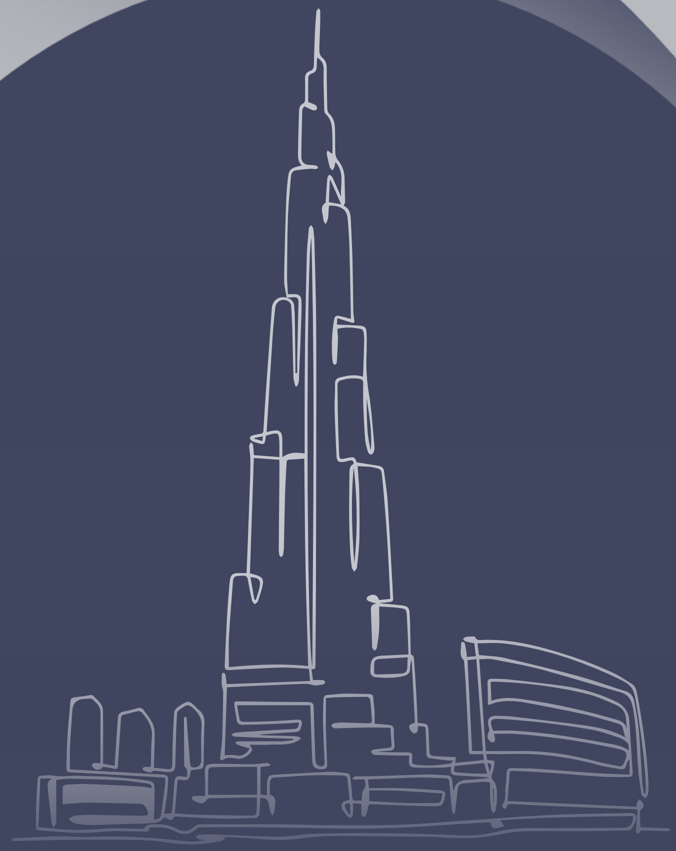
tabreed

Annual Report 2022



Get started

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Khaled Abdulla Al Qubaisi

Chairman, Tabreed

Chairman's Message

Tabreed's status as one of the UAE's truly great homegrown businesses continues to grow with each passing year, and 2022 was no exception. This positive trajectory shows no sign of slowing, as the world wakes up to the vitality of sustainability and energy efficiency on a global scale – what we do matters to everyone, everywhere, and the environmental benefits of district cooling are clear as day.

With a carefully measured, considered, and strategic long-term growth plan, Tabreed continues to add new customer connections, enter long-term strategic partnerships, increase its already sizeable portfolio, and seize opportunities to build on an already world-class reputation for operational excellence and efficiency.

Tabreed's 2022 annual report shows a company firing on all cylinders, making meaningful and sustainable progress on behalf of our investors, employees, clients, communities, and entire regions. It was an exceptional year for the company, which built on its already robust network of assets, spearheaded expansion into existing and all-new markets, while investing heavily in the existing UAE infrastructure.

The results speak for themselves, with a reported EBITDA of AED 1.23 billion – a 19% increase over 2021, and a net profit of AED 600.2 million, representing an increase of 3%. Group revenue increased by 13% to AED 2.22 billion and core chilled water revenue increased by 14% to AED 2.14 billion. Our operations are constantly being refined – no stone is left unturned in Tabreed's relentless pursuit of efficiency, which puts us ahead of the sustainability curve and positions the company as an essential player in the UAE's drive to Net-Zero.

It is widely recognised that district cooling is approximately 50% more efficient than traditional methods and last year Tabreed prevented the release of almost 1.4 million metric tons of CO_2 into the atmosphere, equivalent to removing approximately 300,000 vehicles from our roads.

And this positive impact will only increase as the take-up of district cooling becomes more deeply entrenched in our urban infrastructures. As Tabreed's globally renowned expertise crosses geographical borders into new markets, we help other countries to negate climate change through optimum efficiencies. And we do this, at all times, with sustainability as a cornerstone of our continuous success.

Of course, none of this would be possible without the unwavering support of our investors, stakeholders, and our own personnel – to each of you I say a heartfelt thanks as we look to a future in which we all play an individual and collective role in making this a better world for generations to come.

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CEO's Message

Eng. Khalid Abdulla Al Marzooqi

CEO, Tabreed

Reflecting on an exceptional 2022, there is no doubting Tabreed's commitment to international and regional expansion. In January the company practically doubled its concession capacity in Oman with the acquisition of a seventh district cooling plant, which services Al Mouj, the Sultanate's most prestigious new real estate development. A month later we announced a strategic partnership to provide district cooling services to the new D5M mall in New Katameya, east Cairo, swiftly followed by signing an agreement with Egyptians for Healthcare Services Company (EHCS), to design, build and operate an expansive district energy plant to supply cooling and heating to CapitalMed, an all-new healthcare city project by EHCS in Cairo.

Expansion into new territories should never come at the expense of existing markets and clients, however, and Tabreed remains wholly committed to its UAE and GCC networks. During 2022, this company added 34,454 Refrigeration Tons (RT) of new connections in the UAE, 19,202 RT in Oman and 500 RT in Bahrain, increasing the company's total connected capacity to 1,264,252 RT.

Tabreed is a prestigious employer of choice, attracting the very best talent from across the UAE and beyond, and when we consider that the company's most recent lost time incident (LTI) was eight years ago, it shows how important the welfare and wellbeing of our people really is. By the end of 2022, Tabreed had amassed a record 17,039,729 hours worked without a single LTI.

Building on its environmental credentials and following participation at the COP26 global environment summit in 2021, the company was once again honoured to be an active member of the UAE's select delegation to COP27, which was held in Egypt in November 2022. Such high-profile involvement in this country's push for carbon neutrality is good for our people, our communities, and our shareholders. It's good for business and shows we are here for the long haul, an essential part of the UAE's sustainability agenda.

In fact, the UAE has made its intentions crystal clear, declaring 2023 to be the 'Year of Sustainability' and there is much to look forward to in relation to showcasing our industry and Tabreed's unrivalled expertise in huge scale energy efficiencies. Nobody does it better than us and, during 2022, Tabreed's efficient operations saved 2.31 billion kilowatt hours across the GCC – enough to power approximately 132,000 homes every year, and that's an accomplishment we can each take great pride in.

I mentioned last year that 2022 would be 12 months of essential progress and sustainable growth for Tabreed. Our financial results show we have achieved exactly that, and I want to express my sincere appreciation for the continuous support and trust of our shareholders and anyone who plays a part in the success of this remarkable company.

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Countries:
UAE, Saudi Arabia, Oman and Bahrain
Further expansion in new geographies (India and Egypt)

86
Operating plants

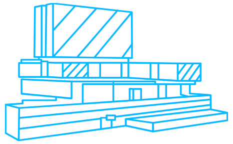
1.26m RT
Cooling delivered to clients

X 124

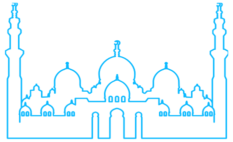
Equivalent to cooling
124
Towers the size of Burj Khalifa

One of the world's largest district cooling companies with strong regional presence.

