at year-end.

The above does not include any commitments to related parties (2022: AED Nil).

28. Dividends

The Directors have proposed a cash dividend of AED 0.03 per share (2022: AED Nil) amounting to AED 60 million in addition to bonus shares of 4% (2022: Nil) amounting to AED 80 million. This is subject to approval by the Shareholders at the Annual General Meeting.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

29. Fair value measurements

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. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments in the consolidated statement of financial position, as well as the significant unobservable inputs used. There has been no change in the valuation techniques and methods applied from previous year.

TYPE	VALUATION TECHNIQUES AND KEY INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	INTERRELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR TYPE VALUE
Fair value through OCI - unquoted equities and funds	Net assets/ adjusted net asset value valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/ historical financial information. Wherever such information is available.	Net assets value/ Market approach	Higher the net assets value of the investees, higher the fair value.
Financial assets carried at FVTPL	Net assets valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/ historical financial information. Market approach is applied wherever such information is available.	Net assets value	Higher the net assets value of the investees, higher the fair value.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

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29. Fair value measurements (continued)

	LEVEL 1 AED'000	LEVEL 2 AED'000	LEVEL 3 AED'000	TOTAL AED'000
31 December 2023				
Fair value through OCI - unquoted equities and funds	-	-	20,270	20,270
Financial assets carried at FVTPL	-	-	3,249	3,249
Investment properties	-	-	1,532,708	1,532,708
Investment properties under development	-	-	28,098	28,098
	-	-	1,584,325	1,584,325
31 December 2022				
Fair value through OCI - unquoted equities and funds	-	-	40,108	40,108
Financial assets carried at FVTPL	-	-	5,447	5,447
Investment properties	-	-	1,559,016	1,559,016
Investment properties under development	-	-	44,299	44,299
	-	-	1,648,870	1,648,870

During the current and prior year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 4 to the consolidated financial statements

	AT AMORTISED COST AED'000	FAIR VALUE THROUGH PROFIT OR LOSS AED'000	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AED'000	TOTAL AED'000
31 December 2023				
Investments	-	3,249	20,270	23,519
Trade and other receivables *	922,109	-	-	922,109
Bank balances	457,565	-	-	457,565
	1,379,674	3,249	20,270	1,403,193
31 December 2022				
Investments	-	5,447	40,108	45,555
Trade and other receivables *	721,716	-	-	721,716
Bank balances	492,491	-	-	492,491
	1,214,207	5,447	40,108	1,259,762

*Excluding prepayments and VAT receivables.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

29. Fair value measurements (continued)

	AT AMORTISED COST AED'000	FAIR VALUE THROUGH PROFIT OR LOSS AED'000	TOTAL AED'000
Financial liabilities			
31 December 2023			
Bank borrowings	1,233,109	-	1,233,109
Trade payables, accruals and other liabilities	486,286	-	486,286
	1,719,395	-	1,719,395
31 December 2022			
Bank borrowings	1,353,281	-	1,353,281
Trade payables, accruals and other liabilities	415,019	-	415,019
	1,768,300	-	1,768,300

30. Financial risk management, objective and policies

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's management is responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on its activities. The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management practices in others.

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. The Group is exposed to credit risk in relation to its financial assets, mainly trade receivables, other receivables and bank balances.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment allowance, represents the Group's maximum exposure to credit risk. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather than 12-month ECL.

The Group is exposed to credit risk from its operating activities on the following financial assets:

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

30. Financial risk management, objective and policies (continued)
Credit Risk (continued)

Trade receivables and contract assets

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored. At 31 December 2023 and 2022, the Group had receivables from a large number of customers.

The Group is exposed to credit risk on receivables from sale of properties as the Group allows its customers to make payments in instalments over a period of 1 to 10 years. The Group receives advances from its customers at the time of the sale and post-dated cheques for the remaining balance at the time of hand over. In addition, the Group does not transfer the legal title of the property to the customer until the full amount has been paid. Furthermore, the risk of financial loss to the Group on account of customer default is low as the property title acts as collateral.

The Group considers a trade receivable in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a trade receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, certain trade receivables are proposed for write-off if past due for more than one year and are not subject to enforcement activity.

The Group evaluates the concentration of risk with respect to trade receivables as low, as the balances are due from a large number of customers. The information about the credit risk exposure on the Group's trade receivables and contract assets using the expected credit loss is explained in Note 11.

Bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group considers the credit risk on bank balances to be minimal given that the counterparties are banks with investment grade credit ratings assigned by international credit rating agencies and callable on demand. Considering these factors, management has assessed there is minimal credit risk on cash and cash equivalents.

Other receivables

With respect to credit risk arising from other receivables, the Group's exposure to credit arises from default of the counter party with maximum exposure equal to the carrying amount of these assets.

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

30. Financial risk management, objective and policies (continued)
Liquidity Risk

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

	CARRYING AMOUNT AED'000	CONTRACTUAL CASH FLOWS AED'000	LESS THAN 1 YEAR AED'000	MORE THAN 1 YEAR AED'000
31 December 2023				
Trade payables, accruals and other liabilities	486,286	486,286	486,286	-
Bank borrowings	1,233,109	1,538,718	522,943	1,015,775
	1,719,395	2,025,004	1,009,229	1,015,775
31 December 2022				
Trade payables, accruals and other liabilities	415,019	415,019	415,019	-
Bank borrowings	1,353,281	1,628,641	605,088	1,023,553
	1,768,300	2,043,660	1,020,107	1,023,553

Changes in liabilities arising from financing activities:

	CARRYING AMOUNT AED'000	CONTRACTUAL CASH FLOWS AED'000	LESS THAN 1 YEAR AED'000	MORE THAN 1 YEAR AED'000
2023				
Bank borrowings (excluding bank overdraft)	898,370	96,247	(111,467)	883,150
Unclaimed dividend	38,995	-	(33,266)	5,729
	937,365	96,247	(144,733)	888,879
2022				
Bank borrowings (excluding bank overdraft)	835,257	423,769	(360,656)	898,370
Unclaimed dividend	43,140	-	(4,145)	38,995
	878,397	423,769	(364,801)	937,365

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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30. Financial risk management, objective and policies (continued)

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. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a. Currency risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group does not have any significant exposure to foreign currency risk since the majority of transactions are denominated in AED, US Dollars or other currencies, whereby the US Dollar or other currencies are currently pegged to US Dollar.

b. Equity Price Risk

The majority of investment held by the Group is in unquoted equities. The unquoted equity securities are valued by experts at each reporting date. Equity price risk is the risk that the fair values of equities increase or decrease as a result of changes in the levels of individual stocks. Equity price risk arises from equity instruments held by the Group at fair value through other comprehensive income and fair value through profit and loss. Management of the Group monitors equity securities in its investment portfolio based on market indices, which are managed by qualified team. The primary goal of the Group's investment strategy is to maximise investment returns.

c. Interest Rate Risk

The Group is mainly exposed to interest rate risk on its variable rate instruments i.e. bank borrowings. These are subject to normal commercial rates of interest, as determined by market conditions.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments is as under:

	2023 AED'000	2022 AED'000
Variable rate instruments		
<i>Financial liabilities:</i>		
Bank borrowings	1,233,109	1,353,281

Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points ("bp") in interest rates at the reporting date would have increased/ (decreased) the consolidated equity and the consolidated profit or loss and the consolidated statement of financial position by the amounts shown below. The analysis assumes that all other variables remain constant.

	100 BP INCREASE AED'000	100 BP INCREASE AED'000
	100 bp increase	100 bp decrease
Variable rate instruments		
<i>Financial liabilities:</i>		
Bank borrowings	(12,331)	12,331
31 December 2022		
Variable rate instruments	(13,533)	13,533

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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30. Financial risk management, objective and policies (continued)

Capital management

For the purpose of the Group's capital management, capital includes issued share capital, statutory reserve, general reserve, fair value reserve, other reserves and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders. No changes were made in the objectives, policies or processes during the year and previous year.

The Group's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with capital. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions, its business model and risk profile.

31. Segment information

Management has determined the operating segments based on segments identified for the purpose of allocating resources and assessing performance. The Group is organised into four major operating segments: property sales, property leasing, hotel operations and others (including facility management income). Information regarding the operations of each separate segment is included below:

	PROPERTY SALES AED'000	PROPERTY LEASING AED'000	HOTEL OPERATIONS AED'000	OTHERS AED'000	TOTAL AED'000
31 December 2023					
Revenue	832,170	29,797	116,074	26,850	1,004,891
Cost	(569,347)	(2,098)	(46,987)	(40,059)	(658,491)
Segment profit	262,823	27,699	69,087	(13,209)	346,400
Total assets	2,397,691	1,560,807	1,533,179	967,233	6,458,910
Total liabilities	515,627	151,058	624,577	863,293	2,154,555
Capital expenditure	-	41,236	211,864	16,140	269,240
31 December 2022					
Revenue	281,815	28,857	71,389	26,158	408,219
Cost	(201,639)	(3,148)	(31,535)	(31,392)	(267,714)
Segment profit	80,176	25,709	39,854	(5,234)	140,505
Total assets	2,391,184	1,603,315	1,362,657	957,913	6,315,069
Total liabilities	544,120	154,569	552,046	942,165	2,192,900
Capital expenditure	-	36,903	234,475	3,806	275,184

RAK PROPERTIES PJSC AND ITS SUBSIDIARIES
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FOR THE YEAR ENDED 31 DECEMBER 2023

32. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. However, there is no effect on previously reported total equity, profit for the year and the net change in cash and cash equivalent. The reclassifications are as follows:

	AS PREVIOUSLY REPORTED AED'000	RECLASSIFICATION AED'000	AS CURRENTLY REPORTED AED'000
Consolidated statement of financial position			
31 December 2023			
Trade and other payables (non current portion) (Note 9)	19,686	121,221	140,907
Trade and other payables (current portion) (Note 9)	427,398	(121,221)	306,177

33. Corporate income tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MOF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, accordingly the effective implementation date for the Group will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025. The CT Law confirms the rate of 9% to be applied to taxable income exceeding a specified threshold. As per the Group's assessment, there is no material deferred tax impact on account of the CT Law in the Group consolidated financial statements for the year ended 31 December 2023.

34. Subsequent events

Subsequent to the yearend, on 2 January 2024, the Group's newly constructed hotel, Anantara Mina Al Arab Ras Al Khaimah Resort commenced its commercial operations.

There have been no events subsequent to the consolidated statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements for the year ended 31 December 2023.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT ISSUED BY RAK PROPERTIES P.J.S.C. FOR THE YEAR 2023

First, Measures taken to complete the corporate governance system during 2023 and how to implement them:

RAK Properties has been implementing and adopting Corporate Governance laws and regulations since 2009. The Corporate Governance Report for the year 2009 was issued in June 2010 and published on the Securities and Commodities Authority website. The Corporate Governance Report for the year 2010 was published in February 2011. 2011 report was issued in March 2012 and published on the Securities and Commodities Authority website and the Company's website. Governance reports for the years 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 were issued and published on the Securities and Commodities Authority website and the Company's website.

RAK Properties believes in the necessity and importance of practical application of the principles and laws of governance and standards of institutional discipline in a precise manner and in line with the interests of the Company and its shareholders because these laws and controls have positive effects that benefit all parties. RAK Properties believes that adherence to the principles and rules of governance will preserve its funds and those of shareholders due to the transparency standards and efficiency guaranteed by such principles that defend the Company's reputation and secure the shareholders' trust in its Board of Directors leading to production boosting.

Therefore, RAK Properties abides, in all its activities and transactions, by compliance standards by implementing the resolutions, statutes, rules and regulations related to the organization and management of public joint stock companies and mostly based on the Federal Law No. (2) of 2015 on Commercial Companies and its subsequent amendments came in the decree by federal law no 26 of 2020 amending some provisions of the federal commercial companies law no (2) of 2015, interpretations or directives that have been further issued in all its activities and transactions to date by the Securities and Commodities Authority and competent official authorities in the UAE.

RAK Properties is pleased to confirm its commitment to the implementation of the provisions contained in the law No. 3 of 2020 concerning Approval of Joint Stock Companies Governance Guide as the latest legislation in this regard. The most important measure taken by the Company in implementation of this regulation is the periodic disclosure of the Board's meeting dates more than two working days in advance, and the disclosure of the results of the meeting immediately thereafter.

RAK Properties has also committed to the disclosure standards of financial statements relating to the Company for every quarter during 2023, which was performed on time and under the supervision of the Stock Market and the Commodities and Services Authority. Moreover, pursuant to law provisions, Board Members have not received any representation or attendance allowances for attending the Board meetings. However, some of them have received attendance allowances for attending the meetings of the Board committees, as hereinafter detailed, as an effort added to the normal assignment of a Board member.

The current session started with the decision of the AGM by issuing special resolution to amend the Articles of Association on April 3, 2021 at the ordinary general assembly meeting of the Company, in particular to reduce the number of board members from 9 to 7 members. The current session of the Board expires on March 2024.

CORPORATE GOVERNANCE REPORT ISSUED BY RAK PROPERTIES P.J.S.C. FOR THE YEAR 2023

Second, Transactions performed by the Board Members, their spouses or sons regarding the securities of the Company during the year 2023:

The Board of Directors and its Executive Management abide by the rules and procedures governing the transactions performed by the Board members and Company's employees who have information by virtue of their positions in order to improve the level of transparency and disclosure and allow the shareholders to be equal in their transaction regarding the shares of the Company.

The Company has provided the stock market with a list of names of the Company Chairman and Board Members as well as an updated list of the insiders from the executive management and heads of departments in order for these insiders to comply with the procedures established by the market and the Authority through receiving the approval of the director of the stock market on any transactions conducted regarding the Company's security (The Company share) whether by selling or buying and through the trading floor or family transfers in the management of the clearing.

Furthermore, the Stock Market Department automatically suspends, through its electronic system, all those listed in the insiders list from trading, through buying or selling, in the Company's shares fifteen days in advance until the disclosure of the required financial results for each period. This procedure is automatically performed by the market system and the Securities and Commodities Authority.

If any insider wishes to buy or sell the Company shares during the grace period (outside the suspension periods), he/she must submit an application in accordance with the forms approved by the Abu Dhabi Securities Exchange and its financial intermediary. It is worth noting that RAK Properties has obligated all its employees to follow the procedures of the stock market in this regard, emphasizing, from time to time, the importance of applying and abiding by these laws as well as any new laws, resolutions and circulars issued by the Market and the Authority governing these transactions.

The measures are aimed at maintaining the Company reputation and enhancing the confidence of shareholders and investors so that the Company Board of Directors and employees do not exploit the information that may be available for them before the others to achieve material gains at the expense of the others. Therefore, the Company applies all the regulations issued or to be issued in the future by the Securities and Commodities Authority and Abu Dhabi Securities Exchange.

During 2023, the following Board Members or their relatives up to the first degree traded in the shares during the grace periods according to the following table:

NO.	NAME	POSITION/ RELATIONSHIP	SHARES HELD OF 31/12/2023	TOTAL PURCHASE DURING 2023	TOTAL SALES DURING 2023
1	Abdulaziz Abdullah Salem Al Zaabi	Chairman	8,534,403	6,634,403	100,000
2	Mohamed Ahmed Ali Hassan Ruqait Al-Ali	Vice-Chairman	-	-	60,000,000
3	Sheikh Ahmed Omar Abdullah Al Qassimi	Board Member	200,000	-	-
4	Mohammed Mosabeh Al Nauimi	Board Member	20,000	-	-
5	Mohamed Ghobash Ahmed Al Marri	Board Member	-	-	-
6	Abdulla Rashid Jasem Al Abdouli	Board Member	10,000	40,000	130,000
7	Yaser Abdulla Mohamed Al Ahmad	Board Member	10,000	-	-

CORPORATE GOVERNANCE REPORT ISSUED BY RAK PROPERTIES P.J.S.C. FOR THE YEAR 2023

Third, Formation of the Board of Directors:

A. Composition of the Board of Directors and its Chairman and Members' details, experience and qualifications:

Pursuant to AGM resolution dated 3/4/2021, the Board of Directors of the Company shall be composed of seven (7) Board Members elected by the Ordinary General Assembly of the Company by secret vote. The term of the Board shall be three years. Therefore, Board of Directors of the Company was elected for the sixth session during the Company's Annual Meeting on Saturday, 3 April 2021 and thus the Board has spent about two years until the preparation of this report.

The Board consists of seven Members are well known for their long and varied experience and high efficiency. The Board still exercises its powers to date as the term of the current Board ends on March 2024 The following is the Board's composition according to the categories of its members and their details, experiences and qualifications:

NO.	POSITION	NAME	CATEGORY	EXPERIENCES	QUALIFICATIONS	THE DURATION OF HIS/HER TENURE AS A COMPANY BOARD MEMBER.	THEIR MEMBERSHIP AND POSITIONS AT ANY OTHER JOINT STOCK COMPANIES	THEIR OTHER IMPORTANT REGULATORY GOVERNMENTAL OR COMMERCIAL POSITIONS.
1	Chairman	Abdulaziz Abdullah Al Zaabi	Independent.	He has very rich experience in the field of business Administration in Real estate and banking sector and real estate and banking investments. He also has considerable experience in Federal National Council (FNC) affairs.	Holds a BA in International Business Administration from San Jose State University, USA, 1987.	19 years	Chairman of Al Khaleej Investment Board Member of Julphar pharmaceutical company	- Second Vice President of the Federal National Council (FNC). - Chairman of Ras Al Khaimah Charity Association - Chairman of RAK Properties
2	Vice-Chairman	Mohamed Ahmed Ruqait	Independent.	He has extensive experience in the field of real estate, construction, development and investment, and has held several positions, most notably being a Federal National Council (FNC) member.	Graduated from the Royal Navy College	19 years	Non	- Chairman of Al Ali Construction & Development Company - Owner of Mohamed Ruqait Properties - Board Member of RAK Properties
3	Board Member	Sheikh Ahmed Bin Omar Al Qassimi	Independent.	Has more than ten years of experience in management and business administration.	Holds a Master's degree in Business Administration from the Canadian University Dubai	9 years	Non	- Board Member, RAK Properties
4	Board Member	Mohammed Mosabeh Al Nauimi	Independent.	One of the pioneers in the banking operations and business in the United Arab Emirates with more than 30 years of experience, one of the main contributors to setting the rules of Islamic finance and Islamic insurance, and an expert specializing in the affairs of listing public joint stock companies and holding several positions at the state level.	Master of BA	3 years	Board Member of CBI, CEO of Mawared Company	- Chairman of Chamber of Commerce, - Board Member, RAK Properties

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NO.	POSITION	NAME	CATEGORY	EXPERIENCES	QUALIFICATIONS	THE DURATION OF HIS/HER TENURE AS A COMPANY BOARD MEMBER.	THEIR MEMBERSHIP AND POSITIONS AT ANY OTHER JOINT STOCK COMPANIES	THEIR OTHER IMPORTANT REGULATORY, GOVERNMENTAL OR COMMERCIAL POSITIONS.
5	Board Member	Mohamed Ghobash Ahmed Al Marri	Independent.	He has very rich experience in the field of business Administration in Real estate and banking sector and real estate and banking investments. He also has considerable experience in Federal National Council (FNC) affairs.	Holds a BA in International Business Administration from San Jose State University, USA, 1987.	19 years	Chairman of Al Khaleej Investment Board Member of Julphar pharmaceutical company	- Second Vice President of the Federal National Council (FNC). - Chairman of Ras Al Khaimah Charity Association - Chairman of RAK Properties
6	Board Member	Abdulla Rashid Jaseem Al Abdouli	Independent.	He has extensive experience in the field of real estate, construction, development and investment, and has held several positions, most notably being a Federal National Council (FNC) member.	Graduated from the Royal Navy College	19 years	Non	- Chairman of Al Ali Construction & Development Company - Owner of Mohamed Ruqait Properties - Board Member of RAK Properties
7	Board Member	Abdulla Mohamed Al Ahmad	Independent.	Has more than ten years of experience in management and business administration.	Holds a Masters degree in Business Administration from the Canadian University Dubai	9 years	Non	- Board Member, RAK Properties

B - Women's representation in the Board of Directors for the year 2023:

Under the Company's Articles of Association, the Board of Directors elected by the Ordinary General Assembly by secret vote. The number and percentage of male and female members was as follows:
Women are not represented according to the following table:

GENDER	NUMBER	PERCENTAGE
Male Board Members	7	100%
Female Board Members	0	0%

C) Reasons why no woman run for Board Membership election.

RAK Properties believes in the importance of women's participation in the development process and the need for their participation in companies' boards of directors. During the previous Boards terms, candidacy for the Board of Directors membership was made available for both sexes without any discrimination. However, no woman runs for Board membership election for the Board' previous sessions.