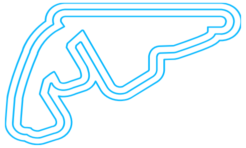
Exclusive provider of DC services to several iconic projects



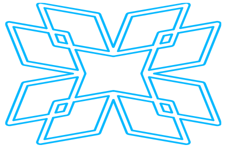
Cleveland Clinic Abu Dhabi



Sheikh Zayed Grand Mosque

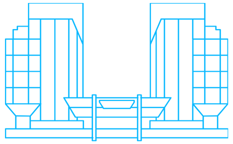


Yas Marina Circuit

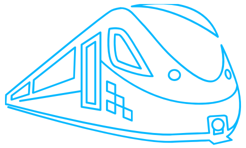


Yas Mall

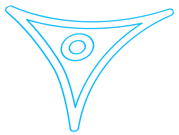
Rosewood Abu Dhabi



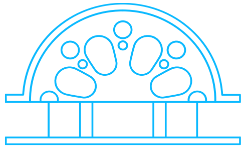
Abu Dhabi Global Market Square



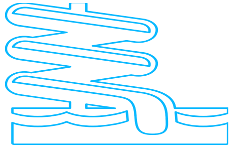
Dubai Metro



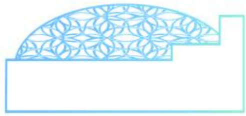
Ferrari World



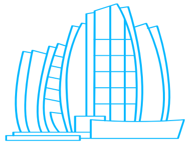
Dubai Parks and Resorts



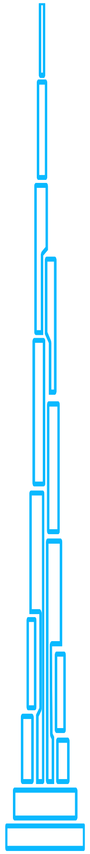
Yas Waterworld



Louvre Abu Dhabi



Etihad Towers



Burj Khalifa

Supporting energy consumption reduction and emission prevention, through innovative technology solutions.

Pioneered various innovations

Utilization of TSE1 water
Pioneering the use of TSE by recycling sewage water which would otherwise be discharged into the environment

Consistent emission monitoring
Commissioned Intertek to carry out annual stack emissions monitoring

Energy
Enhances the ability to manage peaks in DC demand and ensures no additional production is needed during times of peak demand

Use of sea water to protect scarce resources
Utilizes sea water instead of potable water leading to substantial savings of potable water whilst simultaneously ensuring no harm to marine life

Management of hazardous waste
Engaged Environmental Services Providers for the management of hazardous materials from various plants operated by Tabreed and its affiliates

Trade Effluent Discharge
Compliance with the framework of the regulation of trade effluent

Annual reduction in energy consumption (In Billions of kWh)

Environmentally RESPONSIBLE operations reducing green house gas emissions

2.31 billion kWh
reduction in
energy consumption in 2022

=

~132,000
Homes powered in the GCC every year (equivalent)

1.38 million MT
elimination of CO_2 emissions

=

~300,000
Cars removed annually

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2022 Overview

Resilient Business Model

- A utility-like service considering the warm climate of the Middle East with operational track record of 25 years
- The pass-through clauses in most of Tabreed's contracts limit its exposure to fluctuations in the cost of utilities
- Long term revenue and EBITDA visibility makes our business robust and resilient, and in 2022 EBITDA increased by 19.2% to AED 1.23 billion with a margins of 56%

Strategic Partnerships

- Recently implemented Nemo, ENGIE's bespoke AI operations software, for Downtown DCP network
- Partnered with IFC, with a headquarter in Singapore, for expansions in India/Asia
- Entered Egyptian market with Marakez and Gascool for D5M Mall and with EHCS for Capital Med

Capacity Growth

- Since 2020, Increase of ~300k RT in connected capacity through greenfield and brownfield, excluding Qatar Cool divestment
- 120k RT of guided capacity over 2022 and 2023 on track to be achieved
- Continuously evaluating acquisition opportunities and remaining disciplined on valuation

Cash Flow Visibility

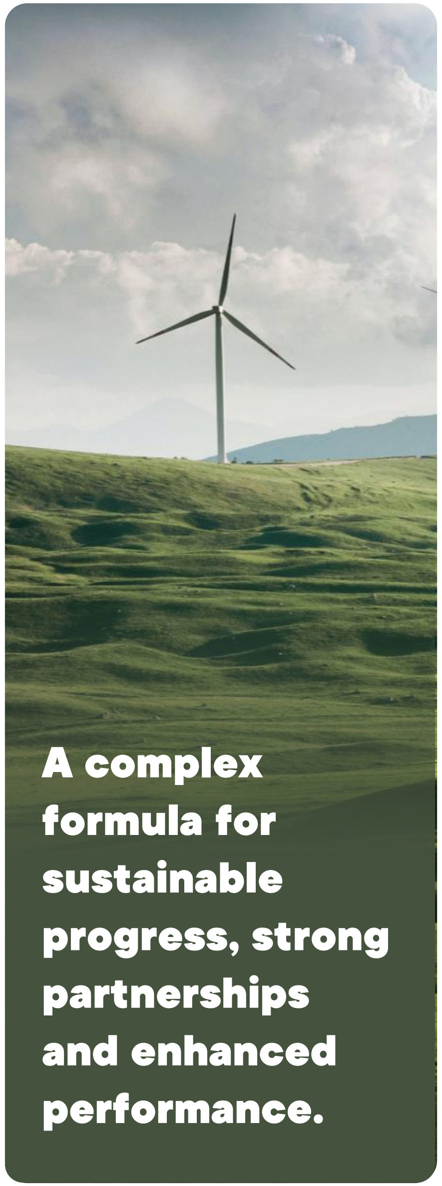
- Operating Cashflow has grown approx. 20% annually since 2019
- Net debt to EBITDA reduced from 5.97x to 4.49x in 2022. Investment grade status affirmed by both Fitch (BBB) and Moody's (Baa3) with an upgrade from negative outlook to stable outlook
- Dividend payout ratio from 2019 to 2022 has been 60% on average

Sustainability Focused

- Green Financing Framework confirms the sustainable nature of our core business
- Upcoming ESG report 2023 will also demonstrate our strong social and governance credentials

Strong Corporate Governance

- Listed on the DFM with strong corporate governance driven by Mubadala and ENGIE board members
- All board members are independent, and the board is entirely non-executive



Expanding to new markets

Tabreed in Egypt

The company's first foray into a market outside the GCC, Egypt is full of potential. During 2022, two deals were signed with strategic partners, and further growth is expected.

D5M mall in New Katameya, east Cairo

Signed a deal with Gascool and Marakez for Real Estate for Investment Company to provide district cooling services to the project.

- The plant will be built in phases
- Operational ultimate capacity will be 6,000 refrigeration tons (RT), contracted under a long-term agreement
- Total installed capacity of 7,500 RT

CapitalMed, all-new healthcare city megaproject

Signed a deal with Egyptians for Healthcare Services (EHCS) to fund, construct, own and operate a bespoke district energy plant to meet the cooling and heating demands for the project.

Phase 1

- 19,500 RT of cooling
- A concession of between 28-30,000 RT for the entire development.