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D) Board Members Remuneration and attendance allowance for attending the meetings of the Board and its committees:

1. Total of Board Members' remuneration paid for the year 2022:

There are no remunerations paid to members of the Board of Directors for the financial year ending December 31, 2022.

2. Total of Board Members' remuneration proposed for the year 2023, which will be presented at the Annual Meeting for approval:

Pursuant to the federal laws and governance rules, Board remuneration shall not exceed 10% of the net profit, provided not exceeding 10% of such profits for the financial year. The Company may also pay the expenses, fees, bonus or a monthly salary as determined by the Board of Directors for any of its members if such member is working for any committee, makes special efforts or performs additional work to serve the Company above his normal duties as a Company Board Member in accordance with the Board of Directors' decision No. 3 of 2020 concerning Approval of Joint Stock Companies Governance Guide.

Board Members propose to the General Assembly a bonus of 8 Million Dirhams for the year 2023.

3. Attendance allowance received by the Board Members for attending the meetings of the Board committees for the fiscal year 2023 are as detailed in following table:

NO.	NAME	POSITION	Attendance allowance for attending the meetings of the Board's committees				TOTAL OF ALLOWANCE VALUE	NUMBER OF MEETINGS
			EXECUTIVE AND INVESTMENT COMMITTEE (EIC)	NOMINATIONS AND REMUNERATIONS COMMITTEE (NRC)	AUDIT COMMITTEE			
1	Abdulaziz Abdullah Al Zaabi	Chairman	-	-	-	-	-	
2	Mohamed Ahmed Ruqait	Vice-Chairman	-	-	-	-	-	
3	Sheikh Ahmed Bin Omar Al Qassimi	Board Member, Chairman of NRC, Member of EIC	5,000 6 meetings	10,000 5 meetings	-	80,000	11	
4	Mohammed Mosabeh Al Nauimi	Board Member, Chairman of audit and member of NRC	-	5,000 5 meetings	10,000 5 meetings	75,000	10	
5	Abdulla Rashid Jaseem Al Abdouli	Board Member, chairman of EIC	10,000 6 meetings	-	-	60,000	6	
6	Mohamed Ghobash Ahmed Al Marri	Board Member, Member of Audit & EIC	10,000 6 meetings	-	5,000 5 meetings	50,000	10	
7	Yaser Abdulla Mohamed Al Ahmad	Board Member, Member of Audit & NRC	-	5,000 5 meetings	5,000 5 meetings	50,000	10	

4. Details of the allowances, salaries, or additional fees that a member of the Board of Directors received other than the fees for attending the committees and their reasons:

None

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E) Number of Board meetings during 2023:

During the fiscal year 2023 ended 31 December 2023, the Board held 5 meetings as follows:

NO.	MEETING DATE	PERSONAL ATTENDANCE	ATTENDANCE BY PROXY	NAMES OF ABSENT MEMBERS/ SENT THEIR APOLOGIES
1	Meeting no 1/2023 on 11/2/2023	7	-	Sheikh Ahmad Bin Omer
2	Meeting no 2/2023 on 13/5/2023	4	-	-
3	Meeting no 3/2023 on 2/8/2023	7	-	-
4	Meeting no 4/2023 on 1/11/2023	5	-	Mohamed Ahmed Ruqait
5	Meeting no 5/2023 on 28/12//2023	7	-	Mohamed Ahmed Ruqait

Number of Board Resolutions by Circulations issued during 2023

None

Forth: BOD Committees

* Audit Committee

A. The Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

Mr. Mohammed Mosabeh Al Nauimi, Chairman of Audit Committee, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

B. Audit Committee's members' names, terms of reference and tasks:

This committee was formed in 3/4/2021 till date and consists of the following members:

- Mr. Mohammed Mosabeh Al Nuaimi, Committee's Chairman (Independent Member)
- Mr. Mohammed Ghobash Al Marri, committee member (Independent Member)
- Mr. Yaser Abdulla Al Ahmad, committee member (Non-Executive Member)

Mr. Andrew Robinson was elected as an Audit Committee member from outside the Board of Directors. He is qualified and has more than 22 years of experience and practice. He is a certified accountant in England and he worked for KPMG office in Dubai and Oman. Mr. Andrew is a Fellow of ICAEW and the Company considers his appointment to be a very valuable addition to the work of the both the Committee and the Company because of his long experience in this field.

Audit Committee's other functions are:

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- To develop and implement the policy of contracting with the external auditor and submit the report to the Board of Directors to determine the issues that they consider important to take action about and make recommendations on the steps to be taken.
- To monitor and observe the external auditor's independence and objectivity and to have discussion with them on the nature and scope the audit process and its effectiveness in accordance with the approved auditing standards.
- To monitor the integrity of the Company's financial statements, annual, semi-annual and quarterly reports and review them as part of their normal work during the year and after closing the accounts in any quarter. It shall have particular emphasis on:
 1. Any changes in accounting policies and practices
 2. Highlighting the areas subject to the management report
 3. Significant changes resulting from the audit
 4. Supposing that the Company is a going concern
 5. Complying with the accounting standards determined by the Securities and Commodities Authority and Abu Dhabi Securities Exchange.
 6. Adhering to the rules of listing, disclosure and other legal requirements related to the preparation of financial reports.
- Coordinating with the Board of Directors, Executive Management and the Chief Financial Officer in order to perform its tasks. The Committee shall meet with the external auditors at least once a year.
- Considering any important and unusual items that are or should be included in such reports and accounts and giving due consideration to any matters raised by the Company's Chief Financial Officer, compliance officer or the Company's external auditors.
- Reviewing the Company's financial control, internal control and risk management systems.
- Discussing the internal control system with the management and ensuring that it fulfills its duty to establish an effective internal control system.
- Considering the results of the main investigations in the internal control matters assigned to it by the Board of Directors or on its initiative with the approval of the management.
- Ensuring that there is coordination between the Company's internal auditor and external auditor and that the necessary resources for the internal control system are available in addition to reviewing and controlling the effectiveness of the system.
- Reviewing the Company's financial and accounting policies and procedures.
- Reviewing, replying to and approving the external auditor's letter and work plan and any material inquiries presented by the auditor to the executive management regarding accounting records, financial accounts or control systems
- Ensuring that the Board of Directors responds in a timely manner to the inquiries and material issues raised in the external auditor's letter.
- Developing controls that enable the Company's employees to report any potential violations in financial reports, internal control or other matters in a confidential manner and the procedures necessary to ensure independent and fair investigations of such violations.
- Monitoring the Company's compliance with professional codes of conduct.
- Ensuring the application of work rules related to its tasks and the powers assigned to it by the Board of Directors
- Discussing, approving and ratifying the Company's quarterly financial reports and submitting them to the stock market and the Securities and Commodities Authority in the event that the Board of Directors cannot meet in a timely manner.
- Ensuring the application of corporate governance controls as set forth in the Securities Authority's decision No. 7 of 2016.
- Reviewing and evaluating the Company's investments, and adopting appropriate solutions regarding them such as selecting exit mechanisms or adopting the most suitable investment opportunities in amounts not exceeding 50 million Dirhams.

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- Reviewing the Company's financial balance sheet, cash flows and investment portfolios on a periodic basis and submitting them to the Board of Directors.
- Ensuring that there is an appropriate system for classification and archiving (e.g. meeting minutes, committee decisions, etc.)
- The Committee shall submit all its reports to the Board of Directors for approval and ratification at the first meeting of the Board following the last meeting of the Committee.
- The Committee shall hold its meeting at least once every three months or whenever necessary and the minutes of its meetings shall be kept by the Rapporteur.
- The Company is committed to providing all the resources necessary for the Committee to perform its tasks, including authorizing it to use experts whenever necessary
- The Committee may seek the assistance of any specialized staff members or members of the Executive Board at any time to explain the issues relevant to the work of the Committee
- The Board of Directors shall have the right to request a meeting with the Committee whenever it deems appropriate
- Any other matters assigned to it by the Chairman or the Board of Directors or matters necessary for the business in conformity with the Committee's functions and nature of work.
- Considering any other matters determined by the Board of Directors.

c. Number and dates of meetings held by the Committee and number of members attended in person:

During the fiscal year ended 31 December 2023, the Committee held the following meetings:

1. Meeting no. 1/2023 on 9/2/2023
2. Meeting no. 2/2023 on 10/5/2023
3. Meeting no. 3/2023 on 31/7/2023
4. Meeting no. 4/2023 on 30/10/2023
5. Meeting no. 5/2023 on 19/12/2023

MEETING DATE	PERSONAL ATTENDANCE
Mr. Mohammed Mosabeh Al Nuaimi	5
Mr. Mohammad Ghobash Al Marri	5
Mr. Yaser Abdulla Al Ahmad	5
Mr. Andrew Robinson	5

* Nominations and Remunerations Committee:

a. The Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

Shaikh Bin Ahmed Omar Al Qassemi, Chairman of Nomination and Remuneration Committee, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

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b. Nominations and Remunerations Committee's members names, terms of reference and tasks:

The Nominations and Remunerations Committee was formed in accordance with the Corporate Governance Regulations and Rules. It consists of three Board members as follows:

Members of the Nominations and Remunerations Committee during Board of Directors' current session, they are as follows:

- Sheikh Ahmed Bin Omar Al Qassimi, Chairman (Independent Board Member)
- Mohammed Mosabeh Al Nuaimi, Committee member (Independent Board Member)
- Mr. Yaser Abdulla Al Ahmad, Committee member (Non-Executive Board Member)

For achieving its objectives, the Nominations and Remuneration Committee have the following responsibilities:

- Constantly ensuring the independence of independent members.
- Identifying the Company's needs of competent individuals at senior executive management level and employees and the bases of their selection.
- Selecting candidates and reviewing all nomination processes for the appointment or reappointment of the following:
 1. Board of Directors members for the purpose of being approved by the shareholders
 2. Members of the various Board's committees for the purpose of being approved by the Board
- Arranging and following up the procedures related to proposals of membership in the Board of Directors in accordance with the provisions of the applicable laws and regulations and the regulations of the Securities and Commodities Authority
- Organizing and following up the procedures for nomination to the Board of Directors in accordance with the applicable laws and regulations and the Securities and Commodities Authority's provisions.
- Searching for qualified individuals to nominate as Board Members, recommending them to the Board of Directors and conducting a study on the potential candidates' background and qualifications for submission to the Board of Directors.
- Submitting an annual list to the Board of Directors containing the individuals recommended for nomination during the shareholders' annual general meeting.
- Submitting annual reports to the Board of Directors accompanied by an assessment of the Board's performance. The Committee shall discuss the report with the Board after the end of each financial year.
- Reviewing the formation of the Board and the committees on an annual basis and submitting recommendations to the Board of Directors when necessary regarding the membership of the committees
- Generally supervising the evaluation of the performance of the Board and its members and their areas of responsibility, at least annually, and proposing objective performance criteria.
- Developing, monitoring the application of and annually reviewing the Company's HR and training policy.
- Reviewing the plans of professional development and succession within the institution and discussing the same with the Board and senior management.
- Reviewing and submitting to the Board the recommendations regarding labor contracts, dismissal and retirement arrangements and any privileges of key members of senior management

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- Developing and annually reviewing the policy of granting bonuses, benefits, incentives and salaries to Board of Directors members and its employees. The Committee should verify that the bonuses and benefits granted to the senior executive management of the Company are reasonable and commensurate with Company performance.
 - Identifying the Company's needs of competent individuals at senior executive management level and employees and the bases of their selection.
 - Considering and approving the end of service gratuities, bonuses, dismissal payments and similar payments the Board of Directors members, managing directors and executive management.
 - Reviewing and evaluating the efficiency of the Committee's charter on an annual basis and requesting the Board of Directors' approval on the proposed changes

c. Number and dates of meetings held by the Committee and number of members attended in person:

During 2023, the Committee held 5 meetings as follows:

1. Meeting no. 1/2023 on 30/1/2023
2. Meeting no. 2/2023 on 10/5/2023
3. Meeting no. 3/2023 on 6/6/2023
4. Meeting no. 4/2023 on 12/9/2023
5. Meeting no. 5/2023 on 19/12/2023

NAME	NUMBER OF MEETING ATTENDANCE
Shaikh Ahmed Bin Omar Al Qassemi	5
Mohammed Mosabeh Al Nuaimi	5
Yaser Abdulla Al Ahmad	5

* Follow-up and Supervision of Insiders' Trading Committee (FSIT Committee)

a. The Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

Mr. Maen Abdul Kareem Chairman of Follow-up and Supervision of Insiders' Trading Committee, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

b. Names of the members of the committee to follow up and supervise the transactions of the aspired persons, and indicate its competence and the tasks entrusted to it:

The Follow-up and Supervision Committee for Insiders' Transactions was formed as follows:

1. Legal Advisor: Chairman of the Committee
2. Chief Financial Officer - member
3. Investor Relations Officer - Member

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The Follow-up and Supervision Committee has the following responsibilities for achieving its objectives:

1. Prepare a private and integrated record that includes the names and data of the insiders, including people who can be considered temporary insiders, and who have the right or access to the company's internal information before publishing it.
2. Monitor and supervise insiders' dealings and properties, and keep their record.
3. Conducting a periodic review of the insiders' records and statements, to ensure that they are constantly updated, and consulting with the executive management of the company regarding any updates that are required to be made on these records and statements at the time of occurrence in accordance with the requirements and requirements of the company's business progress.
4. Submitting the statements and periodic reports of the insiders to the Abu Dhabi Stock Exchange and / or the Securities and Commodities Authority.
5. Ensure that the list of company insiders is constantly updated on the Abu Dhabi Securities Exchange website, and that any update on this list is made as soon as it occurs.
6. Continuous communication with the insiders and spreading awareness of their trading in the company's shares and the securities issued by the company, including sensitizing them and constantly reminding them of the periods of prohibiting trading in the company's shares and the securities issued by the company in accordance with the regulations and rules in force with both the Securities and Abu Dhabi Securities Market Finance, to ensure compliance with it, and to avoid any wrongdoing.
7. Generally, it is responsible for all matters specified in the guidelines of the Securities and Commodities Authority, as it is the responsibility of the Follow-up and Supervision Committee of the Insiders' Transactions of the Company.
8. Ensure that the company complies with all disclosure and transparency rules.
9. Prepare and adopt a model and criteria for identifying the insiders from the employees and external parties.
10. Determine the essential and sensitive information that can be viewed and affect the company's share price.
11. Prepare and review trading policies periodically and submit recommendations to the Board of Directors for approval to make any amendment to them.
12. Insiders familiar with the employees and members of the Board of Directors should disclose any deliberations of the committee.

c. Report summary of the Committee's work during 2023:

The Committee has updated the lists of insiders at the stock market to include the Board of Directors members and Company's senior employees of first and second grade, as well as some insiders from relevant department. It also advised the employees and the members of the Board of Directors of the necessity to adhere to the laws and regulations of trading and not to sell and / or buy in periods of banning trading.

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* Any committee(s) approved by the Board of Directors (Executive and Investment Committee)

a. The Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

Mr. Abdulla Al Abdouli Chairman of Executive and Investment Committee acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

b. Executive and Investment Committee's members' names, terms of reference and tasks:

The Executive and Investment Committee is entrusted with some of the Board of Directors' duties and responsibilities in order to increase Board effectiveness by employing the skills of some of the Committee members in supervising some important issues such as supporting the Company's Executive Management. The Committee is formed by a Board of Directors decision for a period not exceeding 3 years and consists of a number of members not less than 3 members.

The Executive Committee and the Investment was formed in accordance with the Board of Directors Decision No. 3/4/2021. It consisted of 3 members and their names are as follows:

1. Mr. Abdulla Jasem Al Abdouli, Committee Chairman (Independent Board Member)
2. Sheikh Ahmed Bin Omar Al Qassimi, Committee member (Independent Board Member)
3. Mr. Mohammed Ghobash Al Marri, Committee member (Independent Board Member)

For the purpose of achieving its objectives, the Executive Committee and the Investment have the following responsibilities:

- Support and help the ACEO and Executive Management Team.
- Periodically review the Company's projects work progress in addition to its works in general.
- Review and approve the policies and procedures followed in the Company and the powers of accreditation and signature from time to time.
- Make suggestions and express opinion in timely manner to the Board and its Chairman regarding issues related to the performance of the Company and its main issues, if any.
- Develop and adopt the Company's organizational structure.
- Propose major projects and strategic investments for the Company and propose the contribution to public offerings in companies' shares and submit them to the Board of Directors for approval.
- Discuss and adopt financial reports and commodities in the event that the Board of Directors cannot meet on time.
- Ensure the application of corporate governance controls.
- Review and evaluate the Company's investments, and adopt appropriate solutions regarding them such as selecting exit mechanisms or adopting the most suitable investment opportunities in amounts not exceeding 50 million Dirhams.
- Review the Company's financial balance sheet, cash flows and investment portfolios on a periodic basis and submit them to the Board of Directors.
- Ensure that there is an appropriate system for classification and archiving (e.g. meeting minutes, committee decisions, etc.)
- The Committee may adopt urgent decisions by passing them in the event that the meeting cannot be held as quickly as possible.
- The duration of the Committee's work is the same as that of the Board unless a decision is issued by the Board of Directors to the contrary.
- Any other matters assigned to it by the Chairman or the Board of Directors or matters necessary for the business in conformity with the Committee's functions and nature of work.
- Consider any other matters determined by the Board of Directors.

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- The Committee may seek the assistance of any specialized staff members or members of the Executive Board at any time to explain the issues relevant to the work of the Committee
- The Board of Directors shall have the right to request a meeting with the Committee whenever it deems appropriate
- The Committee shall submit all its reports to the Board of Directors for approval and ratification at the first meeting of the Board following the last meeting of the Committee.
- Hold meetings, periodically or at the request of the Committee's Chairman or the majority of its members whenever necessary.

c. Number and dates of meetings held by the Committee and number of members attended in person:

During the fiscal year ended 31 December 2023, the Committee held the following meetings:

1. Meeting no. 1/2023 on 30/1/2023
2. Meeting no. 2/2023 on 10/5/2023
3. Meeting no. 3/2023 on 26/7/2023
4. Meeting no. 4/2023 on 4/9/2023
5. Meeting no. 5/2023 on 6/11/2023
6. Meeting no. 6/2023 on 6/12/2023

NAME	NUMBER OF MEETING ATTENDANCE
Mr. Abdulla Rashid Jasem Al Abdouli	6
Sheikh Ahmed Bin Omar Al Qassimi	6
Mr. Mohammed Ghobash Al Marri	5

F. Functions and powers assigned by the Board of Directors to the Executive Management:

General authorization issued by the RAK Properties' Board of Directors based on the articles of association of RAK Properties "Company" and the Board of Directors General Authorization notarized by Notary Public under no. 1773/2022 dated 26/9/2022, for CEO to represent the Company before all departments; authorities; private, official or nonofficial entities; companies; establishments and private sector establishments. They also appointed him to sign all transactions and papers necessary for the completion of the Company's business in all governmental, non-governmental and private entities, banks and financial institutions. His powers include also representing the Company and signing on its behalf in all financial, administrative, legal and judicial matters. In addition, he is authorized to purchase shares and stocks in existing or under establishment companies, participate in their management, take decisions regarding them, and manage all their financial, administrative, legal and judicial affairs.

The Board of Directors also decided to authorize Mr. Sameh Al Muhtadi to sign contracts containing the arbitration clause and conclude and sign the arbitration agreements with any party in the name of the Company and on its behalf. He is authorized to take all the necessary procedures in this regard including appointing and challenging arbitrators and experts, do reconciliation and waiver and take all other procedures related to arbitration which require special authorization under the law pursuant to provisions of Article 25 of the Company's Articles of Association, and all the measures taken in this regard in light of the Company's Articles of Association provisions.