Phase 1A

- Will see 7,500 RT installed
- 12 MW of space heating

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Doubled the size of concession capacity in Oman

A new acquisition of the district cooling plant that services Al Mouj, the Sultanate's most prestigious new real estate development.

This takes Tabreed's tally of owned and contracted district cooling plants in the Sultanate to seven

An exclusive perpetual cooling concession for over 30,000 refrigeration RT, with more than 19,000 RT already connected and operational. This practically doubles Tabreed Oman's concession capacity from 32,000 RT to 62,000 RT.

"Al Mouj Muscat is a joint venture between the UAE's Majid Al Futtaim Properties and Omran, the tourism and development arm of the Omani government. An aspirational lifestyle destination with ocean views and beaches, parks and a promenade featuring award-winning architecture, it also includes hotels, retail and dining outlets"

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Driven by Data, Powered by AI

Tabreed extended partnership with ENGIE Digital, introducing bespoke AI to Downtown Dubai District Cooling Network, the largest of its kind anywhere in the world.

State-of-the-art IT infrastructure + Vast amounts of data readily available = Fully autonomous operation

Data driven intelligent algorithms are able to forecast customer demand and make all operation related decisions, such as:

01 Chilled water flow

02 Temperature set points

03 Equipment sequencing

04 Network mix

Optimizing energy and water consumption and removing human error from operations

Connected Capacity (kRT)

Consolidated	Dec 2021	Q1 2022	Q2 2022	Q3 2022	Dec 2022
UAE	1,025	1,033	1,038	1,053	1,060
Bahrain	33	34	34	34	34
Oman	33	51	51	52	52
Total Consolidated	**1,091**	**1,118**	**1,123**	**1,139**	**1,146**
Equity Accounted					
UAE	9	9	9	9	9
KSA	110	110	110	110	110
Total Equity Accounted	**119**	**119**	**119**	**119**	**119**
Total	**1,210**	**1,236**	**1,241**	**1,258**	**1,264**

Capacity Growth Guidance

2023/24 Two years guidance	kRT
2023/24 Capacity Guidance	120

New capacity guidance for 2023 and 2024 is 120k RT

Of the guided capacity around 60% is expected to be contributed by consolidated entities and balance 40% by equity accounted entities

2022/23 Two years guidance	kRT
2023/24 Capacity Guidance	120
2022 Actual Capacity delivered	55

55k RT was added in 2022, which included 35.5k RT in UAE, 19k RT in Oman and balance 0.5kRT in Bahrain

Actual capacity is 100% from the consolidating entity

Confident of achieving our guidance of 2022 and 2023

2021/22 Two years guidance	kRT
2021/22 Capacity Guidance	120
2021/22 Actual Capacity delivered	95

95k RT was added in 2021 and 2022, which included 74.5k RT in UAE, 19k RT in Oman and balance 1.5k RT in Bahrain

Actual capacity is 100% from the consolidating entity

Performance Highlights

EBITDA increased by 19.2% to AED 1.23 billion with a margin of 56%

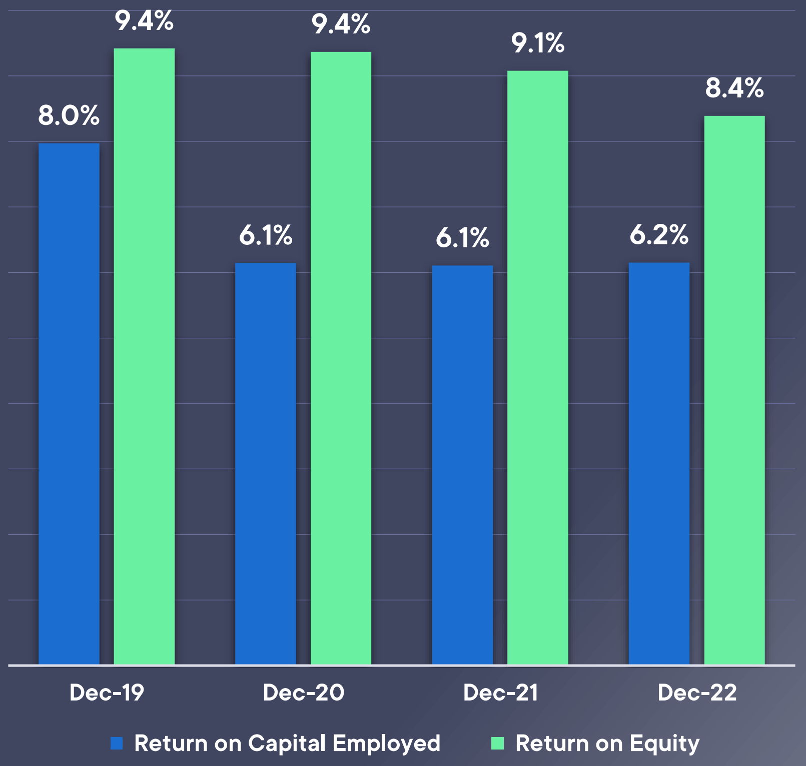
Starting 2022, Tabreed Acquired Al Mouj DC assets

Announced Green Financing Framework

Entered into New market of Egypt and successfully signed 2 new projects including signing a concession of 30k RT for new smart Medical City in Greater Cairo

Increased Foreign Ownership Limit to 100%

Return on Capital Employed and Return on Equity



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Financial Highlights: 2022 vs. 2021

+13.4%
Total Revenue
AED 2,216m

+13.8%
Chilled Water Revenue
AED 2,141m

+28.7%
Profit from Operations
AED 802m

+19.2%
EBITDA
AED 1,232m

99.4%
EBITDA Cashflow Conversion*

+2.6%
Net Income
AED 600m

*EBITDA to Net Cashflows from Operating Activities Pre-Working Capital

Full Year Dividend: 2022 vs 2021

+2.6%
EPS
AED 21 Fils

+12.5%
DPS, 100% Cash
AED 13.5 Fils

63.9%
Dividend Payout

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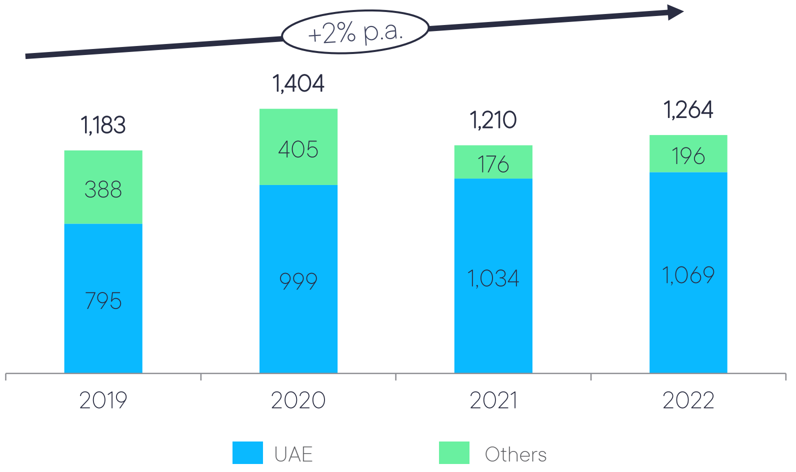
Headline Performance (1/3)