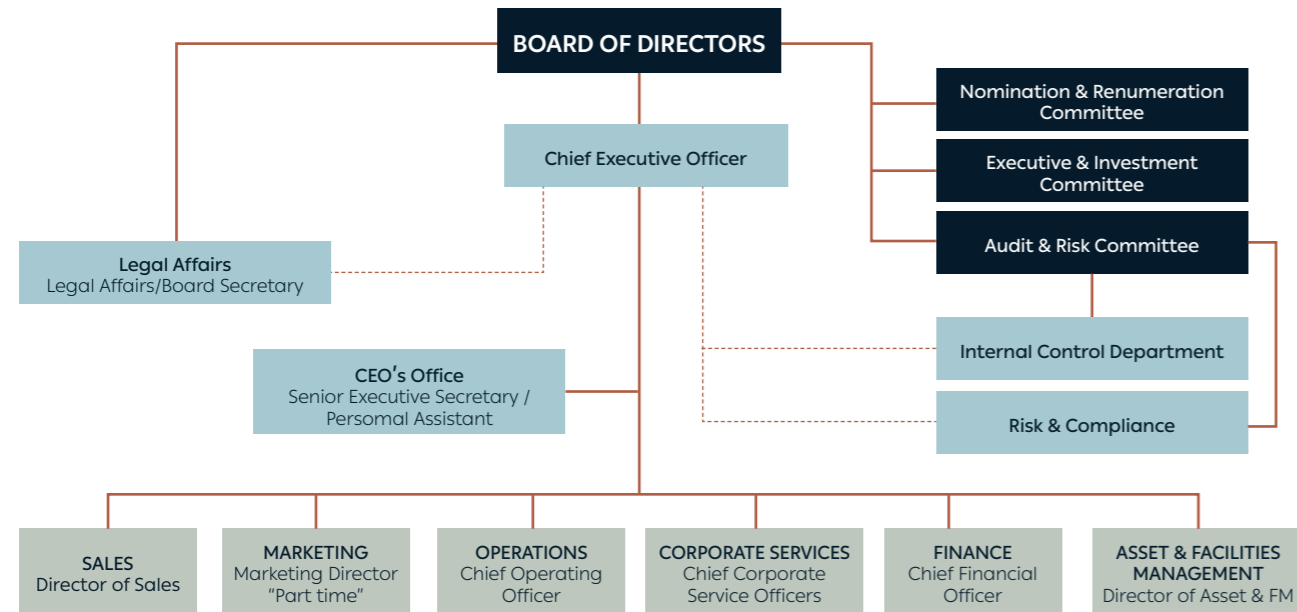
G. Related Party Transactions (Stakeholders)

STATEMENT OF THE RELATED PARTY	CLARIFICATION OF THE NATURE OF THE TRANSACTIONS	TYPE OF TRANSACTION	VALUE OF TRANSACTION
Mr. Sameh Al Muhtadi Chief Executive Officer	As during the year 2023, a residential unit was purchased	Purchasing a residential unit	for 1.8 million dirhams

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H. Company's Organizational Structure:

Approved Organizational Chart For RAKP - 2023 V2



I. Details of the Company's senior executives

LEGAL ADVISOR AND SECRETARY OF THE BOARD OF DIRECTORS

NAME	POSITION	DATE OF APPOINTMENT	TOTAL SALARIES AND REMUNERATIONS PAID FOR THE YEAR 2023 IN DIRHAMS	TOTAL BONUSES PAID FOR THE YEAR 2023 IN DIRHAM	ANY OTHER CASH / IN-KIND BONUSES FOR 2023 OR DUE IN THE FUTURE
Mr. Sameh Al Muhtadi	CEO	22/8/2022	2,348,808	It will be presented to NRC Committee	-
Mr. Rahul Jojani	CFO	1/11/2023	175,000		
Mr. Omar Al Ali	Chief Support Services Officer	20/8/2017	852,000	It will be presented to NRC Committee	-
Mr. Brad Skot	Director of Asset Management	22/1/2022	756,922		
Mr. James	Director of Development Management	10/11/2022	1,020,000	It will be presented to NRC Committee	-
Mr. Maen Abdol Kareem	Legal advisor and Secretary of the Board of Directors	1/10/2019	542,400	It will be presented to NRC Committee	-

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Fourth: External Auditor:

a. About the Company's auditor and details of audit and other services' fees and costs:

Grant Thornton is considered one of the external auditing institutions with extensive experience in the field of auditing and accredited by the Ministry of Economy. Grant Thornton has been appointed as the company's external auditor for the year 2023 with the approval of the annual general assembly. He is an external auditor independent of the company. And on behalf of the Board of Directors, he is not a partner or agent of one of the company's founders or a member of its Board of Directors or a relative. All work carried out by the external auditor is free of any conflict of interest, and their services include all professional services related to reviewing the quarterly and annual financial reports in accordance with In implementation of all terms and conditions of the external auditor, pursuant to Resolution No. 3 of 2020.

b. Fees and costs for auditing and services performed by the External Auditor:

NAME OF AUDITING OFFICE AND THE AUDITORS PARTNER	AUDITING OFFICE: GRANT THORNTON AUDITORS PARTNER: OSAMA BAKRI
Number of years spent as an external auditor of the Company	One year
Total audit fees in AED for 2023 financial statements	AED 300,000
Fees and costs for special services other than 2023 financial statements auditing	Non
Details and nature of other services provided	Non
Details of other services performed and submitted by an external auditor other than the Company's auditor during 2023.	There is no another external auditor

Fourth: External Auditor:

c. Qualified opinions made by the Company's auditor in the annual interim financial statements for the year 2023:
No Qualified opinions made by the Company's auditor for the year 2023

Seven: Internal Control System:

a. Confirmation by the Board of its responsibility for the Company's internal control system, reviewing its working mechanism and ensuring its effectiveness:

The Board of Directors confirms its responsibility for the Company's internal control system. It reviews its working mechanism and ensures its effectiveness. The Board adopted in its meeting No. (2) for the year 2007 held on 19/04/2007 the establishment of a department in the Company called "The Internal Audit Department". The department name changed later by a Board of Directors decision to be "The

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Internal Control Department» to match the names of the committees in the corporate governance requirements, subject of this report.

b. Department Director's Name, qualifications and date of appointment:

Mr. Usman Zishan, Manager of Internal Control Department, holds a Bachelor of Commerce, 2002. He has 16 years' experience in internal audit and he is reporting to the audit committee of the board. The Board of Directors continuously reviews the internal control system to ensure its effectiveness and realization of its objectives.

Internal Control Department's functions:

Internal control is an independent oversight and advisory activity aimed at improving performance and maximizing the value of the Company in order to assist the management in accomplishing its objectives by implementing a coherent and continuous system to evaluate and improve the effectiveness of the risk management performance and the internal regulatory and control system at the Company. The internal control also ensures that the Company's information is comprehensive and credible, policies and procedures are complied with, property are protected, resources are economically and efficiently used and the organizational and operational objectives of the Company are implemented.

1. Values:

Internal control department's manager and Staff shall:

- (A) Demonstrate the highest levels of profession, honesty and ethics.
- (B) Establish strong and effective relations through mutual respect and joint work.
- (C) Coordinate with all Company's employees during the audit process and advisory services.
- (D) Recruit and train individuals with relevant expertise.

2. Scope of Work:

The Internal Control Department participate with the management, Company's internal society and different parties in achieving of the Company's objectives and supporting the Company in adhering to policies, rules and procedures. The Internal Control Department functions include paying attention to areas of risk that have a significant impact on the Company. The Internal Control Department should have sufficient flexibility to interact with changing circumstances. Specifically, the Internal Control Department assesses the extent to which the Company's internal regulatory and control and risk management system is coherent to ensure that:

- (A) Risks are identified and managed appropriately.
- (B) Important administrative, financial and operational information are accurate, reliable, sound and on time.
- (C) Policies, laws and instructions are complied with by the employees.
- (D) Materials are economically kept, efficiently used and sufficiently protected.
- (E) Programs, plans and objectives are achieved with the required efficiency.
- (F) Company's control process is of high quality and continuously developed.
- (G) Significant legislative and regulatory requirements affecting the Company are properly managed.

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3. Accountability:

Internal control department's manager shall be responsible for performing his duties before the Company's Board of Directors through the Audit Committee and shall be responsible for submitting audit reports to the Acting Chief Executive Officer. Such responsibility includes the following:

- (A) Regularly verify the accuracy and efficiency of the Company's internal regulation and control in activities that fall within the audit process' scope and functions.
- (B) Submit reports on important issues, provide information on the appropriate decision to address such issues and make recommendations about improving the operation in the activities related to these issues.
- (C) Provide information on a regular basis on the annual audit plan' status and results and on the adequacy of the internal control management tools.
- (D) Coordinate with other internal and external supervision and control tasks, including all areas such as risk management, compliance control, security, laws, ethics, and environmental and external auditing.

4. Powers:

Internal control department's manager and staff shall have the following powers:

- A. Have unrestricted access to all positions, records, property and employees.
- B. Allocate the Internal Control Department's resources, select the tasks, determine the internal control's scope of work and apply the necessary techniques to achieve the audit objectives.
- C. Obtain the necessary assistance from the Company's different departments employees when conducting the audit in addition to other specialized services from inside or outside the Company.

Internal control department's manager and staff shall NOT have the following powers:

- A. Perform any operational tasks for the Company or its subsidiaries.
- B. Conduct or approve any accounting transaction outside of the Internal Control Department.
- C. Take any decisions that fall within the responsibilities of the Department.

5. Independence

There is no interference in the Internal Control work in terms of determining the scope of internal control, work performance and reporting results. In order to achieve the independence of the Internal Control Department, the Department's officers shall be accountable to the Internal control department's manager who shall be directly accountable to the Board's Audit Committee and shall have independent powers to deal with any individual within the company to perform his duties.

6. Information and confidentiality:

The information obtained by auditors by virtue of their audit provides a reliable basis for auditing, reporting and recommendations. The audit work documents that contain such information are the property of the Company and they remain under the supervision of the Internal Control Department and can only be accessed by authorized individuals.

The Internal Auditor shall also:

- Be careful with the use of and protect the information obtained during the task.
- Not use the information for any personal purpose or to achieve personal interests in any illegal, illicit or immoral way.
- Disclose all facts known to him, i.e. information whose non-disclosure will cause the audit report to be incomplete.

7. Responsibilities:

Internal control department's manager and staff shall be responsible for:

- A. Develop the policies related to the Internal Control activity and the Manager shall be responsible for the technical or administrative application of such policies.
- B. Develop the annual audit plan using an approach based on identifying the risks associated with the activities and submit the plan to the Audit Committee and the ACEO for review and approval.
- C. Implement the annual audit plan, as approved by the committee, and introduce any special tasks or duties required by the management and the committee.
- D. Develop and implement comprehensive programs of work to cover all the audit areas mentioned in the annual plan and evaluate and develop the Internal Regulation and Control system and Company's organizational activities.
- E. Re-evaluate the audit plan continuously based on changing circumstances and make adjustments as necessary.
- F. Issue audit reports containing audit activities results to the Managing Director, ACEO and other managers.
- G. Informing the ACEO, and the Audit Committee of current trends and successful practices in the Company's Internal Control.
- H. Submit a report to the Audit Committee on the Internal Control activities and serious issues in periodic meetings.
- I. Follow up on observations sent to the Management and evaluate the plans or corrective actions taken.
- J. Undertake accurate follow-up works to ensure that the corrective actions taken are implemented and acted upon.
- K. Take into account the scope of work of external auditors and external bodies as necessary for a comprehensive audit of the Company.
- L. Assist with investigating the acts related to breach of trust within the Company, notify the ACEO, Audit Committee and other Directors of the results and assist official authorities with different claims (if necessary).
- M. Perform any advisory services to assist the management with achieving its objectives and addressing various matters. This may include designing systems, training and new initiatives.
- N. Participate in different committees, compliance control duties and system development tasks in order to provide the Company with the guidance necessary for addressing potential issues and areas of weakness or inefficiency of internal control.
- O. Evaluate the Company's important functions in addition to the changes and developments in the Company's operation system, services, key systems and control systems while working on increasing the level of assistance with implementing these changes.
- P. Perform all the requirements related to Internal Control matters that are assigned by the Board of Directors.

STANDARDS FOR PRACTICING INTERNAL CONTROL:

At the Company's Internal Control Department, the professional practice of Internal Control is in accordance with the Standards for the Professional Practice of Internal Auditing (SPPIA) issued by the Institute of Internal Auditors (IIA). These standards represent the minimum professional practice at the Company's Internal Control Department.

Accordingly, the Company Board of Directors acknowledges its responsibility for the implementation of the Company's Internal Control System, its periodic review and its effectiveness through the Board's Audit Committee.

C. Compliance Officer's Name, qualifications and date of appointment:

It was decided that Ms. Duaa Masood Al Mahri, to be appointed Risk & Compliance Officer for the financial year 2022. She has bachelor degree in Public Relations from University of United Arab Emirates, and she has previous experience for 3 years in Compliance field.

D. How the Internal Control Department deals with any significant problems in the Company or those disclosed in annual reports and accounts:

The Company did not face any problems.

E. Number of reports issued from Internal Control Department

The Internal Control Department has issued 16 internal audit reports to the audit committee of the board during the year 2023.

Eight: Details of violations committed during the fiscal year

No violation was committed during the fiscal year 2023

Nine: In kind and cash contributions made by the Company in local community and environment preservation.

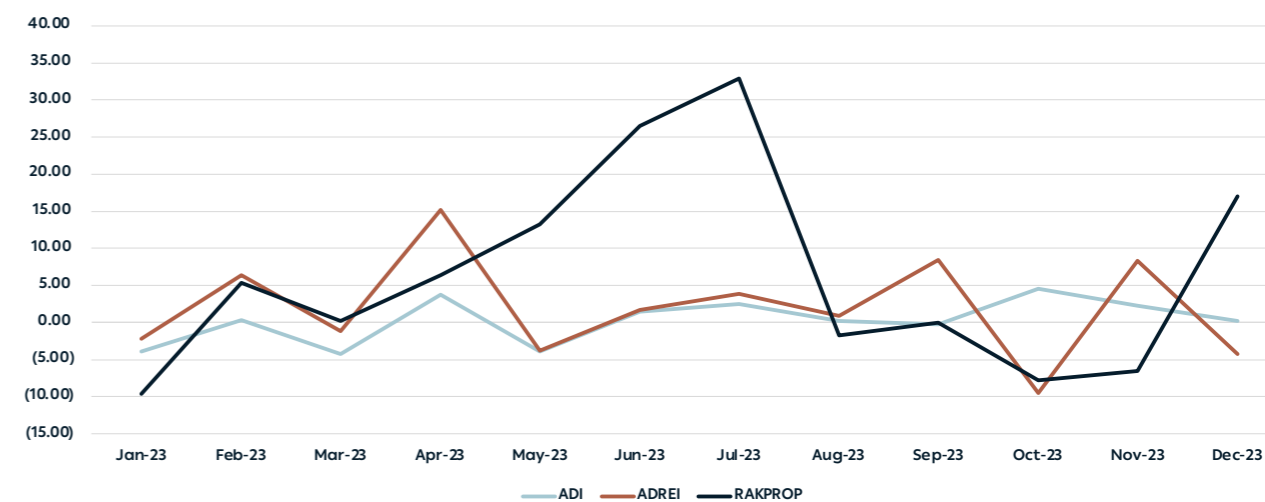
1. RAK Energy Summit /Sponsorship Supporting Partner
2. Al Ihsan Charity Association / Eid Orphans Donations
3. Al Ihsan Charity Association Orphans Sponsorship
4. Ajman Club for Disabled/ Sponsorship
5. Rashid center for people of determination./ Sponsorship
6. Shamal Art association / Sponsorship

TEN: GENERAL INFORMATION:

a. The Company's share market price (closing, high and low price) at the end of each month during the financial year 2023

VALUE	VOLUME	CLOSE	LOWER PRICE	HIGH PRICE	MONTH
43,814,595.42	67,489,803	0.615	0.590	0.678	Jan
50,227,478.86	85,982,409	0.582	0.550	0.630	Feb
22,243,566.43	38,265,939	0.583	0.550	0.600	Mar
38,257,550.58	62,611,865	0.620	0.571	0.633	Apr
140,609,640.80	207,671,325	0.702	0.611	0.738	May
185,272,532.36	229,050,457	0.888	0.698	0.900	Jun
511,023,524.54	476,499,937	1.180	0.900	1.250	Jul
620,762,114.86	531,521,425	1.160	1.070	1.290	Aug
249,431,281.77	218,139,839	1.160	1.110	1.190	Sep
175,798,674.54	166,619,795	1.070	0.960	1.160	Oct
231,135,500.50	222,525,084	1.000	0.998	1.110	Nov
391,196,671.25	354,263,790	1.170	0.962	1.200	Dec

b. Comparison between the company's share performance, the general market index, and the index of the sector to which the company belongs during 2023:



3. Shareholders' equity as of 31/12/2023 classified as follows (National / GCC / Arab / Foreign):

SHAREHOLDER	INDIVIDUAL	COMPANIES	GOVERNMENT	TOTAL				
Local	915,947,260	45.8%	497,454,205	24.87%	101,017,217	5.1%	1,514,418,682	75.72%
GCC	86,292,534	4.3%	81,204,399	4.06%	-	-	167,496,933	8.37%
Arab	117,466,886	5.9%	2,487,542	0.12%	-	-	119,954,428	6%
Others	57,931,312	2.9%	140,198,645	7.01%	-	-	198,129,957	9.91%
Total	1,177,637,992	59.8%	721,344,791	36.07%	101,017,217	5.1%	2,000,000,000	100%

D. Shareholders who own (5%) and above of the Company's capital as at 31/12/2023

NO	NAME	NUMBER OF OWNED SHARES	SHAREHOLDING PERCENTAGE AGAINST THE SHARE CAPITAL
1	Al Saqr United Group LLC	174,700,000	8.74 %
2	Government of Ras Al Khaimah	101,017,217	5.05 %

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E. Distribution of shareholders according to shareholding volume as at 31/12/2023 according to the following table:

S/N	SHARE(S) OWNERSHIP	NUMBER OF SHAREHOLDERS	NUMBER OF OWNED SHARES	PERCENTAGE OF THE OWNED SHARES OF THE CAPITAL
1	Less than 50,000	12,088	116,250,005	%5.81
2	From 50,000 to less than 500,000	1,141	205,750,280	%10.29
3	From 500,000 to less than 5,000,000	347	527,078,860	%26.35
4	More than 5,000,000	68	1,150,920,855	%57.55
TOTAL		1,871	2,000,000,000	%100

F. Measures taken regarding investor relations controls in addition to the following:

- Name and contact information of the Investor Relations Officer:
Mr. Abdallah Shukri Al Akhdar was appointed as Investor Relations Officer. He can be contacted via e-mail ir@rakproperties.ae
- Link of investor relations web page on the Company's website:
The Company's website contains an a web page for the investor relations which can be reached through the following <https://www.rakproperties.net/investor-relation/>

G. Special resolutions presented in the general assembly held during 2023 and the actions taken thereon.

None

H. Board Rapporteur's name and date of his/ her appointment:

Board Rapporteur is Mr. Maen Abdol-Kareem and he is the legal advisor and Board secretary and he was appointed on 1/10/2019.

I. Substantial events that occurred during the year 2023:

There have been no unusual or substantial events faced by the Company in 2023.

J. Statement of the Company's Contract equal or above 5% of the Capital during the year 2023

The Company did not enter or sign any contract above 5% of the Capital during the year 2022.

K. Percentage of Emiratization in the Company by the end of 2021, 2022, 2023:

Number Board's national members are 7 and they include the Board's Chairman and Vice-Chairman and percentage of employees' Emiratization is as follows:

2021	2022	2023
18%	19%	18%

L. Projects and innovative initiatives undertaken by the Company or initiatives under development in 2023.

None

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NAME	SIGNATURE
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Abdulaziz Abdulla Al Zaabi
Chairman of the Board



Mohammed Mosabeh Al Nuaimi
Chairman of the Audit Committee



Sheikh Ahmad Omar Al Qassemi
Chairman of Nomination Committee



Usman Zishan
Manager of Internal Control Department





SUSTAINABILITY REPORT 2023

ABOUT THIS REPORT

The 2023 edition of the RAK Properties Sustainability Report highlights the organization's performance and achievements across key Environmental, Social, and Governance (ESG) topics.



2023 REPORTING SCOPE

This year's Sustainability Report encompasses all activities, initiatives, and programs undertaken from January 1 to December 31, 2023, incorporating relevant references to prior years, as applicable.



REPORTING GUIDELINES

Developed in accordance with the Global Reporting Initiative (GRI) Standards, our 2023 Sustainability Report underscores our dedication to transparency, accountability, and adherence to internationally recognized reporting practices. The report also aligns with the Sustainable Development Goals (SDGs) and the Abu Dhabi Stock Exchange (ADX) ESG Reporting Guide.



REPORT BOUNDARY

The reporting boundaries extend across all RAK Properties operations in the UAE, ensuring a comprehensive representation of our sustainability endeavours.



REPORTING INTEGRITY

Rigorous measures have been implemented to uphold the integrity of the report, with relevant internal departments conducting a thorough review of the report's content. The financial data, cornerstone of this report, has been extracted from our annual Financial Statements which have been independently audited by a reputable audit firm.



FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements which inherently contain a degree of uncertainty given that external factors beyond our control can affect the environment in which the company operates. RAK Properties is under no obligation to publicly revise these forward-looking statements unless required to do so by applicable laws and regulations.



COMMUNICATION & FEEDBACK

We value the input of stakeholders and welcome feedback and suggestions related to the content of this report. Please connect with us at: +971 7 228 4777



CEO MESSAGE

In today's world, sustainability is no longer a luxury; it is a necessity for the continued preservation and advancement of our society. Every individual, company, and government must recognize the integral role sustainability plays in our collective wellbeing and the health of our planet. Achieving sustainability requires commitment, hard work, and persistent effort over many years. As our 2023 Sustainability Report demonstrates, RAK Properties is making significant progress with its journey.

We understand the importance of striking a delicate balance between building communities that enhance quality of life and prioritizing sustainability. We believe that placemaking, wellbeing, and sustainability are the cornerstones of societal development and human connection.

Sustainability is a guiding principle that informs everything we do. We strive to embed sustainable practices into every facet of our projects, from building techniques to Environmental, Social, and Governance (ESG) initiatives and CSR programs. Whether it's preserving mangroves, implementing waste management processes, or reducing energy consumption, we are committed to minimizing our environmental footprint and driving long-term value for our stakeholders.

We are inspired by the leadership of the Ras Al Khaimah Government, which is leading on sustainability in the Middle East. Their efforts have propelled the Emirate to become the first destination in the region to receive Silver Certification under EarthCheck's Sustainable Destinations program.

Despite this evident progress, there is still plenty of work

to be done. RAK Properties will continue to enhance our environmental management systems and collaborate with others to ensure a sustainable future for all. By joining forces and reaffirming our commitment to sustainability, we can create communities that stand the test of time and leave a positive legacy for future generations.

Our commitment to sustainability extends beyond environmental concerns to encompass social and economic dimensions. We prioritize enhancing the well-being of all stakeholders, from employees to communities, through initiatives focused on safety, security, diversity, and ethical sourcing. By fostering inclusive growth, we create thriving communities where everyone can flourish.

We are committed to aligning with global sustainability agendas, including the Sustainable Development Goals (SDGs) and national visions for progress. Through rigorous measurement and reporting, we track our contributions to these goals, ensuring that our actions have a positive impact on our communities.

RAK Properties stands as a beacon of innovation and responsibility, placing ESG principles at the forefront of our vision. With a steadfast commitment to sustainability, robust governance structures, and a collaborative approach to achieving ESG goals, RAK Properties is shaping the future of our industry by fostering holistic well-being and economic progress.

Our contributions to Ras Al Khaimah's economic landscape extend beyond bricks and mortar. Through job creation, building accessible housing, and our leading role in the hospitality sector, we are driving sustainable growth that generates benefits for the wider community.

Our strategic growth initiatives, including the unveiling of all Mina Al Arab projects by 2026 and partnerships with esteemed brands including Anantara Beach Resort & Spa and Nikki Beach, reflect our commitment to elevating experiences and inspiring progress. With ambitious launch plans for over 5,000 residential units, we are poised to shape the future of hospitality and urban living in Ras Al Khaimah.

As we look to the future, we remain steadfast in our commitment to sustainability, adapting to meet new challenges and exceed expectations. We are grateful to our stakeholders for their active collaboration and support as we continue on this journey toward a more sustainable and prosperous future for all.


Sameh al-Muhtadi
Chief Executive Officer

KEY ESG HIGHLIGHTS



EMIRATIZATION MILESTONE

Surpassing **17.9%** in 2013



CONTINUOUS LEARNING CULTURE

Averaging 16 training hours per employee



CONSISTENT EMPLOYEE CONTENTMENT

90% satisfaction over 3 years



ENVIRONMENTAL STEWARDSHIP

Recycling 299,521 M³ of water and 144 MT of non-hazardous waste

ABOUT RAK PROPERTIES

(GRI 2-6, GRI 2-7, GRI 2-8, GRI 2-28)

COMPANY PROFILE & OVERVIEW:

RAK Properties stands as the leading real estate developer in the Northern Emirate of Ras Al Khaimah and represents the vision of His Highness Sheikh Saud Bin Saqr Al Qasimi, who founded the company in 2005. From its inception, the company has been dedicated to propelling real estate growth in the Emirate, pioneering the creation of contemporary properties that cater to the evolving needs of local communities.

Over the course of 18 years, RAK Properties has firmly entrenched itself as the market leader in both residential and commercial real estate. Our developments have not only contributed to the modern identity of Ras Al Khaimah but have also garnered acclaim for their remarkable architecture, sustainable design, and top-tier construction. Key milestones include iconic projects such as Julphar Towers and the transformative Mina Al Arab area, housing significant residential and hospitality projects including the InterContinental Ras Al Khaimah Resort and the Anantara Hotel.

Our dynamic RAK team operates from two strategically positioned headquarters in Ras Al Khaimah. The main corporate hub, situated on the 40th and 41st floors of Julphar Towers, oversees the broader corporate operations. Simultaneously, our second headquarters, dedicated to managing the Mina Al Arab area, is situated on-site. Between these two offices, RAK Properties proudly employs a dedicated workforce of 168 professionals, each contributing to the company's ongoing success.

VISION

To be a global company that generates long-term value by creating sustainable and successful lifestyle developments where people aspire to live, work and enjoy.

MISSION

Leading and developing the real estate and tourism infrastructure in Ras Al Khaimah, RAK Properties aims to attract reputable foreign investors to launch state-of-the-art projects, including luxury hotels, resorts, shopping malls and industrial areas. In doing so, RAK Properties acts as a catalyst for a dynamic real estate market in Ras Al Khaimah and the UAE in general.

OUR VALUES



ADOPTING A TECH-FORWARD APPROACH

At RAK Properties, we prioritize staying ahead of the curve in real estate development by integrating the latest technological advancements. Through targeted investments in information technology systems and streamlined operational automation, we are focused on improving project efficiency, enhancing customer service, and positioning ourselves as agile, future-oriented developers.

RAK PROPERTIES PORTFOLIO OVERVIEW

Over the past 18 years, RAK has consolidated its position as the leading real estate developer in Ras Al Khaimah. Our diverse portfolio spans across five key verticals: Destination, Residential, Commercial, Retail, and Partner Hospitality.

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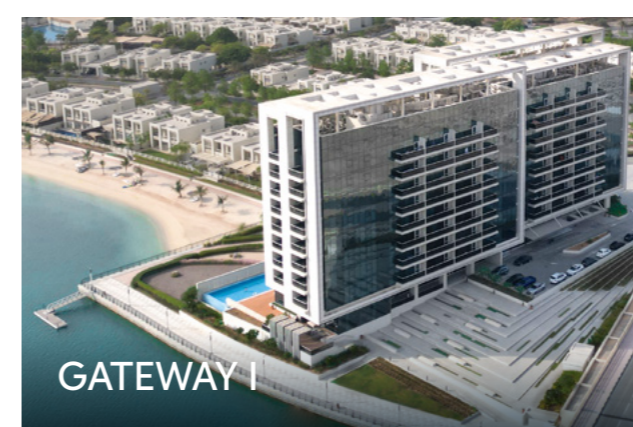
Dedicated to advancing our leadership position as a residential real estate developer, we are equally driven to broaden our footprint in the commercial, retail, and hospitality sectors. The Anantara property's main building is LEED certified while both hotels have a Green Tourism rating from RAKTDA and all portfolio buildings comply with RAK Reem Barjheel requirements.

DESTINATION



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RESIDENTIAL





BAY RESIDENCES CENTAL I



LAGOON VIEWS



RAK TOWER



JULPHAR TOWERS

COMMERCIAL



JULPHAR TOWERS

RETAIL



LAGOON MARINA



ANGEL BAY

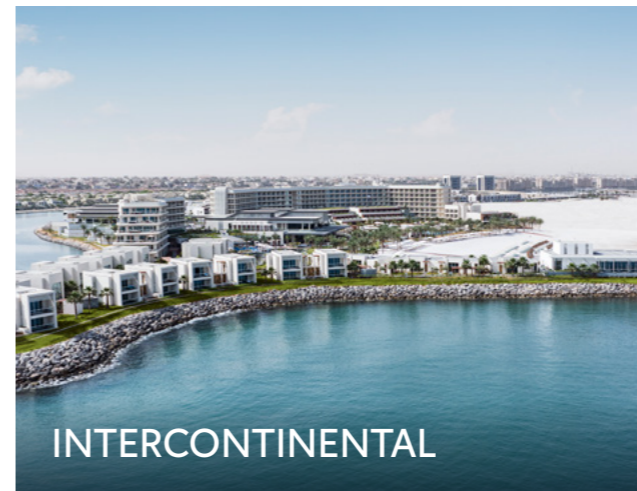


LAGOON WALK



JULPHAR AVENUES

PARTNER HOTELS



INTERCONTINENTAL



ANANTARA

SUSTAINABILITY AT RAK PROPERTIES

(GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-22, GRI 2-29, GRI 2-30, GRI 3-1, GRI 3-2)

OUR SUSTAINABILITY APPROACH

Environmental, Social, and Governance (ESG) serves as a cornerstone of RAK Properties' vision and mission. Our commitment is reflected in the integration of sustainable practices throughout all our development projects and responsible business operations.

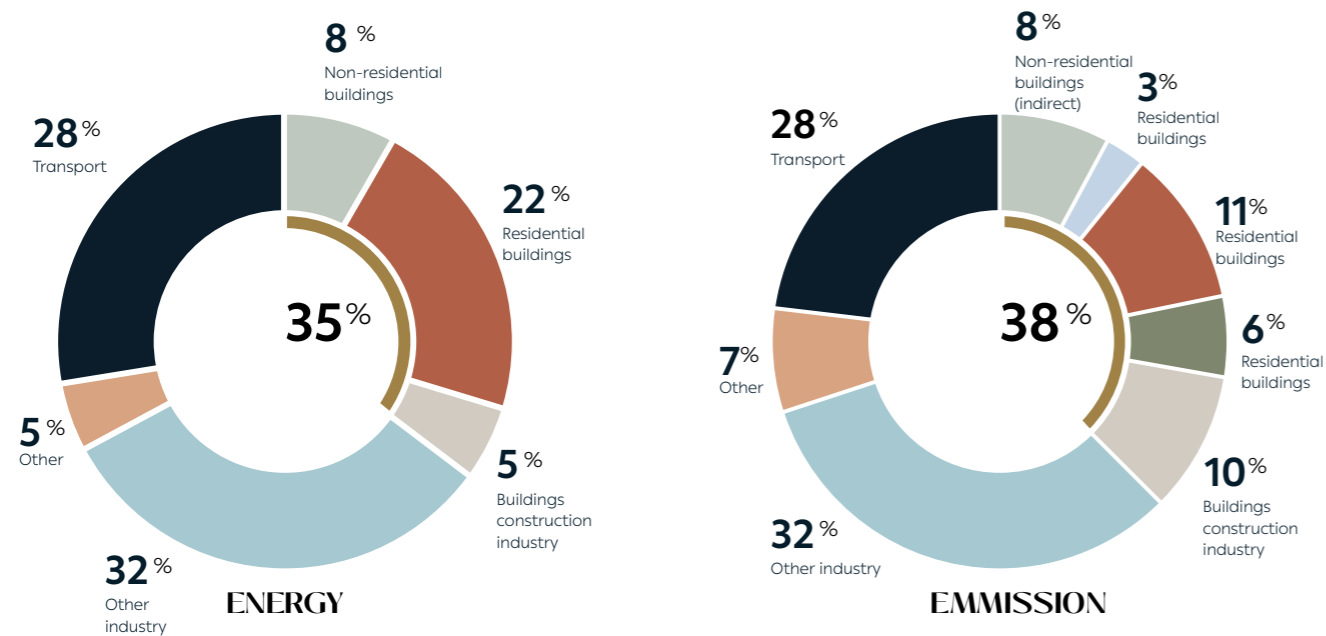
RAK Properties' sustainability efforts are reflected in our S&P Corporate Sustainability Assessment (CSA) Ranking for 2023 where we achieved a score of 24 out of 100 available points, placing the company slightly above the global average score of 23 for real estate companies. RAK Properties is confident that once recent sustainability initiatives reflected in the assessment, we will rapidly improve this score and climb the ratings in coming years.

Elevating RAK Properties' ESG performance is a top priority for both our Board of Directors and Leadership team. Our focus on ESG extends to enhancing the well-being of all stakeholders, ranging from employees, shareholders, and tenants to the communities we build and manage. Upholding fair labor practices and actively engaging with our communities stand as mission-critical principles. Transparency is paramount, and we prioritize providing all stakeholders with comprehensive insight into our decision-making processes.

The enduring commitment to sustainability is fortified by RAK Properties' robust governance structure. We have established a culture of accountability and responsibility, fortified by stringent checks and balances and operational protocols that align with our ESG principles.

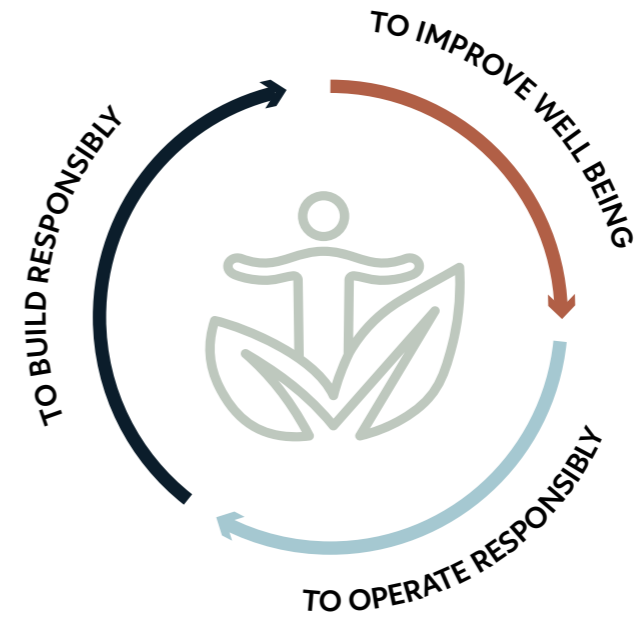
Our sustainability transformation journey is underway, driven by the conviction that it supports the long-term growth of the company and continuous value creation for stakeholders. Acknowledging the challenges ahead, particularly the built sector's significant contribution to climate change—accounting for approximately 30% of global energy consumption and generating 26% of total global greenhouse gas emissions (8% being direct emissions in buildings and 18% indirect emissions from the production of electricity and heat used in buildings)—we remain resolute in our commitment to drive positive change in the industry.

GREENHOUSE GAS EMISSIONS IN THE REAL ESTATE SECTOR



Source: <https://globalabc.org/resources/publications/2020-global-status-report-buildings-and-construction>

To contribute to environmental stewardship, we are realigning our operations to adhere to sustainability principles. This initiative forms a crucial aspect of our multifaceted approach to sustainability. At the core of our high-level Sustainability framework are three key principles:



1. To Build Responsibly

As an influential real estate developer, our commitment to sustainability is integral to the very fabric of our projects. Building responsibly involves a comprehensive transformation of our project delivery value chain, where sustainability principles are embedded throughout. From project design and material procurement to construction and ongoing maintenance, RAK Properties actively considers and implements sustainability measures. We are dedicated to aligning our project development processes with circular economy principles, aiming for a positive impact on the natural environment and its biodiversity.



2. To Improve Well-being

At RAK Properties, our focus extends beyond constructing buildings; we actively seek to enhance the quality of life and economic conditions in our communities and society at large. Our approach begins by understanding the needs of people and the dynamics of the surrounding areas for each project. This foundation informs our design and development approach, ensuring that our projects not only contribute value to the communities but also elevate the health and well-being of residents and tenants. Our spaces are designed to foster a connection with nature, featuring wellness areas, abundant natural light, shaded outdoor spaces, and thoughtful greenery. Strategic locations around Ras Al Khaimah further ensure connectivity with the city and easy access to essential amenities. What truly sets us apart is our ongoing commitment to enhancing the resident and tenant experience. Leveraging digital tools, we actively engage with our community, gather regular feedback, and initiate improvement projects to ensure sustained value creation for all.



3. To Operate Responsibly

Our commitment to operating responsibly revolves around ensuring the safety and security of everyone involved, including employees, suppliers, contractors, and community members. In the realm of real estate construction, inherent safety risks are diligently mitigated in line with RAK Municipality guidelines. Strict safety protocols and health guidelines are in place to minimize threats to the well-being of everyone across our construction value chain. Operating responsibly also means assuming responsibility for our supply chain and upholding its sustainability. We prioritize working with local suppliers, ensuring ethical and responsible sourcing of materials while keeping environmental impacts in check.

STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

Collaboration with key stakeholders is fundamental to our approach to ESG. The active participation of our stakeholders directly influences our ability to realize objectives. We steadfastly believe that nurturing robust, engaged relationships with a diverse spectrum of stakeholders – including customers, employees, investors, suppliers, regulators, and contractors – is a cornerstone for the continued growth and prosperity of RAK Properties.

The foundation of our success lies in consistently addressing the needs of our stakeholders. This begins with a comprehensive understanding of who our stakeholders are and what expectations they have of us. Maintaining a transparent and open line of communication is paramount. The following is a list of key stakeholders for our company:



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Active engagement with our stakeholders is crucial for conducting a materiality assessment, identifying key ESG topics, and enhancing our ESG performance. The table below offers additional insights into our stakeholder engagement map:

KEY STAKEHOLDERS GROUP	ENGAGEMENT METHODS	NEEDS & EXPECTATIONS
Clients	<ul style="list-style-type: none"> - Various entities coordinating with the clients in all the stages of preparation and service including a specialized department to deal with the clients - Social media (mainly via Instagram and Facebook) - Company's Ads - Website - Marketing and advertising materials - Online clients' feedback 	<ul style="list-style-type: none"> - Friendly, warm and customer centric service - Clear and responsive communication channels - Communication of Project Statuses
Board of Directors	<ul style="list-style-type: none"> - Organized meetings attended in person or over the phone - Board and related committee meetings - Company's events - Annual general assembly 	<ul style="list-style-type: none"> - Strong balance sheet and healthy cashflow - Strong market positioning - Reliable corporate governance - Dynamic risk management by accounting for liabilities
CEO & Executive Management	<ul style="list-style-type: none"> - Regular management meetings - Weekly/monthly meetings with sales and business development teams - Performance evaluation - Company training - Company's events - An open-door policy. - Internal company advertisements - Company's awards and certificates of appreciation - Exit Interviews 	<ul style="list-style-type: none"> - Attractive benefits/compensation. - Recognition and rewards. - Healthy and inclusive work environment. - Empowerment and equal opportunity. - Open communication channels.
Shareholders	<ul style="list-style-type: none"> - Annual general assembly - One-on-one meetings in person or over the phone - Regular and regulatory disclosures for companies 	<ul style="list-style-type: none"> - Strong balance sheet and healthy cashflow. - Transparency, accountability, and disclosure. - Strong market positioning. - Reliable corporate governance. - Dynamic risk management by accounting for liabilities.
Government & Regulators	<ul style="list-style-type: none"> - Direct engagement through emails and meetings - Local forums - Webinars - Partnership with RAK REEM 	<ul style="list-style-type: none"> - Compliance with legal and regulatory requirements through reliable corporate governance. - Alignment to national strategies and visions. - Protecting the consumer.

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KEY STAKEHOLDERS GROUP	ENGAGEMENT METHODS	NEEDS & EXPECTATIONS
Community	<ul style="list-style-type: none"> - Local initiatives and volunteer activities 	<ul style="list-style-type: none"> - Employment opportunities. - Advancing social development. - Enriching local human resources through several mediums such as regular newsletters.
Suppliers	<ul style="list-style-type: none"> - Regular meetings - Regular review of the business - Ensure that level of service is suitable to the strategy 	<ul style="list-style-type: none"> - Timely payments. - Fair and transparent bidding procedures. - New opportunities for engagement and interaction.
Rating Agencies	<ul style="list-style-type: none"> - Regular meetings related to the annual evaluation 	<ul style="list-style-type: none"> - Transparency, accountability, ratings agencies, and disclosure

MATERIALITY ASSESSMENT

A robust sustainability strategy hinges on a comprehensive understanding of an organization's material ESG issues. Material issues are those sustainability concerns that significantly impact RAK Properties' ability to realize its vision and mission. These issues are not only crucial to our stakeholders but also directly influence our capacity to generate both short- and long-term value for them.