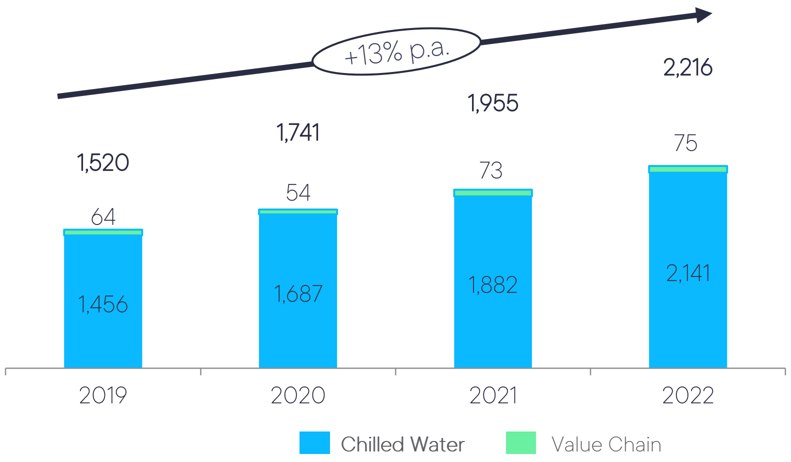
Group Connected Capacity (kRT)



Long-term Contracts With Credit Worthy Customers

- Providing over 1.3m RT of cooling across GCC – grown at 2% CAGR since 2019.
- Long term contract (~25 years) and stable revenues. 81% of contracted capacity locked in for at least the next 10 years.
- About 80% of revenues from wholly government owned and partially government owned entities.

Group Revenue (AEDm)

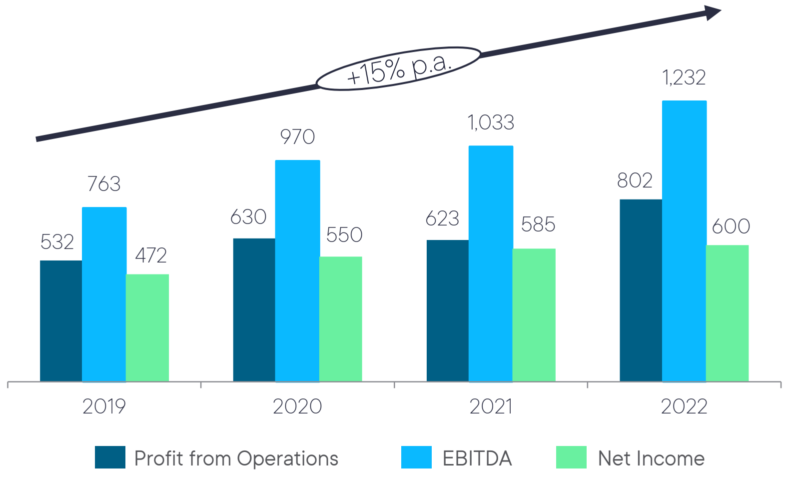


Revenue Growth From Existing And New Business

- Group Revenue growing at 13% CAGR since 2019 driven by Chilled Water revenue growth of 14%.
- Utility business model leads to steady increases in revenue and profitability from existing customers.
- In Q4 2021 we had step up acquisition acquiring balance 50% of capacity for Al Maryah Island DC concession and in early 2022 we acquired Al Mouj DC assets in Oman.

Headline Performance (2/3)

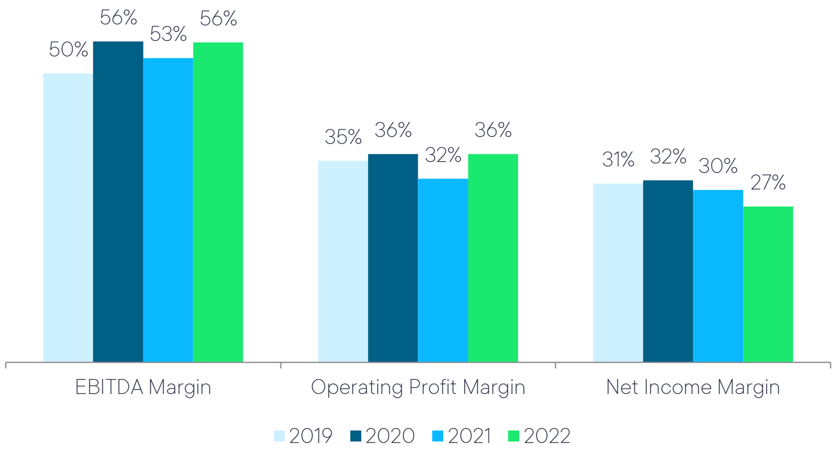
Financial Results (AED m)



Financial Performance

- Predictability in earnings driven by capacity charge.
- Profit from Operations has grown 14.6% annually since 2019.
- EBITDA has grown 17.3% annually since 2019.
- Net Income has grown 8.3% annually since 2019.

Key Margins

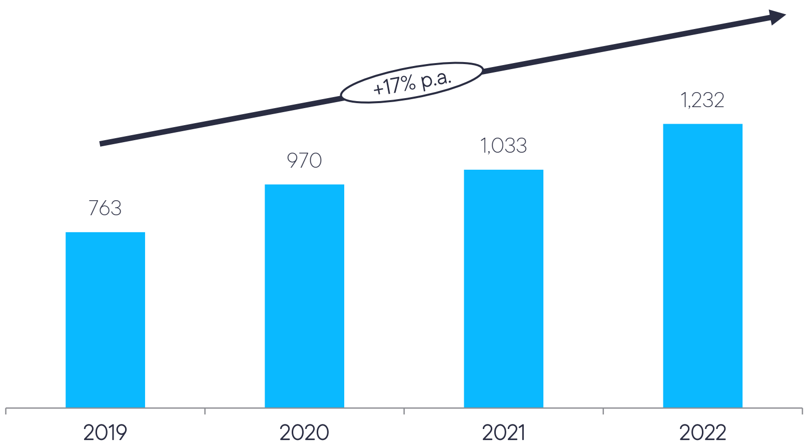


Margin Sustainability

- 2019 – 2022 Average EBITDA Margin: 54%.
- 2019 – 2022 Average Operating Margin: 35%.
- 2019 – 2022 Average Net Income Margin: 30%.

Headline Performance (3/3)

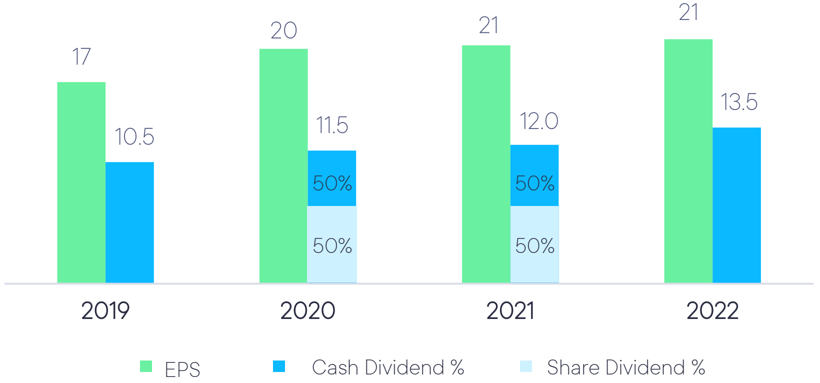
Operating Cashflow Pre Working Capital (AED m)



Operating Cashflows Pre Working Capital

- Resilient business model generates sustainable cashflows
- Maintaining Investment Grade rating of listed debt
- Operating Cashflow pre working capital has grown more than 17% annually since 2019

EPS and Dividend Breakup



Returns to Shareholders

- Dividend payout ratio from 2019 to 2022 has been 59.8% on average.
- Earning per share has grown 8.3% annually since 2019.
- Dividend of 13.5 fils is an increase 1.5 fils from previous year, to be paid as 100% cash distribution.