RAK PROPERTIES' MATERIAL TOPICS	
1	Financial & Economic Performance
2	Environmental Impact & Sustainability Practices
3	Governance, Ethics, & Transparency
4	Responsible Supply Chain
5	Community Engagement
6	Digitalization & Transformation
7	Data Protection & Customer Privacy
8	Quality & Safety standards
9	Diversity, Inclusion, & Talent Management
10	Climate Risk Management

The peer analysis undertaken has enabled us to align our sustainability priorities with industry best practices. Here is an overview of our material topics:

- 1. Financial & Economic Impact**
Maintaining robust financial and economic performance is imperative to contribute to the economy, foster business growth, minimize risk, and generate value for stakeholders.
- 2. Environmental Impact & Sustainability Practices**
Prioritizing the reduction of our environmental impact aligns with our commitment to responsible operations, compliance with regulations, and meeting stakeholder expectations. Integrating sustainability practices further safeguards our business against climate risks.
- 3. Governance, Ethics, & Transparency**
Adhering to the highest standards of ethics, transparency, and governance is essential to meet national and international regulatory demands.
- 4. Responsible Supply Chain**
Ensuring that our suppliers, contractors, and partners embrace sustainable practices aligns with our sustainability expectations and code of conduct.
- 5. Community Engagement**
Supporting local communities and contributing to the growth of the Emirate of Ras Al Khaimah through impactful investments, programs, and initiatives.
- 6. Digitalization & Transformation**
Leveraging cutting-edge technology and digital tools enhances our agility, efficiency, and customer service throughout project development, delivery, and maintenance.
- 7. Data Protection & Customer Privacy**
As we transition to digital operations, safeguarding customer and stakeholder data is paramount to maintain their security and privacy.
- 8. Quality & Safety Standards**
Adhering to stringent safety and quality guidelines, protocols, and regulations ensures the safety of our staff, construction teams, residents, and tenants.
- 9. Diversity, Inclusion, & Talent Management**
The organization is dedicated to achieving exceptional results through continuous employee training and skill development, coupled with a steadfast commitment to diversity, inclusion, and equal opportunity.
- 10. Climate Risk Management**
Continual assessment of climate change risks informs our decision-making processes, aimed at minimizing exposure to climate-related risks in our properties and business.

OUR IMPACTS ON THE SUSTAINABLE DEVELOPMENT GOALS

At RAK Properties, we are firmly aligned with the pressing global imperative for rapid decarbonization in the construction and real estate sector, as advocated by national and international sustainability agendas. Recognizing our influential position as one of the UAE's foremost real estate developers and a publicly traded company in Ras Al Khaimah, we are committed to championing sustainability initiatives that resonate with key frameworks such as the 'We the UAE 2031' Vision, the Paris Agreement, and the UN 2030 Agenda for Sustainable Development.



THE SUSTAINABLE DEVELOPMENT GOALS

The 17 SDGs, introduced by the United Nations in 2015, serve as a comprehensive blueprint for a sustainable future, addressing various facets of the global economy, environment, society, and governance. Acknowledging their relevance to the UAE's national sustainability agenda, including the UAE Vision 2031, these goals guide our sustainability initiatives at RAK Properties.

Emphasizing a collaborative approach, the SDGs underscore the significance of public-private partnerships, aligning with our ongoing efforts to embed these goals into our operations and contribute to their achievement locally and globally.



'WE THE UAE 2031' VISION


In tandem with the UAE's strategic 'We the UAE 2031' Vision, which outlines a 10-year strategy for attracting investments and fostering sustainable innovation, we are strategically positioned to drive sustainable growth in core industries such as real estate, construction, hospitality, and tourism. Our operations, rooted in responsibility and ESG principles, actively support the UAE's position as a global economic hub.







MEASURING OUR CONTRIBUTION TO SDGS AND NATIONAL VISIONS

As part of our commitment to transparency and accountability, we have undertaken ESG reporting at RAK Properties, measuring our contribution to the relevant SDGs.

Utilizing the SDG Compass, developed by the GRI, the United Nations Global Compact, and the World Business Council for Sustainable Development (WBCSD), our initial assessment identified 11 SDGs where RAK Properties can make a meaningful and positive impact.

SDG	SDG IMPLICATION	HOW WE CAN CONTRIBUTE
	- Ensuring access to affordable, reliable, and sustainable energy	<ul style="list-style-type: none"> Mitigating our impact on climate change through investments in a sustainable supply chain, optimization of energy consumption, the creation of energy-efficient buildings, and the promotion of sustainable construction practices.
	- Taking urgent action to combat climate change and its impacts	
	- Ensuring healthy lives and promoting wellbeing	<ul style="list-style-type: none"> Efficiently handling the generation and disposal of construction and end-of-life waste to maintain the cleanliness, safety, and health of our communities. Incorporating circular economy principles throughout our value chain for sustainable and responsible practices. Recycling water from treated sewage effluent (TSE) for irrigation purposes
	- Ensuring sustainable management of water & sanitation for all	
	- Ensuring sustainable consumption and production patterns	
	- Making cities and settlements inclusive, safe, resilient, and sustainable	<ul style="list-style-type: none"> Constructing high-quality residential and commercial buildings with a focus on sustainability. Guaranteeing the safety and accessibility of our spaces for all, while actively promoting the well-being of residents.



SDG	SDG IMPLICATION	HOW WE CAN CONTRIBUTE
	- Ending all forms of poverty everywhere.	<ul style="list-style-type: none"> Offering housing that is both affordable and inclusive, fostering employment opportunities within our communities, and adhering to fair labor practices and human rights standards.
	- Promote sustained and inclusive economic growth and productive work for all	
	- Reducing inequality within and among nations	
	- Promoting peaceful, inclusive, and just societies with strong governance	<ul style="list-style-type: none"> Contributing to the development of thriving communities where every individual experiences a high quality of living.



GROWING OUR HUMAN CAPITAL

(GRI 202-2, GRI 401-1, GRI 401-2, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 405-2, GRI 406-1, , S1, S2, S3, S4, S5, S6, S9, S10, S11)

WORKPLACE CULTURE & VALUES

RAK Properties acknowledges employees as a critical resource crucial to the organization's success. Our commitment to fostering a positive work culture represents a strategic investment in the mental, emotional, and physical well-being of our personnel, resulting in heightened productivity and enhanced overall performance.

Supporting employee well-being not only aligns with our corporate ethos but also offers various advantages, including increased productivity, innovation, higher employee retention rates, reduced healthcare costs, and a fortified company reputation.

To ensure every member of the RAK Properties team feels genuinely appreciated, we adopt a multifaceted approach. This includes providing annual increments, six-month performance reviews, year-end bonuses, support with accommodation and schooling costs, promoting mental health, and offering discount cards for leisure activities. Additionally, RAK Properties supports flexible work schedules, offering employees the opportunity to achieve a healthy work-life balance and contribute to a more agile and adaptive work environment.

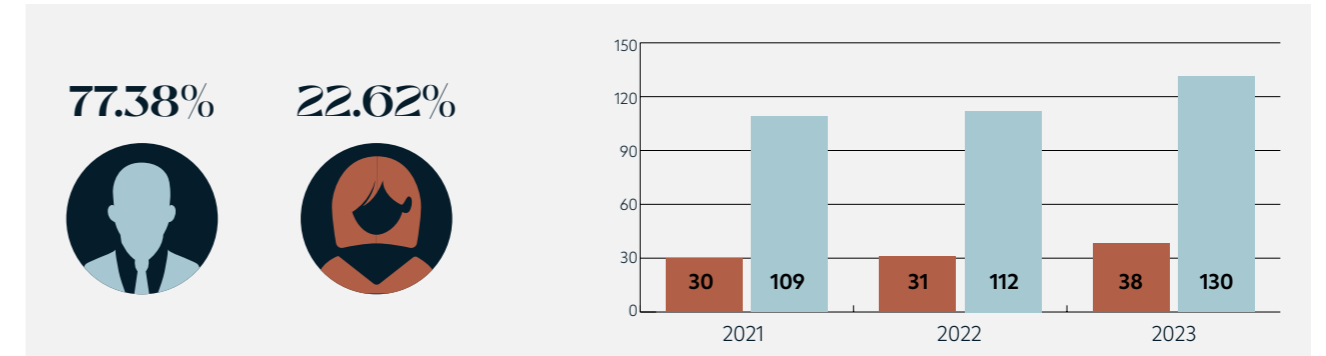
The CEO's vision for a smooth and efficient workflow is reflected in the updated Human Resources (HR) Manual. In alignment with our comprehensive HR strategy, our company is committed to elevating overall productivity, promoting business development, and optimizing employee job efficiency. To actualize this vision, we are proactively revisiting our existing policies and procedures.

As part of this initiative, employees are invited to contribute to the enhancement plan by providing feedback on current policies and proposing improvements. By leveraging the collective expertise within the organization, we aim to align our policies with the latest HR practices. This collaborative effort ensures that our workforce remains dynamic, resilient, and motivated, thereby fostering a competitive and conducive workplace environment.

In a significant move to advance the welfare of our valued employees, we have introduced three new impactful initiatives: the Employee Welfare Loan Scheme, the Housing Loan Scheme, and the Child Education Allowance. The Employee Welfare Loan Scheme underscores our commitment to supporting our workforce during challenging times, aligning seamlessly with UAE Government regulations. This scheme is meticulously designed to provide crucial financial assistance, promoting overall well-being. Simultaneously, the Housing Loan Scheme outlines comprehensive guidelines for extending housing loans to employees constructing or purchasing accommodation within the UAE, facilitating convenient access to suitable housing. The recent inclusion of the Child Education Allowance initiative reflects our commitment to supporting our employees' families and their children's education, further

reinforcing our dedication to the well-being of our valued team members.

In parallel with our commitment to fostering a positive work culture, the progressive increase in female hires from 2022 to 2023 (sitting at around 22.62% of the workforce), as illustrated below, underscores RAK Properties' commitment to advancing workplace diversity and values. Greater inclusion of women in the workforce, particularly in leadership roles, results in improved financial performance, stimulates increased innovation in business functions, and establishes an overall positive workplace culture.



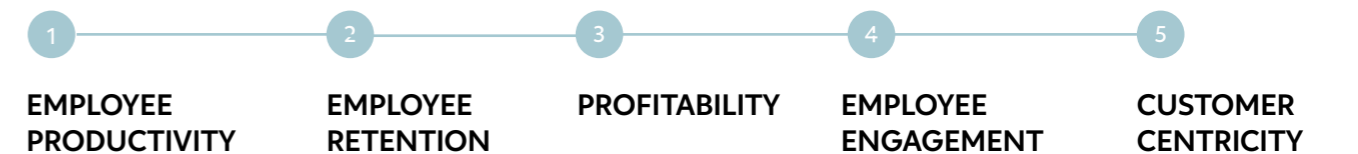
TALENT MANAGEMENT & ENGAGEMENT

Employee Engagement

Fostering employee engagement is crucial for maximizing productivity and ensuring employee contentment at RAK Properties. The company is committed to actively engaging and nurturing its workforce through comprehensive company-wide policies. These initiatives encompass enticing rewards and incentives, promoting open communication channels, fostering a healthy work-life balance, and providing ample opportunities for career growth and talent development.

Our HR team conducts regular annual surveys to assess and understand employee satisfaction levels. The insights derived from these surveys play a pivotal role in shaping future policies, refining recruitment practices, and guiding decisions related to employee management.

The survey design strategically covers key aspects such as employee needs, individual contributions, teamwork dynamics, career progression, and personal development. These surveys effectively gauge employee performance and engagement, evaluating them across five key attributes:



The employee survey findings for the year 2023 reveal a positive trend in employee engagement, with an overall employee satisfaction rate remaining consistently high at 90%. This satisfaction rate has been maintained over the past three years, demonstrating a sustained commitment to fostering a content and engaged workforce at RAK Properties.

These results affirm the enduring dedication to creating a workplace culture that prioritizes employee well-being and satisfaction. The consistent satisfaction rates reflect the success of ongoing efforts to maintain a positive and engaging environment for our valued employees.

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In 2023, RAK Properties demonstrated its commitment to employee well-being by spearheading innovative initiatives, and developing Child Education Allowance and Home Loan Schemes, aiming to enhance the overall quality of life for its workforce. These beneficial programs will be activated in 2024, reflecting the company's ongoing dedication to supporting the professional and personal growth of its employees.

Talent Management

RAK Properties is committed to being an equal-opportunity employer that actively champions diversity and inclusivity within its workforce. Emphasizing merit-based career advancement and recognition, our employees experience a workplace where their contributions are acknowledged and valued.

A diverse workforce not only fosters innovation and creativity but also plays a pivotal role in shaping the company's strategic planning and operational excellence. By cultivating an inclusive work environment, RAK Properties attracts a broader pool of talent, as individuals are drawn to an employer that values their unique skills and capabilities.

To ensure inclusivity across our offices and business operations, RAK Properties has implemented comprehensive measures. Additionally, we enforce a zero-tolerance policy against any form of discrimination. The company has established formal systems that outline each employee's rights and responsibilities.

The workforce data below reflects a positive trend in new hires across genders and age groups. Equally important, the fact that all employees, regardless of gender or job category, receive regular performance and career development reviews, supporting our efforts to nurture individual growth and drive professional advancement. These practices contribute to our low turnover rates, affirming the success of our talent retention strategies and the cultivation of a resilient and thriving workplace culture.

TOTAL EMPLOYEES BY JOB CATEGORY AND BY GENDER

YEAR	ENTRY-LEVEL		MID-LEVEL		SENIOR-TO-EXECUTIVE LEVEL	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
2021	100.00%	0.00%	69.70%	30.30%	100.00%	0.00%
2022	100.00%	0.00%	70.41%	29.59%	81.82%	18.18%
2023	91.49%	8.51%	66.28%	33.72%	85.71%	14.29%

TOTAL EMPLOYEES BY JOB CATEGORY AND BY AGE GROUP

YEAR	ENTRY-LEVEL			MID-LEVEL			SENIOR-TO-EXECUTIVE LEVEL		
	BELOW 30 Y.O.	30-50 Y.O.	OVER 50 Y.O.	BELOW 30 Y.O.	30-50 Y.O.	OVER 50 Y.O.	BELOW 30 Y.O.	30-50 Y.O.	OVER 50 Y.O.
2021	20.00%	73.33%	6.67%	13.13%	78.79%	8.08%	0.00%	70.00%	30.00%
2022	17.65%	76.47%	5.88%	13.27%	77.55%	9.18%	0.00%	54.55%	45.45%
2023	21.28%	72.34%	6.38%	13.95%	79.07%	6.98%	0.00%	71.43%	28.57%

**SUSTAINABILITY REPORT ISSUED BY
RAK PROPERTIES P.J.S.C. FOR THE YEAR 2023**

TOTAL NEW HIRES BY GENDER

YEAR	MALE	%	FEMALE	%	TOTAL
2021	28	25.7%	9	30.0%	37
2022	21	18.8%	6	19.4%	27
2023	36	27.7%	11	28.9%	47

TOTAL NEW HIRES BY AGE GROUP

YEAR	BELOW 30 Y.O.		BETWEEN 30-50 Y.O.		OVER 50 Y.O.		TOTAL
	#	%	#	%	#	%	
2021	9	47.37%	26	24.30%	2	15.38%	37
2022	8	42.11%	14	12.96%	5	31.25%	27
2023	10	45.45%	32	25.20%	5	26.32%	47

TOTAL EMPLOYEES THAT LEFT BY GENDER

YEAR	MALE	%	FEMALE	%	TOTAL
2021	28	25.7%	7	23.3%	35
2022	15	13.4%	4	12.9%	19
2023	17	13.1%	4	10.5%	21

TOTAL EMPLOYEES THAT LEFT BY AGE GROUP

YEAR	BELOW 30 Y.O.		BETWEEN 30-50 Y.O.		OVER 50 Y.O.		TOTAL
	#	%	#	%	#	%	
2021	4	21.05%	28	26.17%	5	38.46%	35
2022	3	15.79%	14	12.96%	3	18.75%	19
2023	1	4.55%	16	12.60%	4	21.05%	21

TOTAL NEW HIRES BY GENDER

YEAR	TOTAL NEW HIRE RATE	TOTAL TURNOVER RATE
2021	26.62%	25.18%
2022	18.88%	13.29%
2023	27.98%	12.50%

TOTAL NUMBER OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW, BY GENDER

YEAR	FEMALE	MALE	PERCENTAGE OF TOTAL WORKFORCE
2021	30	109	100%
2022	31	112	100%
2023	38	130	100%

TOTAL NUMBER OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW, BY JOB CATEGORY

YEAR	ENTRY-LEVEL	MID-LEVEL	SENIOR-TO-EXECUTIVE LEVEL	PERCENTAGE OF TOTAL WORKFORCE
2021	30	99	10	100%
2022	34	98	11	100%
2023	47	86	35	100%

Afkari & Injazati Programs Enhancing Employee Retention

At RAK Properties, our commitment to nurturing a dynamic and engaged workforce is exemplified through strategic initiatives embedded within the Afkari & Injazati Programs which are designed to empower and retain our invaluable talent.

Under the Afkari Program, employees are actively encouraged to contribute groundbreaking ideas and concepts related to our business activities, with a focus on achieving a positive financial impact on the company. Simultaneously, the Injazati Program serves to acknowledge exceptional employee achievements in job performance, fostering a culture of going above and beyond in assigned tasks.

In 2023, we proudly introduced an enhanced iteration of the Afkari & Injazati Programs, emphasizing the significance of "my ideas" and "my achievements." This initiative is structured around two primary pillars:

- **Achievement:** Employees are encouraged to surpass expectations in their assigned tasks, contributing to the development and progress of the departmental work style, and simplifying procedures.
- **Creativity & Innovation:** Inspiration is drawn from employees to generate new concepts and ideas that enhance our systems, products, or services, ultimately leading to a positive financial impact.

Our talent management initiatives aim to cultivate an ideal work environment by inspiring employees to initiate and propose innovative ideas. By fostering creativity and acknowledging exceptional achievements, we seek to boost overall productivity and employee engagement.

Detailed submission instructions and proposal criteria ensure that ideas are realistic, acceptable, affordable, appropriate, and profitable. A rigorous quarterly review process by our committee members ensures the thorough evaluation of shortlisted proposals. Successful implementation of approved proposals is celebrated with recognition and awards from our top management, showcasing our deep appreciation for the innovative contributions made by our employees.

These initiatives not only contribute to talent retention but also align with our sustainability goals by promoting a culture of continuous improvement and innovation within our organization.



WORKFORCE EQUITY & INCLUSION

Diversity & Inclusion

RAK Properties upholds a commitment to equal opportunity, actively fostering diversity and inclusivity within its workforce. Through a system of merit-based career progression and rewards, employees experience a workplace culture where their contributions are acknowledged. As of 2023, our diverse workforce comprises individuals from 20 different nationalities and a consistent upward trend in recent years. The top five nationalities employed at RAK are Emirati, Filipino, Indian, Jordanian, and Pakistani.

The diversity of our workforce serves as a catalyst for innovation and creativity, influencing strategic planning and operational excellence. An inclusive work environment not only enhances our ability to attract top talent but also underscores our reputation as an employer valuing individual skills and capabilities.

At RAK Properties, inclusivity is ingrained in our corporate ethos, evident across our offices and business operations. We maintain a zero-tolerance policy against any form of discrimination, reinforcing a culture of fairness and respect. This is reflected in the absence of reported incidents in the years 2021, 2022, and 2023. Our formal systems meticulously outline the rights and responsibilities of each employee, ensuring a harmonious and transparent working environment.

Furthermore, RAK Properties is steadfast in its support for empowering women in the workplace. Acknowledging the vital input and viewpoints that women offer, RAK Properties has worked hard to create a culture where everyone, regardless of gender, can succeed. The organization is committed to fair remuneration procedures, which is fundamental to this ethos. RAK Properties makes certain that women are not only represented but also appropriately compensated for their abilities and efforts, with a female to median compensation ratio that is around 1.28.



Emiratization

At RAK Properties, we align closely with the Ministry of Human Resources' policies and objectives, particularly those aimed at enhancing employment opportunities for the nation's citizens, with a strategic focus on vital sectors like real estate development.

We are dedicated to fostering the professional growth and skills development of Emirati employees within the organization. To augment the representation of Emiratis in our workforce, we have implemented various initiatives, accompanied by exclusive benefits. Local recruitment strategically enhances our team with individuals well-versed in the local culture and values. Their insight ensures that our future projects harmonize with community needs and preferences.

In 2023, RAK Properties continued to make significant strides in Emiratization. The percentage of UAE Nationals in our employee base amounted to 17.9% by the end of the year.

Gender-wise, the distribution reflects a balanced effort, with an increase in female UAE Nationals, comprising 83.33% of the total, showcasing a positive move towards gender inclusivity. Examining the workforce across job categories, the data highlights a progressive integration of Emiratis across various levels.