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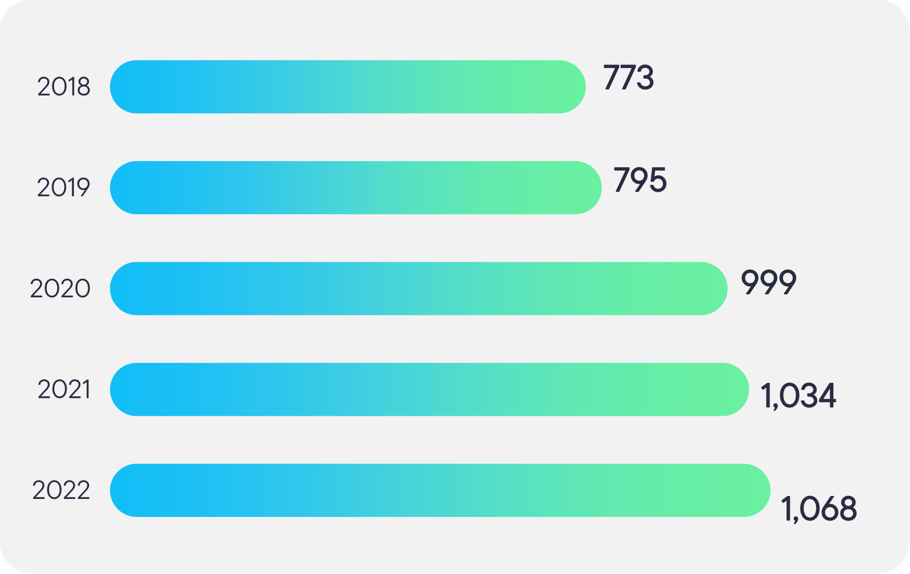
UAE Capacity (k RT)

Over the past five years, Tabreed's UAE capacity has witnessed an average growth rate of 8% p.a. This is attributable to milestone acquisitions in recent years, including Downtown DCP, Saadiyat DCPs and Masdar DCP assets.

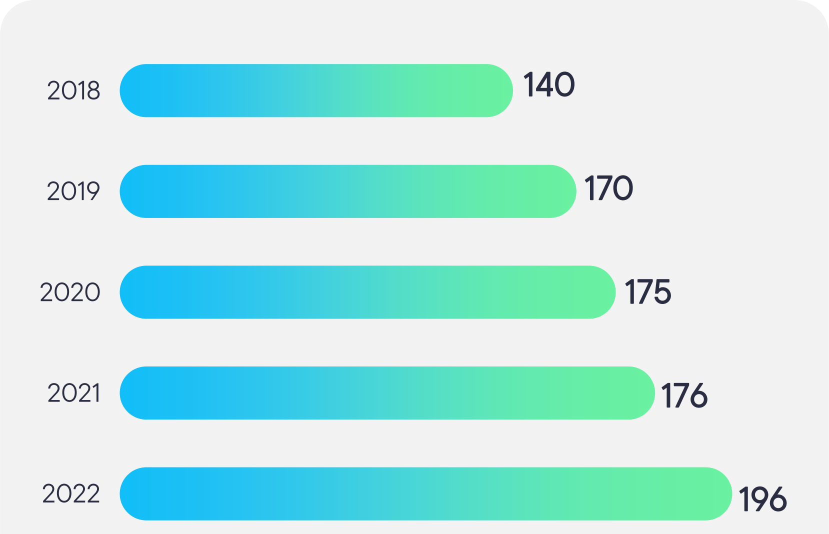
During 2022, Tabreed continued to benefit from its long-term existing concessions, delivering an additional 3% increase in the UAE capacity.



GCC Capacity (k RT*)

Tabreed Oman has led the growth in GCC capacity with notable contributions from the flagship premium real estate development of Al Mouj in Muscat.

During 2022 alone, GCC capacity has seen an 11% growth in connected capacity.



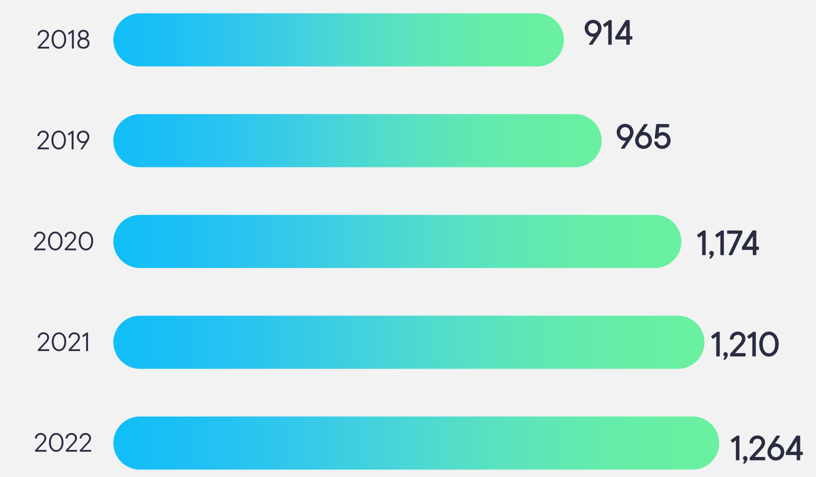
*Normalised for Qatar Cool divestment

Group Connected Capacity (k RT*)

The Group's connected capacity increased at an average growth rate of 8% p.a. over the past five years, further strengthening the Company's local and regional presence.

Tabreed delivered 54k Refrigeration Tonnes (RT) of capacity growth during 2022, with combined contributions from the UAE and other GCC countries. This mainly comprised of organic growth and 19k RT through a small acquisition.

The company is further seeking expansion in new territories such as Egypt and India, making it a leading global district cooling provider.



***Normalised for Qatar Cool divestment**

Number of Plants*

Tabreed's total number of plants has remained constant compared to the previous year. The focus for 2022 was more to integrate all the recent acquisitions, maximise the synergies and allow for utilising the maximum potential of these assets.