NUMBER OF UAE NATIONALS BY GENDER

YEAR	MALE	%	FEMALE	%	TOTAL
2021	8	29.63%	19	70.37%	27
2022	7	26.92%	19	73.08%	26
2023	5	16.67%	25	83.33%	30

NUMBER OF UAE NATIONALS BY JOB CATEGORY

YEAR	ENTRY-LEVEL		MID-LEVEL		SENIOR-TO-EXECUTIVE LEVEL	
	#	%	#	%	#	%
2021	0	0.00%	23	85.19%	4	14.81%
2022	0	0.00%	19	73.08%	7	26.92%
2023	2	6.67%	23	76.67%	5	16.67%

At RAK Properties, our commitment to nationalization is underscored by a comprehensive strategy aimed at employing, training, and developing the skills of UAE nationals. Priority is given to citizens with the required vocational efficiency and hands-on experience in targeted specialties. A rehabilitation program is meticulously designed to qualify Emirati students, ensuring they acquire the necessary skills and experience for the labor market.



Nurturing Future Leaders through our Intelaq Program

Our Launch Program is dedicated to fast-tracking the development of recent graduates hailing from various UAE universities and colleges. This initiative is designed to sharpen practical skills, laying the groundwork for graduates' seamless entry into the job market.

The Launch Program's operational mechanism is a carefully orchestrated process, identifying targeted positions within our replacement plan. Candidates undergo rigorous internal training to prepare them for advanced managerial positions. The evaluation process, overseen by the head of the administrative unit and the Human Resources department, meticulously assesses personal aspects, practical skills, and knowledge acquired during the training period.

A formalized training contract spanning one year, renewable based on mutual agreement, underscores our commitment. Upon demonstrating competence throughout the training period, participants have the opportunity to transition into permanent roles. Recognizing dedication, trainees enjoy competitive benefits, including a monthly salary ranging from AED 8,000 to AED 10,000, along with health insurance coverage and enrollment in the General Pension and Social Security Authority.

This Program aspires to cultivate a qualified national workforce adept at assuming responsibilities and effectively accomplishing assigned tasks. Our commitment to Emiratization centers on seamlessly integrating Emiratis into the workforce, emphasizing skill development and leadership readiness. Importantly, the program is expected to have no negative effect on work processes related to quality and performance. Instead, it is anticipated to positively contribute to the Emiratization rate increase, aligning with our annual targets.

Masaar Program: Broadening Opportunities for Graduates

The Mudar Program aims to attract and develop the skills of UAE citizens and relatives of employees, including graduates without designated positions in the human resources budget. This initiative involves training and qualifying individuals for a specified period, which may be renewed to facilitate their career path.

In alignment with our Emiratization commitments, RAK Properties upholds the principles of equity and non-discrimination. Discrimination based on race, color, sex, religion, national or social origin, or disability is strictly prohibited. This commitment extends to ensuring equal treatment in employment, job maintenance, and benefits, fostering an inclusive environment where all employees feel valued and respected.

Collectively, these Emiratization programs contribute to a sustained increase in the Emiratization rate at RAK Properties. Our ongoing efforts in talent development and inclusion align with our commitment to national talent, and we strive to create a workplace that reflects the diversity and richness of the UAE's talent pool.

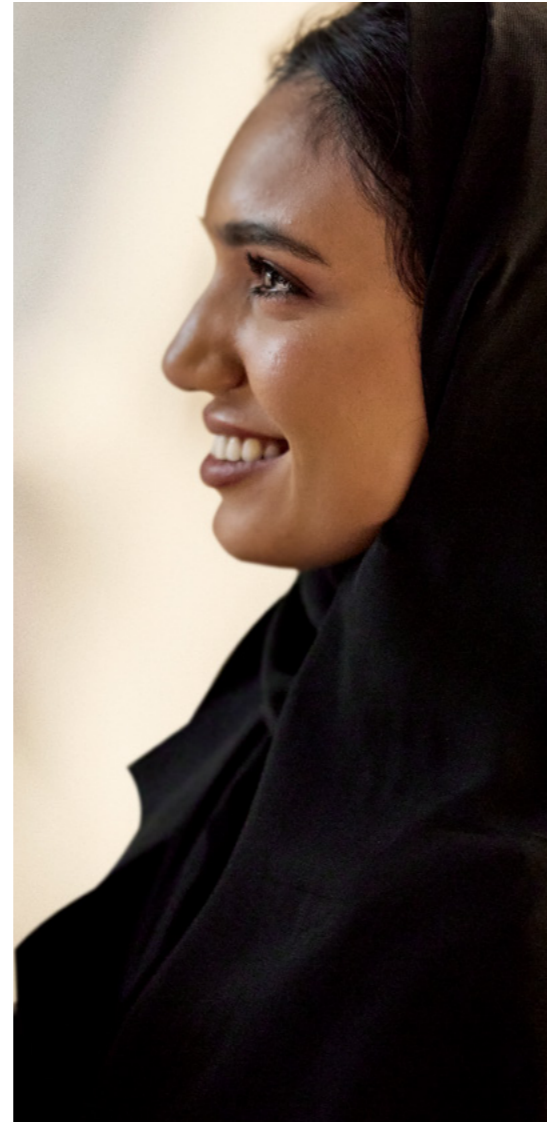
Employee Training and Skills Development

Cultivating employee growth through targeted training and development initiatives is a strategic investment that amplifies workplace productivity and efficiency. Beyond mere skills enhancement, it fosters enduring commitment from our workforce, creating a symbiotic relationship where personalized learning opportunities align with company goals.

At RAK Properties, our approach to training and development is both comprehensive and individualized. We employ meticulous evaluation methods to design initiatives that address the specific needs of each employee, tailoring programs to match their skill sets and job requirements. This commitment to empowering our workforce is extended universally, making these training opportunities accessible to every member of our organization.

Our annual collaboration between the Human Resource Department and various divisions is a testament to our forward-looking approach. This collaborative effort delves into identifying opportunities for career growth and skill development, resulting in the creation of a dynamic training calendar for the upcoming year. This proactive approach not only underlines our commitment to employee development but also propels us toward a future where continuous improvement is ingrained in our organizational culture.

The commitment to continuous employee development at RAK Properties is evident in the consistent dedication to training, with an average of 16 training hours per employee in 2023, a trend that has remained steadfast over the past three years. This emphasis on skills enhancement across all organizational levels underscores our commitment to fostering a workforce that thrives on continuous learning and growth.



TOTAL TRAINING HOURS BY GENDER

YEAR	FEMALE	MALE	TOTAL
2021	98	492	590
2022	219	318	537
2023	115	509	624

TOTAL TRAINING HOURS BY JOB CATEGORY

YEAR	ENTRY-LEVEL	MID-LEVEL	SENIOR-TO-EXECUTIVE LEVEL	TOTAL
2021	229	59	4	590
2022	224	63	168	537
2023	507.5	10	106.5	624

RAK Properties conducts a yearly Learning Needs Analysis (LNA), aligning with Line Managers' identification of employee skill gaps during Annual Performance Evaluations. Leveraging data from LNA and performance evaluations, the HR Department meticulously analyses training requirements, strategically plans training activities, and executes programs. This process ensures that our employees receive targeted and relevant training to enhance their skills and meet evolving job demands.

To further support our employees in their professional journey, RAK Properties has implemented various initiatives, including Learning & Development activities, annual performance reviews that directly impacts an employee's salary increment, Annual Bonus schemes, flexibility in working hours, and Employee Welfare & Housing Loan programs. These measures aim to create an environment that encourages ongoing learning, acknowledges employees' contributions, and provides holistic support for their well-being. Our commitment extends beyond the present, as evidenced by the numerous Functional and Soft Skills development training programs conducted in 2023 for employees at all levels, from senior management to entry-level positions. Looking ahead to 2024, we are actively working on our Learning and Development plan.



HEALTH & SAFETY

(GRI 403-8, 403-9, 403-10, S7, S8)

Health and Safety (H&S) are at the core of RAK Properties' commitment to business success and sustainability. We acknowledge our responsibility to safeguard the well-being of our employees, contractors, tenants, and communities at large. Our dedication to achieving this extends to stringent measures implemented across our organization and properties to mitigate accidents, injuries, and health risks. Fostering a culture that prioritizes the well-being of our people has been instrumental in sustaining elevated levels of employee morale and productivity, guaranteeing customer satisfaction, and cultivating contented stakeholders.

Emphasizing safety in our workplaces and throughout our construction projects is paramount. We continually update safety procedures and inspections to address evolving threats and changing environmental conditions. Our dedication to occupational health and safety is underscored by our International Organization for Standardization (ISO) 45001:2018 certification, an international standard ensuring the implementation of an effective occupational health and safety (OH&S) management system. Our OH&S system covers all employees & service providers, activities, i.e., fit out works/maintenance activities, and workplaces, i.e., Mina Al Arab Community.

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To secure ISO 45001 certification, RAK Properties focused on key areas:

1. Continual Improvement of H&S Performance

- Implementation of a comprehensive H&S management system
- Regular health and safety inspections
- Provision of H&S training and education
- Implementation of effective emergency response procedures
- Continuous review and improvement of our H&S approach

2. Fulfilment of Legal & Government Regulations

Ensuring compliance with Ras Al Khaimah Municipality guidelines on Health and Safety, commonly referred to as the Building Code of Ras Al Khaimah.

3. Achieving H&S Objectives

- Introduction of a company-wide comprehensive H&S policy
- Conducting risk assessments
- Focusing on employee involvement and training
- Monitoring and auditing safety practices

Health & Safety Training at RAK Properties

Effective policies are complemented by ongoing staff training in H&S protocols. This commitment not only ensures minimal accidents and injuries but also enhances worker efficiency and productivity across our construction projects.

Maintaining a stellar H&S track record in 2023, encompassing 344,560 hours worked, we achieved zero fatalities, zero lost-time injuries, zero high-potential and one near-miss incidents, and only one first-aid case. Our incident rate remained at 0% across 344,560 hours worked. Moving forward, we will continually review and revise safety policies, procedures, and our H&S management system to ensure the well-being of all our employees and contractors. Additionally, we plan to update our work hazards database to provide necessary resources for maintaining health and well-being in the coming year.

To ensure well-being and promote worker health, we have implemented a range of initiatives:

- Safety Induction Program
- Daily Toolbox Talk
- Firefighting Training (Internal & External)
- First Aid Training
- Evacuation Drill
- Spill Drill for Lagoon Marina
- Operational Training for Beach Cleaning Machine, Boom Lifts & Road Sweepers
- 5S - Good Housekeeping
- Environmental Awareness for Aspects & Impacts.

These initiatives underscore our commitment to maintaining a safe and healthy work environment, ensuring clarity in our approach.

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SUSTAINABLE OPERATIONS

(GRI 302-1, GRI 302-2, GRI 302-3, GRI 303-5, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 306-3, GRI 2-27, GRI 418, GRI 204, GRI 413, E1, E2, E3, E4, E5, E6, G6, G4, S12)

ENHANCING CUSTOMER EXPERIENCE

At RAK Properties, we understand that the cornerstone of any successful business lies in ensuring unparalleled customer satisfaction. Our guiding principle revolves around delivering tailor-made business solutions that cater to the unique needs of each client. We offer a diverse range of communication methods to enable our clients to effortlessly submit requests, make payments, and track their interactions with us.

In line with our dedication to customer satisfaction, clients can easily raise complaints through various channels, including calls, emails, WhatsApp, our eService Portal, Mobile Application, walk-ins, our corporate website, and social media platforms. To enhance the customer journey and overall user experience, we have pioneered a distinctive software solution to manage client ticketing from initiation to closure, ensuring a prompt response to customer inquiries based on the urgency and importance of each ticket.

In our pursuit of continuous improvement, we actively engage our customers through surveys to gauge their satisfaction. In 2023, our customer satisfaction survey yielded a positive result of 80%. These surveys are invaluable tools for collecting feedback, identifying areas for enhancement, and benchmarking our performance against industry standards. The insights gained not only strengthen customer loyalty but also guide data-driven decisions to optimize our business functions. Covering a spectrum of questions, from residence type and property preferences to evaluations of design, layout, and amenities, the detailed feedback enables us to make informed decisions and continually enhance our offerings.

At RAK Properties, we don't just value customers; we extend our commitment to maintaining strong relationships with investors and key stakeholders. By providing regular updates on key developments and ongoing projects, we instill confidence in our organization's capabilities. Our transparent approach to internal processes reassures stakeholders that their interests are safeguarded, and we continuously strive to generate value for all involved parties.

Data Privacy

As a leading property developer, building trust with our customers is paramount. Given the intricate nature of our business functions, the acquisition and management of detailed client and project information is critical. Consequently, upholding the confidentiality and security of all customer data is a non-negotiable priority for RAK Properties.

TOTAL NUMBER OF SUBSTANTIATED COMPLAINTS RECEIVED CONCERNING BREACHES OF CUSTOMER PRIVACY

YEAR	TOTAL NUMBER OF COMPLAINTS RECEIVED FROM OUTSIDE PARTIES AND SUBSTANTIATED BY THE ORGANIZATION	TOTAL NUMBER OF COMPLAINTS FROM REGULATORY BODIES	TOTAL NUMBER OF IDENTIFIED LEAKS, THEFTS, OR LOSSES OF CUSTOMER DATA
2021	0	0	0
2022	0	0	0
2023	0	0	0

As we strengthen our security and streamline operations, we're leaving behind paper-based systems in favor of fully embracing digital processes. Cutting-edge security measures have been seamlessly integrated to fortify the resilience of our digital data. RAK Properties has implemented formal procedures and safeguards across all departments, creating an impenetrable barrier against data breaches.

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Any breach of our information technology policy triggers a disciplinary review. Our digital systems, secured with password protection, grant employees restricted access based on their needs. Regular reviews by the IT department ensure continual fortification of our systems in terms of both security and efficiency.

In our commitment to comprehensive data protection, RAK Properties engages third-party digital security services, maintaining full transparency with stakeholders through open disclosure of contracts with external parties to mitigate legal violations.

Looking forward, RAK Properties is in the process of implementing ISO27001:2022, an information security management system standard. This adoption will empower us in establishing, implementing, maintaining, and continually enhancing our Information Security Management System (ISMS).

Concurrently, we are actively addressing General Data Protection Regulation (GDPR) compliance by collaborating with an ISO consultant to standardize our Security and Data Privacy policies. This includes a GDPR-aligned Data Privacy Policy available on our website, showcasing our dedication to upholding the highest standards in data protection.

We also conduct data privacy and security training programs for our employees. The table below provides a snapshot of our efforts and achievements:

PRIVACY AND DATA SECURITY TRAININGS

YEAR	TYPE OF TRAINING PROVIDED	NUMBER OF EMPLOYEES THAT COMPLETED THE TRAINING	NUMBER OF TOTAL EQUIVALENT TRAINING HOURS PER EMPLOYEE
2021	Security awareness Training	40 to 45	2
2022	Induction programmed for New Joiners	15 to 20	1
2023	Onsite IT security awareness training and automated Security awareness training using knowb4 tool	30 to 40	4

Digitalization

The integration of digital technology has significantly streamlined internal processes and elevated customer services. Customers now enjoy convenient access through online platforms, mobile applications, and WhatsApp.

Digitalizing 25 key services has transformed customer interactions, enabling them to create online accounts, access data, make online payments for rent, sales, and utilities, and request various services such as maintenance and No Objection Certificates (NOCs).

In terms of technology and innovation, RAK Properties has implemented Microsoft's D365 ERP across departments, adopted digital signatures with DocuSign and UAE Pass, automated Sales Events and Reservation processes, and introduced a Broker portal and self-booking portal.

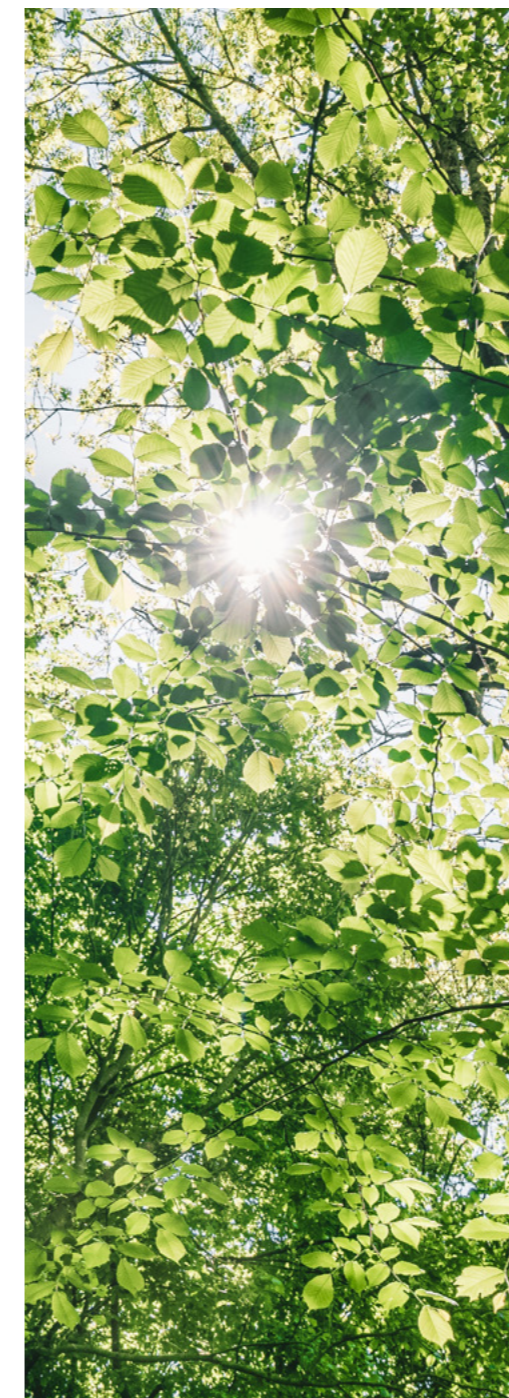
Looking ahead, RAK Properties is strategically focused on optimizing digital processes through the adept use of tools and automation, with a keen emphasis on boosting operational efficiency and reducing costs. The organization is also dedicated to enhancing cybersecurity measures, fortifying the protection of sensitive data, and ensuring the integrity of digital assets against potential threats. In parallel, efforts are directed toward improving customer experience by leveraging cutting-edge digital solutions, including the implementation of Customer Relationship Management (CRM) systems. Simultaneously, RAK Properties is actively developing robust capabilities in data analytics and business intelligence, aiming to extract actionable insights for informed decision-making. As part of our forward-looking approach, the company is transitioning to or optimizing cloud-based solutions, ensuring increased scalability, flexibility, and cost-effectiveness in its technological infrastructure.

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The digital enhancement of our customer experience encompasses the establishment of user-friendly eService portals, mobile apps, and self-payment kiosks. These initiatives have resulted in improved operational efficiency, streamlined processes, real-time data access, and an improved overall customer experience.

To ensure the privacy and security of sensitive data throughout the digitalization process, RAK Properties emphasizes employee training and awareness, secure cloud adoption, and access controls with Two-Factor Authentication (2FA).

Data classification and access controls are implemented through role-based access control, user training, and awareness, and the use of Multi-Factor Authentication (MFA). When sharing data with third-party vendors or partners, the company follows the principle of data minimization and evaluates the third party's security practices, considering certifications such as ISO 27001 or SOC 2.



CLIMATE & ENVIRONMENTAL IMPACT

RAK Properties is committed to minimizing our environmental impact from two primary sources. Firstly, within our RAK Property Offices, meticulous tracking and monitoring of environmental impact guides our initiatives. While the Greenhouse Gas (GHG) emissions from our offices constitute a minor portion of our overall footprint, we are transitioning towards a circular workplace. This involves further reduction of emissions and a dedicated focus on recycling, energy management, water conservation, and waste management initiatives.

Secondly, the development, construction, and operation of our real estate projects contribute substantially to our environmental footprint. In response, we are transitioning existing buildings to strengthen sustainability and diminish their environmental impact. Simultaneously, we are integrating sustainable design and construction practices for upcoming projects, ensuring future properties are energy-efficient and sustainable across facets such as energy use, waste disposal, and water management.

Central to our sustainability efforts is the measurement of GHG emissions. The computation of emissions under the Global Reporting Initiative (GRI) scope 1 and scope 2 is provided below, with detailed results provided in the ESG performance indicators section at the end of the report.

Our commitment to continuous improvement extends to building a deeper understanding of the built sector's impact on environmental degradation and climate change. Recognizing the sector's significant contribution to climate change, we are enhancing sustainability measures across our buildings, aligning with the 1.5-degree Celsius temperature target outlined in the Paris Agreement.

To chart effective pathways to decarbonize our properties, we plan to assess their lifetime emissions, incorporating both embodied carbon and standard operational carbon. Embodied carbon, encompassing emissions from construction, maintenance, and disposal, plays a crucial role alongside operational carbon, reflecting the building's energy use during its operational lifetime. Research by the World Business Council for Sustainable Development (WBCSD) indicates that the latter constitutes 50% of total emissions, with 20% attributed to embodied carbon tied to operating and maintaining buildings and 30% to their construction. improvement in our pursuit of environmental sustainability excellence.

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Our commitment to transparency is reflected in the mapping of our impact on various lifecycle emissions stages within the built sector, based on initial assessments. Moving forward, we will remain steadfast in monitoring our impact through specified Key Performance Indicators (KPIs), ensuring accountability and fostering a culture of continuous improvement in our pursuit of environmental sustainability excellence.



CONSTRUCTION



USE STAGE



END OF LIFE

ENVIRONMENTAL FOOTPRINT

At RAK Properties, we are aware of our carbon footprint as part of our commitment to environmental responsibility. We closely monitor our energy and emissions data, recognizing the pivotal role we play as an organization in addressing climate change. We are working towards substantial reductions in our environmental impact, aligning our efforts with a broader commitment to sustainability and proactive climate stewardship.



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ENERGY CONSUMPTION

In terms of energy consumption, our organization closely monitors various sources to ensure responsible practices. We are deploying energy efficiency initiatives to reduce consumption, such as replacing old vehicles with more fuel efficient models and introducing electric bikes. The energy used per employee, considering both direct and indirect aspects, was 773.35 GJ in 2023. The following tables provide a detailed breakdown of these consumption patterns. Diesel consumption spiked in 2023 due to an increase in construction activity across a greater number of work sites, requiring the deployment of many additional onsite power generators.



ENERGY CONSUMPTION	UNIT	2021	2022	2023
Fuel consumption for Power Generators (Diesel)	GJ	171.84	152.15	561.34
Fuel from Owned Vehicles (Gasoline)	GJ	236.52	258.60	279.09
Electricity	GJ	36,683.86	35,867.46	38,768.77
Chilled Water		88,514.75	80,051.82	90,313.17
Total Direct Energy Consumption	GJ	408.36	410.75	840.44
Total Indirect Energy Consumption	GJ	125,198.60	115,919.28	129,081.94
Total Energy Consumption	GJ	125,606.96	116,330.03	129,922.38

PRIVACY AND DATA SECURITY TRAININGS

ENERGY INTENSITY (GJ PER EMPLOYEE)	2021	2022	2023
Direct Energy	2.94	2.87	5.00
Indirect Energy	900.71	810.62	768.34
Total Energy Intensity	903.65	813.50	773.35

GHG EMISSIONS

GHG EMISSIONS (MT CO2E)	ITEM	2021	2022	2023
Scope 1 (Fuel consumption for Power Generators)	Diesel	12.99	10.80	5.32
Scope 1 (Owned vehicles)	Diesel	NA	0.67	36.38
	Petrol	17.55	19.19	20.75
Scope 1 (Refrigerant use)	R22 & R413A	2,722.76	1,832.14	1,899.12
Scope 2 (Electricity)	-	4,374.55	4,020.14	4,345.33
Scope 2 (Chilled Water)	-	2,936.35	2,465.92	2,782.01
Total Scope 1		2,753.29	1,862.79	1,961.57
Total Scope 2		7,310.90	6,486.07	7,127.35
Total (Scopes 1 & 2)	-	10,064.19	8,348.86	9,088.92

ENERGY INTENSITY (MT CO2E PER EMPLOYEE)	2021	2022	2023
Scope 1 Intensity	19.81	13.03	11.68
Scope 2 Intensity	52.60	45.36	42.42
Total Emission Intensity	72.41	58.39	54.10

*New emission factors that are more accurate have been used to calculate the energy consumption for this year's report, also affecting the energy consumption calculation for the previous years.

WATER CONSUMPTION

Regarding water consumption, our organization diligently tracks and manages usage to promote responsible water stewardship. In 2023, our total water consumption reached 859,921.48 m³. Notably, we recycle a substantial amount of water, with a total of 299,521.00 m³ recycled in 2023. These figures underscore our dedication to efficient water management practices, which also include initiatives such as installing waterless urinals and low flow taps with sensors. Further details and insights will be provided in the upcoming tables, offering a more comprehensive overview of our water usage and conservation efforts.



WATER CONSUMPTION (IN M ³)	2021	2022	2023
Total Water Consumption	756,022.97	792,084.19	859,921.48
Total Water Recycled	172,407.00	156,747.00	299,521.00
Total Wastewater generated	195,613.91	169,286.76	310,529.00

WASTE MANAGEMENT

In waste management, our organization places a strong emphasis on responsible disposal and recycling practices, including the production and reuse of green waste and the disposal of scrap metal. In 2023, the total weight of non-hazardous waste generated was 1,358.5 MT. While the weight of hazardous waste was not measured, our commitment to proper handling remains steadfast. On a positive note, we actively contributed to environmental sustainability by recycling 144 MT of non-hazardous waste in 2023. The figures presented highlight our ongoing efforts to minimize environmental impact and optimize waste management processes.



TOTAL WEIGHT OF WASTE GENERATED (IN MT)	2021	2022	2023
Non-Hazardous Weight	1,812.5	1,458.5	1,358.5
Hazardous Weight	Weight not measured	Weight not measured	Weight not measured
Total Weight	1,812.5	1,458.5	1,358.5

Case Study: Pioneering Sustainability Excellence

At RAK Properties, our commitment to sustainability is anchored in the principles of "Reduce, Reuse & Recycle" (3R). We start with a meticulous, data-driven approach, establishing baseline data before setting meaningful and achievable sustainability goals. This strategic foundation ensures that our initiatives make a real impact.

We actively contribute to resource efficiency using Treated Sewage Effluent (TSE) water for landscaping and a significant AED 950,000 investment in bulk relamping with energy-efficient LED lighting. These efforts align with our dedication to embedding sustainability into our core operations, reducing water consumption, and enhancing energy efficiency.

In 2023, RAK Properties made substantial investments in climate-related infrastructure, resilience, and product development, aligning our developments with climate-resilient practices. Initiatives like Earth Hour celebrations, reduction of paperwork, transition to LED lighting, and installation of electric vehicle chargers reflect our holistic approach to raising environmental consciousness within our community.

A standout initiative in our carbon footprint reduction strategy is the adoption of electric motorcycles, Segways, and hybrid Toyota vehicles for staff transportation. Our utilization of a Building Management System (BMS) underscores our commitment to efficient energy management, while initiatives like LED lighting transition, motion sensors, and green building design principles showcase our holistic approach to energy conservation and environmental responsibility.

These efforts, guided by our robust environmental policy, have earned RAK Properties ISO 9001, ISO 14001, and ISO 45001 certifications. As we continue our journey, with ISO 27001 and ISO 50001 on the horizon, our commitment to sustainability remains a driving force in shaping a greener and more responsible future.

SUPPORTING OUR COMMUNITY

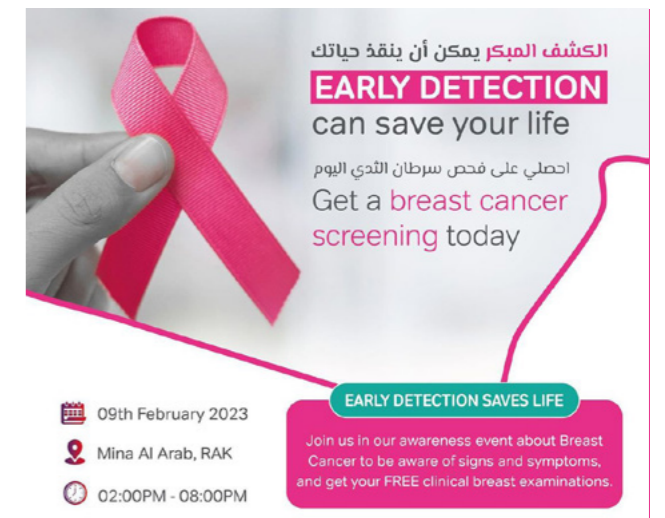
At RAK Properties, we recognize our responsibility to contribute meaningfully to the communities in which we operate. Our commitment to social impact is manifested through various initiatives and sponsorships. Here is an overview of our community support endeavors:



CLEAN UAE CAMPAIGN

Date: February 4, 2023

RAK Properties actively participated in the Clean UAE Campaign, promoting environmental cleanliness and sustainability in alignment with UAE National Environment Day. The initiative resulted in an appreciation certificate for our dedication to environmental preservation.



PINK CARAVAN

Date: February 9, 2023

RAK Properties hosted a Pink Caravan Event, raising awareness about breast cancer and providing screening through a mobile clinic. The event, focused on health, empowered women with knowledge and contributed to early detection.



TOUGH MUDDER

Date: March 18, 2023

As the venue partner for Tough Mudder 2023, RAK Properties facilitated a remarkable community event with an emphasis on health and wellness. Positive feedback highlighted the impact on personal growth, fitness goals, and a sense of achievement.

INTERNATIONAL YOGA DAY

RAK Properties partnered with an international yoga organization to celebrate International Yoga Day, fostering health and well-being within our community.

RAMADAN DONATIONS

Dates: June 2023
Donation Amount: AED 25,000/-
RAK Properties donated AED 25,000/- to Al Ihsan Charity Association for iftar meal distribution, embodying our commitment to social responsibility during Ramadan.

FREE MEDICAL CAMPS

Dates: June 17, 2023 (Partner: RAK Hospital) |
September 9, 2023 (Partner: RAK Medical Centre)
RAK Properties supported free medical camps, providing essential screenings and check-ups, demonstrating our commitment to community health.



EARTH HOUR

Date: March 23, 2023
RAK Properties observed Earth Hour 2023 by switching off lights and reducing power consumption across its projects. MAA Fitness Day

Date: May 4, 2023
RAK Properties sponsored the Fitness Weekend, promoting health and wellness among community members. The event's success led to its expansion to twice a month, emphasizing our commitment to an active living environment.

AJMAN CLUB FOR DISABLED

Donation Amount: AED 9,000/-
RAK Properties sponsored the Ajman Club for Disabled, contributing AED 9,000/- to support initiatives fostering empowerment and well-being for individuals with disabilities.

6TH INTERNATIONAL CONFERENCE ON GLOBAL WARMING 2023

Sponsorship Amount: AED 50,000/- (Platinum Package)

RAK Properties proudly sponsored the 6th International Conference on Global Warming, contributing to global discussions on climate change, sustainability, and environmental conservation.
commitment to an active living environment.



GLOBAL CITIZEN FORUM 2023

Sponsorship Amount: AED 483,593.25/-
Our significant sponsorship of the Global Citizen Forum 2023 reflects our commitment to global initiatives promoting awareness and action towards a sustainable future.

At RAK Properties, our dedication to social impact extends beyond business operations, embodying our commitment to creating a positive and lasting influence on the communities we serve. Through our diverse initiatives, we strive to foster well-being, support charitable causes, and contribute to a sustainable future.

RESPONSIBLE SUPPLY CHAIN

Responsible Resource Procurement

RAK Properties is dedicated to embedding corporate social responsibility throughout its supply chain. In the pursuit of sustainability, prospective suppliers and contractors will undergo rigorous vetting to ensure alignment with our ESG values.

Our scrutiny will focus on suppliers incorporating eco-friendly practices, sustainably sourcing materials, and adherence to safety standards and fair labor practices. Additionally, to uphold ethical standards and transparency, contractual agreements will exclusively be signed with companies possessing official licensing in the countries of their base operations.

RAK Properties actively supports local businesses, contributing significantly to the UAE's economic growth. In the past year, 88% of our procurement contracts, totalling over AED 53 million, were signed with UAE-based suppliers. Looking ahead, we will continually refine our procurement policies to ensure their alignment with evolving ESG principles.

Moreover, RAK Properties' Supplier Code of Conduct, developed in 2023, will establish an ethical standards within our supply chain going forward. The Code is in place for vendor registration, reinforcing our commitment to responsible business practices. Additionally, we have initiated an agreement for mulching green waste, contributing to sustainability through the creation of our own mulch and compost.

Incorporating ESG criteria effectively, we produce an annual vendor evaluation report, assessing our suppliers for compliance with ESG criteria through a rigorous evaluation process managed by our Operations team. While recognizing that integrating ESG considerations can mitigate long-term financial and operational risks, we prioritize accuracy in data and rely on comprehensive studies to inform our decisions.

Our supplier engagement plan encompasses rate agreements with 44 vendors, covering repetitive materials and services, with evaluations conducted every six months. These agreements undergo annual reviews, considering performance and business needs. Our Operations team conducts awareness workshops for on-site contractors, aligning practices with our ESG principles. Suppliers are encouraged to share feedback through the Vendor Portal, submitting proposals and comments related to RFQ. Alternatively, they can communicate feedback or suggestions via email to our Procurement team at "purchase@rakproperties.ae" or by directly contacting any procurement team member.

Sustainable Practices

Recognizing the substantial environmental impact of real estate development, RAK Properties is committed to ensuring that materials used in construction and maintenance are sustainably sourced and eco-friendly. Our strict safety protocols and fair labor practices extend not only to our workers but also to our suppliers and contractors, who are required to adhere to environmentally and socially ethical practices.

Aligned with our sustainability goals, our properties are intelligently designed to conserve energy and water and utilize environmentally friendly materials. Beyond conserving natural resources, this approach reduces operational costs, enhances performance, and elevates the long-term value of our properties. Compliance with RAK Municipality building codes is strictly observed in our design and construction processes.

Our procurement procedures include thorough verification of responsible sourcing, ensuring adherence to RAK Municipality practices and labor laws. Workplace conditions of our suppliers are regularly assessed for compliance with safety regulations, and our procurement contracts include formal clauses mandating responsible practices. Collaboration with governmental and non-governmental organizations remains pivotal for the successful execution of our sustainability initiatives.

The table showcases RAK Properties' strong commitment to local engagement, with over 94% of suppliers based locally, contributing to the UAE's economic growth. Despite the opening of a 5-star luxury hotel and the import of some Operating Supplies and Equipment (OS&E) materials from outside the UAE, the percentage of international vendors compared to local suppliers remains below 5%, reflecting our dedication to local engagement and sustainable procurement practices.

	2021	2022	2023
Total number of suppliers engaged	336	319	402
Total number of local suppliers engaged	336	317	380
Percentage of local suppliers hired	100.00%	99.37%	94.53%
Total procurement spending (AED m)	33,537,500	17,301,707	60,907,090
Procurement spending on local suppliers (AED m)	33,537,500	17,240,716	53,407,090
Percentage of spending on local suppliers (%)	100.00%	99.65%	87.69%

Looking ahead, RAK Properties will remain steadfast in ensuring the implementation of sustainable and environmentally friendly practices in real estate development. Enforcing ESG standards across our operations, we are committed to building a future that is not only sustainable but also socially equitable.

Case Study: Advancing Responsible Procurement through STP Transformation

In our pursuit of responsible procurement, RAK Properties has undertaken a significant initiative by transforming our Sewage Treatment Plant (STP). The primary objective was to integrate sustainability into our operations, encompassing recycling garbage bins, mulching green waste, and utilizing the STP to treat sewage water for landscaping. Despite challenges like sourcing environmentally friendly materials and the initial costs involved, our commitment to responsible practices drove the successful upgrade of the STP.

The approach involved a systematic upgrade to address operational issues and align with our water conservation goals. The STP, once out of order due to a shortage of inlet flow, now treats all sewage water, resulting in a 20-25% reduction in potable water consumption for irrigation. This achievement underscores the positive environmental impact and cost benefits and demonstrates the effectiveness of responsible procurement in promoting resource efficiency and sustainability. As we continue this transformative journey, we look forward to further enhancing our procurement practices and extending the positive impact of such initiatives across our developments.

RESPONSIBLE GOVERNANCE & PROSPERITY

(GRI 201-1, GRI 203-2, GRI 418-1, G8 GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-15, GRI 2-16, GRI 2-17, GRI 2-18, GRI 2-19, GRI 2-20, GRI 2-21, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 2-27, GRI 205-1, GRI 205-2, GRI 205-3, G1, G2, G3, G4, G5, G6, E8, E9, E10)

GOVERNANCE STRUCTURE

Governance Structure

From its inception, RAK Properties has recognized the pivotal role of robust governance in ensuring operational efficiency, credibility, and sustained market success. Adherence to Corporate Governance laws, international ethical standards, and a strong chain of command has shaped our organizational culture, fostering responsibility, accountability, and structural discipline.

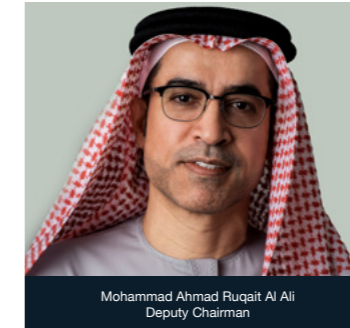
The bedrock of our success lies in upholding the highest ethical standards, protecting the interests of stakeholders, and creating enduring value for our business, communities, and the local economy. Our dedication to a principled work environment is underscored by a strict code of conduct, guiding our operations with integrity. To safeguard our business ideology and values, we embed risk management protocols within our governance structure, minimizing risks to our core values and productivity.

Responsible operations at RAK Properties are propelled by vigilant oversight from our governance leaders. The Board of Directors and governance committees ensure alignment with our ESG goals, integrating ESG factors into our business model. From designing energy-efficient, sustainable buildings to promoting safe and accessible spaces with positive social impacts, we consistently hold ourselves accountable to ethical project governance. We prioritize transparency in reporting and maintaining trust with stakeholders by accurately detailing our ESG impact, financial performance, and business practices.

Our multi-tiered governance structure at RAK Properties emphasizes the well-being and development of our workforce. Dedicated leaders, supported by robust auditing and procurement committees, ensure checks and balances at every operational step. As we navigate the future, our governance structure remains committed to adaptability, climate resilience, and creating lasting value for generations to come.



Abdul Aziz Abdullah Al Zaabi
Chairman



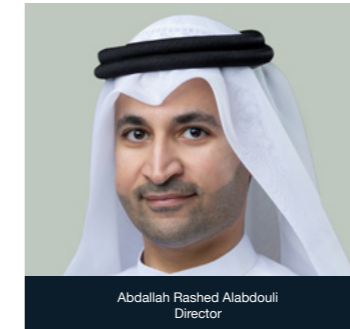
Mohammad Ahmad Ruqait Al Ali
Deputy Chairman



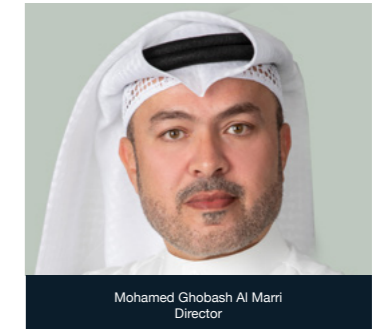
Sheikh Ahmed Omar Al Qassimi
Director



Mohamed Musabbeh Al Nuaimi
Director



Abdallah Rashed Alabdouli
Director



Mohamed Ghobash Al Marri
Director



Yasser Abdulla Al Ahmad
Director

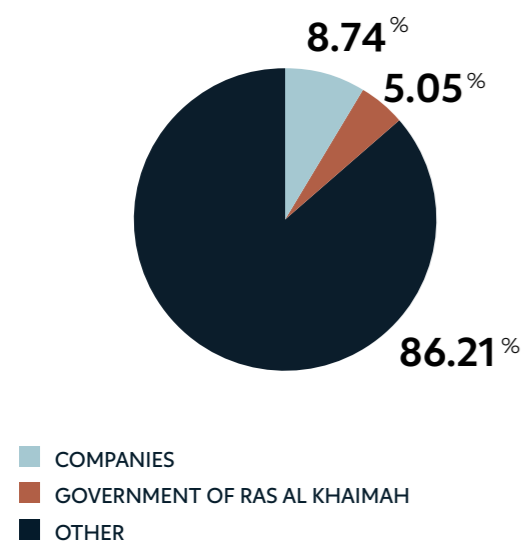
Our three-pronged committee structure stands as a cornerstone for developing impactful operational strategies and fostering responsible oversight. Each committee plays a distinct role in steering our company towards sustainable growth and ethical corporate practices.