***Normalised for Qatar Cool divestment**

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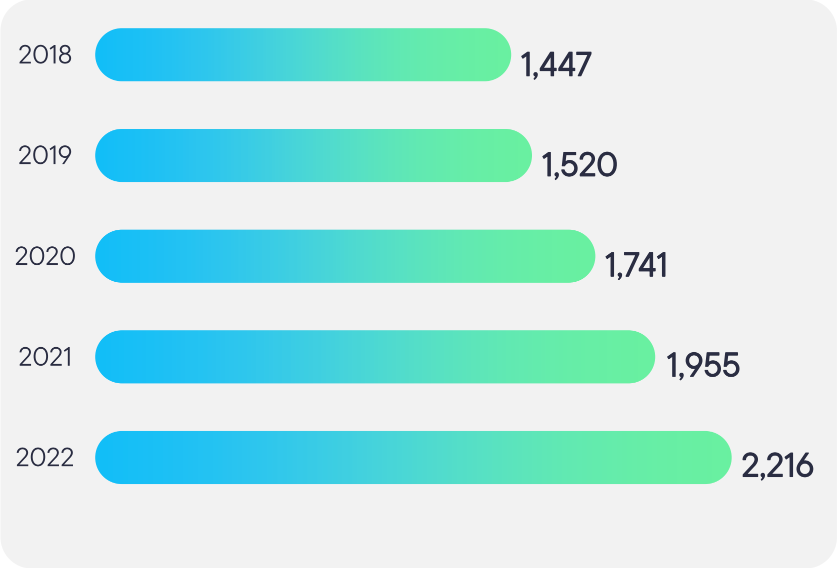
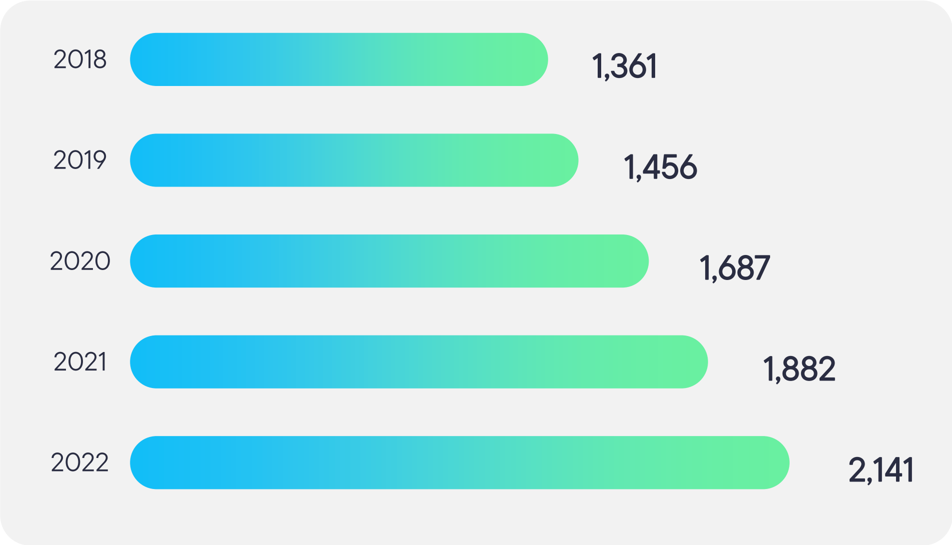
Group Revenue (AEDm)

Total revenue increased by 13%, led by a 14% increase in chilled water revenue, which underscores the company's strong financial performance and provides stable and predictable long-term returns. The core chilled water business represents 97% of total revenue.



Chilled Water Revenue (AEDm)

Our core chilled water business model continues to deliver predictable and sustainable returns on the foundation of our long-term, price-certain contracts with our customers across the GCC. Around 80% of our revenues come from wholly government owned and partially government owned entities. During 2022, chilled water revenue grew 13.8%, through connected capacity of over 1.23m RT of cooling across the GCC.



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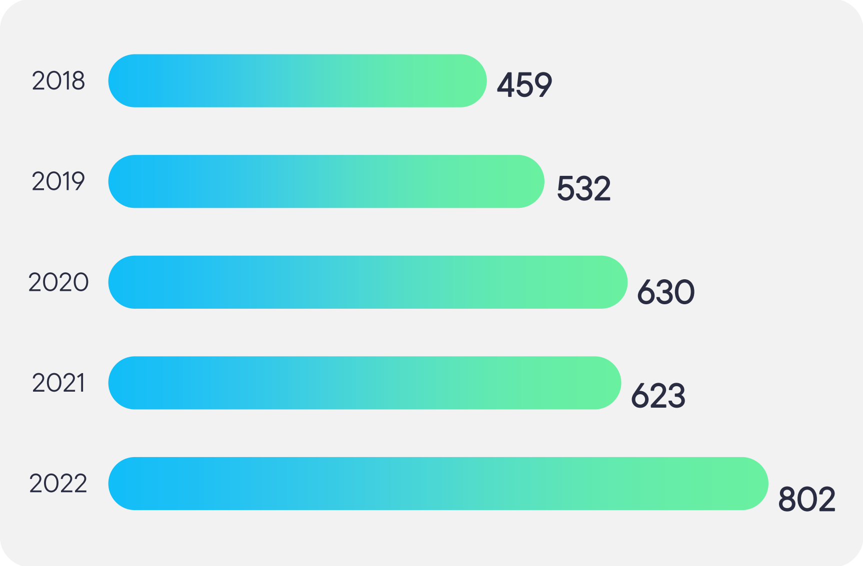
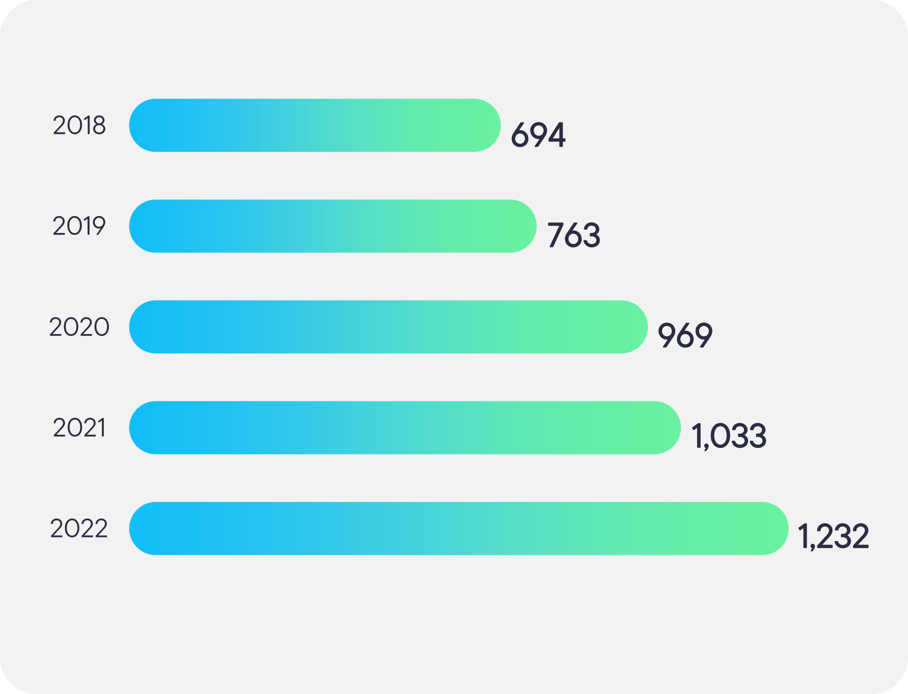
Profit from Operations (AEDm)

Profit from operations in 2022 was 36%, consistent with the past five- year average, and an average growth rate of 15% p.a. since 2018. The increase in 2022 was primarily driven by the full-year impact of two acquisitions executed the previous year. Tabreed continues to prioritise operational efficiency through innovative performance programmes focusing on both plant operations and controls. These programmes further enhance our sustainability credentials by reducing CO_2 emissions.



Group EBITDA (AEDm)

EBITDA grew by 19.2% in 2022, with EBITDA margins at 56%. EBITDA has grown at an average annual rate of 15% since 2018. This is driven by a combination of growth through acquisition, strong chilled water performance, the addition of new customer connections to the portfolio and continued focus on cost control and efficient operations.



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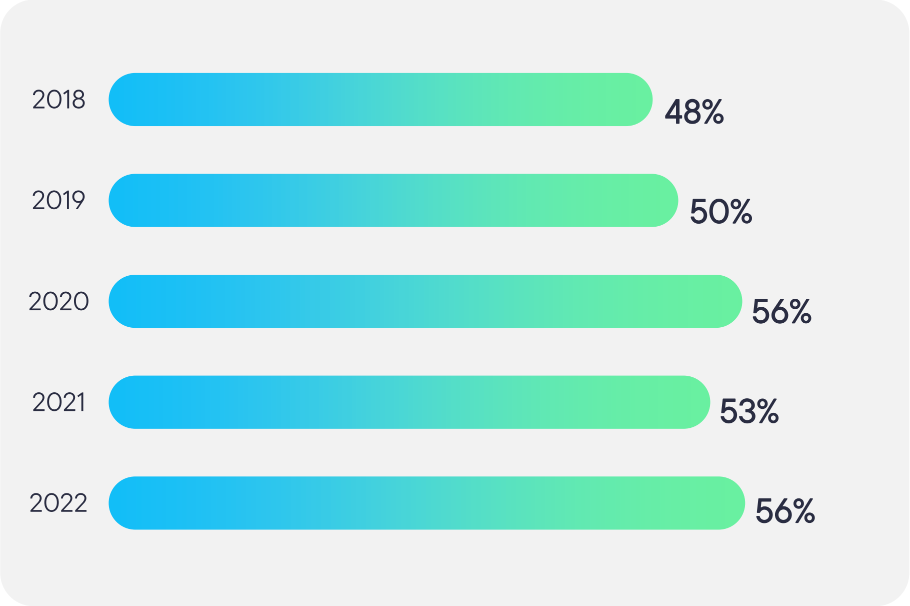
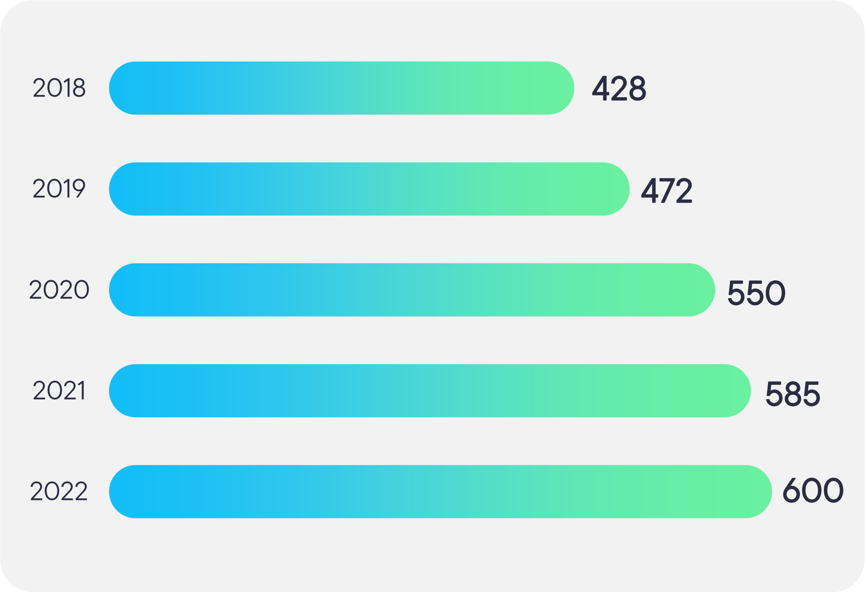
Group EBITDA Margin (%)

EBITDA margins continue to improve, reflecting the robustness of Tabreed's business model. It also reflects our continual focus on operational efficiencies, performance improvement and cost control. EBITDA margin in 2022 stands at 56%, which is an improvement of 3% over the previous year and 6% compared to the past five-year average.



Net Profit (AEDm)

With a stable utility business model, Tabreed continues to deliver strong financial and operating performance year-on-year, with rising profitability, stable margins and robust cash flows. Net income margin in 2022 was 27%, consistent with the past five-year average, and an average growth of 9% p.a. since 2018.



Board of Directors

Khaled Abdulla Al Qubaisi

Chairman, *Non-Executive, Non-Independent*

Khaled Al Qubaisi is the Chief Executive Officer of Real Estate and Infrastructure Investments at Mubadala, . In this role he oversees the platform's business sectors which invest in attractive real estate and infrastructure opportunities to mitigate volatility and achieve financial stability in support of the organization's wider business ambitions in other sectors. The platform includes three sectors which are Traditional Infrastructure, Digital Infrastructure, and international Real Estate Investments.

Before joining Mubadala, Mr Al Qubaisi was the Chief Investment Officer at International Capital and was the Head of Corporate Finance and Business Development at the National Bank of Abu Dhabi, where he focused on developing the bank's investment banking capabilities.

Mr. Al Qubaisi sits on the boards of Abu Dhabi Global Market (ADGM), Connect Infrastructure Topco Limited (CityFibre), Emirates Integrated Telecommunications Company (du), and Insurance House. Mr. Al Qubaisi is also the Chairman of the National Central Cooling Company (Tabreed), Chairman of Finance House and Director of Abu Dhabi Motor Sports Management.

He holds a Master of Project Management (MSPM) degree from George Washington University, and a Bachelor's degree in finance and operations management from Boston University.

Paulo Almirante

Board Member, *Vice Chairman, Independent*

Paulo Almirante is currently Senior Executive Vice President in charge of the Global Business Unit Renewables, Global Energy Management and Nuclear Production activities, and is a member of ENGIE's Executive Committee.

He is a board member of several ENGIE group companies. He holds a Master of Science degree in Mechanical Engineering Production Management and a Master's degree in Mechanical Engineering Thermodynamics from the Instituto Superior Técnico in Lisbon, Portugal.

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H.E. Dr Ahmad Bin Abdullah Humaid Belhoul Al Falasi

Board Member, *Non-Executive, Independent*

H.E. Dr Ahmad Belhoul Al Falasi has been Minister of Education since May 2022, taking ultimate responsibility for the prosperity and progression of the UAE's Education sector.

He also holds the position of Deputy Chairman at Emirates Development Bank, and has been First Vice of the National Olympic Committee since June 2021, as well as Chairman of the General Authority of Sports, which is responsible for plans, rules and regulations to organise and develop the sports sector in the country.

His previous roles include being Minister of State for Entrepreneurship and SMEs, Minister of State for Higher Education, Secretary-General of the Education and Human Resources Council, Chairman of the Federal Authority for Human Resources, Chairman of the UAE Space Agency, CEO of Masdar, Executive Director of Strategy and Tourism Sector Development at Dubai Tourism, Vice President of the Mubadala Industry Unit, and consultant for McKinsey & Company.

H.E. holds a PhD from Monash University, a master's degree from the University of Melbourne in Australia, and a bachelor's degree in Communication Engineering from Khalifa University in the UAE.