<p>EXECUTIVE MANAGEMENT & INVESTMENT COMMITTEE</p>	<p>This committee assumes a pivotal role in supervising and evaluating investment opportunities, strategies, and resources. Charged with developing risk-efficient investment strategies, the Executive Management & Investment Committee actively contributes to the company's success. It collaborates closely with executive leadership, including the CEO, to implement and sustain ethical best practices, ensuring a robust foundation for our operations.</p>
<p>NOMINATION AND REMUNERATION COMMITTEE</p>	<p>This committee serves as a liaison between senior management and company professionals to create a transparent and efficient remuneration system. By employing effective human resource strategies, this committee ensures fair personnel nominations across all company levels while meticulously recording their progress. This commitment to fairness and transparency strengthens our institutional integrity.</p>
<p>AUDIT COMMITTEE</p>	<p>The audit committee exemplifies meticulous attention to detail, upholding company-wide integrity. This committee oversees internal audits, maintains financial records, and ensures compliance with corporate laws and regulations. By advising on progressive methods for internal controls and fostering a culture of accountability, the Audit Committee contributes significantly to our risk management strategies.</p>

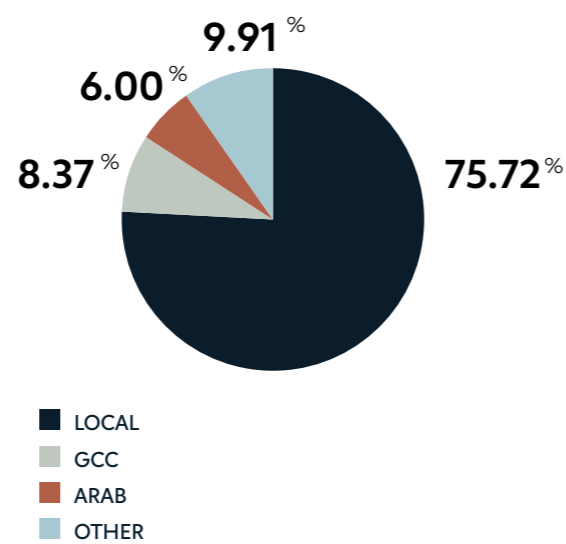
Our Ownership Structure

At RAK Properties, we prioritize a diverse and inclusive ownership structure that reflects the interests of individuals, companies, and the government. This commitment to representative shareholding is integral to our vision of fostering broad participation in our success. Below is a breakdown of company ownership by type and nationality:

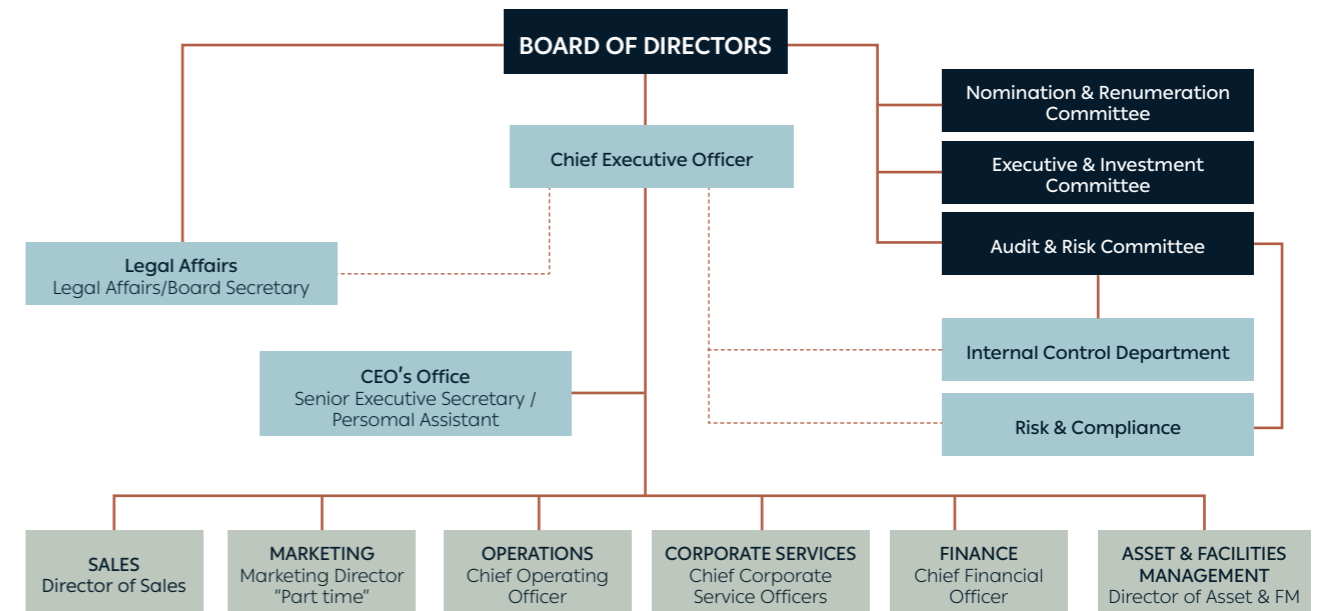
SHAREHOLDER BY TYPE



SHAREHOLDER BY NATIONALITY



OUR ORGANIZATIONAL STRUCTURE



ETHICAL BUSINESS PRACTICES

Ensuring Robust Risk Management

Safeguarding stakeholder interests requires a meticulous risk management strategy. Oversight from the Auditing Committee of Ethics and Compliance, coupled with the Internal Audit team, ensures every operation, initiative, and project undergoes comprehensive scaling, gauging, and assessment. In the dynamic real estate industry, we proactively address nuanced market and business risks, envisaging effective methods to pre-emptively mitigate and minimize exposure. This approach cements our reputation as a trusted organization, fostering secure customer relationships and protecting asset value. Clear risk assessment, integral to our strategic development, is facilitated by our robust audit structure. Notably, our commitment to integrity is reflected in the following data:

	2021	2022	2023
Total number of operations assessed for risks related to corruption	0	0	0
Percentage of operations assessed for risks related to corruption	0%	0%	0%
Number of confirmed incidents of corruption	0	0	0

Upholding Ethical Practices and Ensuring Compliance

Our commitment to a fundamentally sound work structure is manifested through our Ethics and Compliance policies which guide our responsible business practices. This structure fosters a culture of accountability and is maintained by our Compliance department. It ensures the implementation of ethical work practices, encourages thorough risk assessment, and propagates awareness of international standards and ethical business practices. Effective communication channels between RAK Properties management and its workforce, with an emphasis on cross-institutional accountability, further strengthen our ethical framework.

To proactively manage and mitigate compliance risks, our approach encompasses regular reviews, risk assessments, and the development of comprehensive policies and procedures. We conduct periodic compliance reviews to validate our posture, enabling necessary adjustments to align with evolving regulatory landscapes. Risk assessments are routinely undertaken to identify potential compliance risks associated with our operations. Our commitment extends to maintaining clear guidelines through comprehensive policies and procedures, ensuring compliance requirements across all facets of our operations.

Implementing monitoring and auditing processes, we conduct routine assessments to uphold established policies. Our dedication to transparency is evident through confidential reporting mechanisms, fostering a culture where employees can report compliance concerns without fear of retaliation. Additionally, we prioritize cross-departmental collaboration, maintaining open communication channels to seamlessly integrate legal and compliance requirements into various processes, achieved through regular meetings and dynamic information exchange.










Our commitment extends beyond compliance to encompass ethical practices, encouraging employees to uphold an ethical code, report any wrongdoings, and actively participate in countering money laundering and terrorism policies. This policy safeguards company assets, intellectual property, and ensures regulatory compliance in every project, including strict monitoring of customer transactions and financial resources to ensure legal adherence.

The Integral Role of The Internal Control Committee

In the realm of compliance with corporate laws, safeguarding company and customer assets is paramount. The Internal Control Committee, under the supervision of the Auditing Committee, plays a vital role in ensuring harmony among employees, arbitrating conflicts, and investigating potential risks and challenges. In the diverse landscape of RAK Properties, this integral group analyzes shortcomings, engineers the company system, and gauges workforce effectiveness to pre-emptively identify potential risks. Collaborating with the Audit Committee, this management branch ensures all projects align with corporate laws and regulations.

Business Policies

A number of internal and external business policies have been put in place at RAK Properties in order to establish effective governance. Internal policies emphasize the promotion of accountability, ethics, and openness among employees at all levels. This includes clear guidelines on financial reporting, conflict of interest, and code of conduct to ensure integrity within the organization. Externally, RAK Properties also adhere to regulatory requirements and industry standards, promoting ethical code of conduct and environmental sustainability. By incorporating comprehensive governance policies, RAK Properties focuses on enhancing trust, mitigating risks, and sustaining a long-term success in the dynamic real estate industry. Below is a list of the Business Policies that RAK Properties currently has in place:

 HR PROCEDURES MANUAL	 PURCHASE MANUAL	 DESIGN DEVELOPMENT & ANALYSIS MANUAL
 FM MAINTENANCE MANUAL (FM)	 WHISTLE BLOWING POLICY	 ANTI-MONE LAUNDERING & COMBATING FINANCE OF TERRORISM POLICY
 IT DEPARTMENT PROCEDURES MANUAL	 LEGAL POLICIES & PROCEDURES MANUAL	MARKETING MANUAL
 PROJECTS MANUAL		

ECONOMIC PERFORMANCE

As the premier real estate entity in Ras Al Khaimah, RAK Properties stands at the forefront of shaping the local economy. Our extensive track record has played a crucial role in positioning the Emirate as a leader within the nation.

Our financial and economic influence emanates from diverse value-creation endeavours. At our core, we focus on developing expansive real estate projects, not only strengthening the local property market but also enhancing access to affordable housing across the Emirate. Simultaneously, our projects contribute significantly to the growing tourism sector in Ras Al Khaimah.

Furthermore, our commitment to providing gainful employment makes a direct impact on both Emirati nationals and the expatriate community, elevating living standards and fostering professional advancement. Ultimately, our accomplishments contribute to the establishment of vibrant communities that serve as integral contributors to the local economy.

Here's a breakdown of our financial and economic contributions:



- Job creation:** Our real estate projects foster employment, engaging businesses across the value chain and offering growth opportunities for workers.
- Housing solutions:** We provide accessible and affordable residential communities, addressing housing inequality in Ras Al Khaimah and promoting economic mobility.
- Attracting growth:** Quality developments make Ras Al Khaimah an appealing hub for living and working, contributing to the emirate's overall growth.
- Value-driven communities:** Our well-planned projects establish safe, healthy, and welcoming living conditions, forming thriving communities that contribute to the local economy.
- Local empowerment:** Through prioritizing regional sourcing, we support local businesses, contributing to the empowerment and growth of the community.

Measuring our Impact

Utilizing the GRI standards and guidelines, we systematically assess the holistic value we bring to our stakeholders. Our revenue streams serve as a key metric, with income distributed among suppliers, contractors, employees, government entities, and various stakeholders in the form of expenses. The residual value is allocated for dividends to shareholders or reinvested in the company for sustained growth.

As of December 31, 2023, RAK Properties reports AED 5.63 million in the Provision for End of Service Benefits (EOSB) for expatriate staff, which has been paid from the collection and cash balance in our current account. There is no separate fund designated for this purpose. The estimate for EOSB liabilities is based on the UAE Labour Law, with a provision of 21 days' salary for service up to 5 years and 30 days for service beyond 5 years. In case the collection is insufficient, we have an overdraft facility with banks to cover these payments.

The National staff Pension Scheme entails a 5% contribution from employees and a 12.5% contribution from employers. Our participation in retirement plans includes both EOSB and the Pension Plan. This disclosure aligns with our commitment to transparency and adherence to GRI standards in systematically assessing and communicating the comprehensive economic value generated and distributed by RAK Properties.

The chart below shows RAK Properties' economic value generated and distributed in 2023 in AED millions, as per the GRI standards methodology. It covers the following elements:

- Revenue that represents direct economic value generated
- Operating costs, employee wages & benefits, payments to providers of capital, payments to the government, and community investments, representing the company's economic value distributed

AED 1,004.89	AED 200.64	AED 94.34	AED 45.04
Revenues	Payment to providers of capital (to shareholders in the form of dividends or to the bank in the form of interests and principals payment)	Operating costs	Employee Wages and Benefits

Case Study: RAK Properties' Strategic Growth and Hospitality

RAK Properties is strategically accelerating its development timeline with a targeted goal to unveil all projects at Mina Al Arab by 2026. The recent inauguration of LEED certified Anantara Beach Resort & Spa in January 2024 marks a significant milestone in their expanding hotel portfolio. Discussions are currently in progress for upcoming ventures with Nikki Beach and Staybridge. The company envisions introducing premium projects such as Armani Villas & Apartments in 2024. Looking ahead, RAK Properties has an extensive development pipeline, with plans to launch over 5,000 residential units across various projects from 2024 to 2025. This ambitious outlook underscores the company's commitment to continuous growth, diversification, and delivering exceptional real estate offerings.

APPENDICES

GRI & ADX INDEX

GRI 1: FOUNDATION 2021				
Statement of Use	RAK Properties has reported the information cited in this GRI content index for the period 1 January – 31 December 2023 in accordance with the GRI Standards.			
GRI A: GENERAL DISCLOSURES				
GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION (Chapter)	NOTES
THE ORGANIZATION AND ITS REPORTING PRACTICE				
2-1	Organizational details		4	
2-2	Entities included in the organization's sustainability reporting	G7: Sustainability reporting G8: Disclosure Practices G9: External Assurance	1	
2-3	Reporting period, frequency and contact point	G7: Sustainability reporting G8: Disclosure Practices	1	
2-4	Restatements of information		1	
2-5	External assurance	G10: External Assurance	1	
ACTIVITIES AND WORKERS				
2-6	Activities, value chain and other business relationships		4	
2-7	Employees	S3: Employee Turnover S4: Gender Diversity	6	
2-8	Workers who are not employees	G4: Supplier Code of Conduct	8	

GOVERNANCE				
2-9	Governance structure and composition	G1: Board Diversity	9	
2-10	Nomination and selection of the highest governance body	G2: Board Independence	9	
2-11	Chair of the highest governance body		9	
2-12	Role of the highest governance body in overseeing the management of impacts		9	
2-13	Delegation of responsibility for managing impacts		9	
2-14	Role of the highest governance body in sustainability reporting	G3: Incentivized Pay	9	
2-15	Conflicts of interest	G6: Ethics & Anti-Corruption	9	
2-16	Communication of critical concerns		9	
2-17	Communication of critical concerns		9	
2-18	Evaluation of the performance of the highest governance body		9	
2-19	Remuneration policies	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio	9	
2-20	Process to determine remuneration	S2: Gender Pay Ratio	9	
2-21	Annual total compensation ratio	G3: Incentivized Pay S1: CEO Pay Ratio S2: Gender Pay Ratio	9	
STRATEGY, POLICIES AND PRACTICES				
2-22	Statement on sustainable development strategy	G8: Sustainability reporting G9: Disclosure Practices E8 & E9: Environmental Oversight	8	
2-23	Policy commitments		9	

STAKEHOLDER ENGAGEMENT				
2-24	Embedding policy commitments		9	
2-25	Processes to remediate negative impacts		9	
2-26	Mechanisms for seeking advice and raising concerns		9	
2-27	Compliance with laws and regulations	G7: Ethics & Anti-Corruption	9	
2-28	Membership associations	S1: CEO Pay Ratio	4	
STAKEHOLDER ENGAGEMENT				
2-29	Approach to stakeholder engagement		5	
2-30	Collective bargaining agreements			N/A
GRI 3: MATERIAL TOPICS				
3-1	Process to determine material topics		5	
3-2	List of material topics		5	
3-3	Management of material topics		5	
GRI 200: ECONOMIC STANDARD SERIES				
GRI 201: ECONOMIC PERFORMANCE 2016				
GRI 201 TOPIC SPECIFIC				
3-3	Management Approach		9	
201-1	Direct economic value generated and distributed		9	

GRI 202: MARKET PRESENCE 2016				
GRI 202 TOPIC SPECIFIC				
3-3	Management Approach		8, 6	
202-2	Proportion of senior management hired from the local community	S11: Nationalisation	8, 6	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016				
GRI 203 TOPIC SPECIFIC				
3-3	Management Approach		9	
203-2	Significant indirect economic impacts		9	N/A
GRI 204: PROCUREMENT PRACTICES 2016				
GRI 204 TOPIC SPECIFIC				
3-3	Management Approach		8	
204-1	Proportion of spending on local suppliers	G4: Supplier Code of Conduct	8	
GRI 205: ANTI-CORRUPTION 2016				
GRI 205 TOPIC SPECIFIC				
3-3	Management Approach		9	
205-1	Operations assessed for risks related to corruption		9	
205-2	Communication and training about anti-corruption policies and procedures		9	
205-3	Confirmed incidents of corruption and actions taken	G5: Ethics & Prevention of Corruption	9	

GRI 300: ENVIRONMENTAL STANDARD SERIES				
GRI 302: ENERGY 2016				
GRI 202 TOPIC SPECIFIC				
3-3	Management Approach	E10: Climate Risk Mitigation	8	
3-3	Energy consumption within the organization	E3: Energy Usage	8	
302-1	Energy consumption outside of the organization	E4: Energy Intensity E5: Energy Mix	8	
302-2	Energy Intensity	E4: Energy Intensity E5: Energy Mix	8	
GRI 303: WATER AND EFFLUENTS 2018				
GRI 303 TOPIC SPECIFIC				
3-3	Management Approach		8	
303-5	Water Consumption	E6: Water Usage	8	
GRI 305: EMISSIONS 2016				
GRI 303 TOPIC SPECIFIC				
3-3	Management Approach	E8 & E9: Environmental Oversight	8	
305-1	Direct (Scope 1) GHG emissions	E1: GHG Emissions	8	
305-2	Energy indirect (Scope 2) GHG emissions	E1: GHG Emissions	8	
305-3	Other indirect (Scope 3) GHG emissions	E1: GHG Emissions	8	
305-4	GHG emissions intensity	E1: GHG Emissions E2: Emissions Intensity	8	

GRI 306: WASTE 2020				
GRI 306 TOPIC SPECIFIC				
3-3	Management Approach		8	
306-3	Waste generated	E7: Environmental Operations	8	
GRI 400: SOCIAL STANDARD SERIES				
GRI 401: EMPLOYMENT 2016				
GRI 401 TOPIC SPECIFIC				
3-3	Management Approach		6	
401-1	New employee hires and employee turnover	S3: Employee Turnover	6	
401-2	Benefits provided to full-time employees that are not provided to part-time employees	S5: Temporary Worker Ratio	6	
GRI 403: OCCUPATIONAL HEALTH & SAFETY 2018				
GRI 403 TOPIC MANAGEMENT DISCLOSURES				
3-3	Management Approach		7	
403-1	Occupational health and safety management system	S8: Global Health & Safety	7	
403-2	Hazard identification, risk assessment, and incident investigation		7	
403-3	Occupational health services		7	
403-4	Worker participation, consultation, and communication on Occupational health and safety		7	
403-5	Worker training on occupational health and safety		7	

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GRI 403: OCCUPATIONAL HEALTH & SAFETY 2018				
GRI 403 TOPIC MANAGEMENT DISCLOSURES				
403-6	Promotion of worker health		7	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		7	
GRI 403 TOPIC SPECIFIC				
403-8	Workers covered by an occupational health and safety management system	S8: Global Health & Safety	7	
403-9	Work-related injuries	S7: Injury Rate	7	
GRI 404: TRAINING & EDUCATION 2016				
GRI 404 TOPIC SPECIFIC				
3-3	Management Approach		6	
404-1	Average hours of training per year per employee		6	
404-2	Programs for upgrading employee skills and transition assistance programs		6	
404-3	Percentage of employees receiving regular performance and career development reviews		6	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016				
GRI 405 TOPIC SPECIFIC				
3-3	Management Approach	E8 & E9: Environmental Oversight	6	
405-1	Diversity of governance bodies and employees	S4: Gender Diversity S6: Non-Discrimination S11: Nationalisation G1: Board Diversity	6 6 6 9	

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GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016				
GRI 405 TOPIC SPECIFIC				
405-2	Median Compensation		6,9	
GRI 406: NON-DISCRIMINATION 2016				
GRI 406 TOPIC SPECIFIC				
3-3	Management Approach		6	
406-1	Incidents of discrimination and corrective actions taken	S6: Non-Discrimination	6	
GRI 413: LOCAL COMMUNITY 2016				
GRI 413 TOPIC SPECIFIC				
3-3	Management Approach		8	
413-1	Operations with local community engagement, impact assessments, and development programs	S11: Nationalisation S12: Community Investment	8	
GRI 418: CUSTOMER PRIVACY				
GRI 418 TOPIC SPECIFIC				
3-3	Management Approach		8	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G7: Data Privacy	8	