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Dr. Bakheet Al Katheeri

Board Member, *Non-Executive, Independent*

Dr. Bakheet is the Executive Director of the UAE Industries unit within Mubadala's UAE Investments platform. The platform contributes to the acceleration of the UAE's economic transformation, and investing in national world class champions, fostering vibrant industrial and commercial clusters, and partnering with world-class global entities.

With over 20 years of diverse experience in the energy sector, Dr. Bakheet is a member of industry Boards and committees in the UAE including Cepsa, Oil Search, Mubadala Petroleum, and Emirates Global Aluminum.

Before joining Mubadala Dr. Bakheet held positions at Abu Dhabi National Oil Company (ADNOC), leading production and facilities engineering for five of its operating companies, covering all offshore operators in Abu Dhabi.

Dr. Bakheet holds a BSc degree in Petroleum Engineering and applied Mathematics from the University of Tulsa (Oklahoma, USA) and MSc in Environmental Science from UAE University. He also holds an Executive MBA from HCT, UAE, and a Doctorate of Business Administration from the College of Business and Economics, UAE University.

Musabbeh Al Kaabi

Board Member, *Non-Executive, Independent*

Musabbeh Al Kaabi is the Chief Executive Officer of Mubadala's UAE Investments platform and a member of the Investment Committee.

As a sovereign investor generating sustainable financial returns for Mubadala's portfolio spans six continents with interests in multiple sectors and asset classes, Musabbeh is responsible for its UAE-led platform investment strategy across energy, metals, aerospace, technology, healthcare, real estate and infrastructure, contributing to the acceleration of the UAE's economic transformation, the development of homegrown world class champions, the fostering of vibrant industrial and commercial clusters, and engaging with global partners.

As a multi-sector expert, Musabbeh currently serves Chairman of the Board of Mubadala Energy, and Yahsat. He is the Vice Chairman of Masdar, and Mubadala Health. In 2020, he was appointed to the board of Emirates Global Aluminium, the world's largest 'premium aluminium' producer and the biggest industrial company in the UAE outside oil and gas. Musabbeh is also a board member of the UAE International Investors Council, Tabreed, a UAE-based regional utility leader, and First Abu Dhabi Bank, a leading bank in the country. Musabbeh Al Kaabi holds a Bachelor of Science degree in Geophysical Engineering from Colorado School of Mines and a Master of Sciences in Petroleum Geoscience from Imperial College, London.

Pierre Cheyron

Board Member, *Non-Executive, Independent*

Pierre Cheyron is the Chief Development and Strategy Officer of ENGIE Energy Solutions and member of the operational executive committee of ENGIE.

Until 2020, Pierre was the CEO of ENGIE Southeast Asia, leading one of the fastest growing key business clusters in the Asia-Pacific organisation towards Zero-Carbon Transition by delivering integrated solutions to its customers.

Pierre joined ENGIE in 2011 as CEO of Cofely Southeast Asia, and then overseeing all Service activities of ENGIE in the Asia-Pacific region from 2015 to 2018. Prior to ENGIE, Pierre was with Alcatel-Lucent in various key management roles in Asia and Europe. He was appointed President of the Malaysian French Chamber of Commerce & Industry from 2011 to 2015 and is currently a member of the board with the French Chamber of Commerce in Singapore.

Claire Béchaux

Board Member, *Non-Executive, Independent*

Claire Bechaux began her career as an auditor of industrial groups at Deloitte. In 2000, she joined the Veolia Environmental Services division, where she held various financial positions in France and the United States.

In 2007, after 6 years in the United States, she joined Veolia's Finance and Treasury Department, where she notably worked on the structuring and reorganization of the function within the Group, and of which she took over the management in 2014.

Since 2018, as Chief Financial Officer for Veolia's global water treatment technology activities, Claire Bechaux has supported the strategic repositioning and transformation of this Business Unit.

Claire joined Engie in July 2022 as Chief Operating Officer for the Global Business Unit Energy Solutions. She is a member of the GBU ExCom

Claire Bechaux is a graduate of the Audencia Business School.

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Frédéric Claux

Board Member, *Non-Executive, Independent*

Frédéric Claux is currently the Managing Director of Thermal & Supply for the AMEA region and the Country Manager for the GCC countries and Pakistan perimeter at ENGIE, with over 20 years of experience at the company.

He also serves as a board member of several power and water assets in the Middle East and of Tabreed.

He graduated from French civil engineering school École Nationale des Ponts et Chaussées and holds an MBA from HEC business school in Paris.

Saeed Ali Khalfan Al Dhaheri

Board Member, *Non-Executive, Independent*

Al Dhaheri is an executive Board member of Ali & Sons Holding LLC, where he serves on both the audit and the executive committees.

Moreover, Mr. Aldhaheri is a Managing Director of Investments, overseeing investments in both Real Estate and public & private equities as well as Venture Capital. He is a non-executive director of National Central Cooling Company (Tabreed) and Peninsula Real Estate Management.

His past experience includes working as an analyst for Abu Dhabi Investment Authority and earning a bachelor's degree in Finance from the American University of Dubai.

All Board members confirm the information provided herein, true and accurate.

We also confirm that no delegations or authorizations to any Board member or member of executive management were granted by the Board in respect of duties and functions of the Board of Directors during the year 2022.

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Board of Director's Report

With each passing year, Tabreed fortifies its already iron-clad reputation as one of this country's most resilient companies.

Targeted, strategic, carefully planned growth continues to manifest meaningful results that benefit shareholders, employees, clients, and the districts and communities in which we operate.

As we take our globally renowned expertise into new markets, we further our positive impact by helping to negate climate change through optimum efficiencies. And we do this, always with sustainability as a cornerstone of our continuous success."

Financial highlights

In 2022, Tabreed continued to improve on the strong financial performance of recent years. Highlights include:

- Group revenue increased by 13% to AED 2.22 billion (2021: AED 1.95 billion).
- Core chilled water revenue increased by 14% to AED 2.14 billion (2021: AED 1.88 billion).
- EBITDA increased by 19% to AED 1.23 billion (2021: AED 1.03 billion).
- Net profit attributable to the parent increased by 3% to AED 600.2 million (2021: AED 585.2 million)

Operational highlights

- During 2022, Tabreed added 34,454 Refrigeration Tons (RT) of new connections in the UAE, 19,202 RT in Oman and 500 RT in Bahrain, increasing total connected capacity to 1,264,252 RT.
- Total connected capacity increased to 1,264,252 Refrigeration Tons (RT).
- 54,156 RT of new customer connections added.
- Tabreed achieved a record 17,039,729 hours worked without a single lost time incident (LTI), the most recent occurring in July 2015.

Environmental impact highlights

- 2.31 billion kilowatt hours saved across the GCC – enough to power approximately 132,000 homes every year.
- Prevented the release of 1.38 million metric tons of CO_2 into the atmosphere, which is equivalent to the removal of approximately 300,000 vehicles from the roads annually.

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Board of Director's Report (Cont.)

JAN

Tabreed practically doubles its concession capacity in Oman with the acquisition of a seventh district cooling plant, which services Al Mouj, the Sultanate's most prestigious new real estate development. Also in January, Antonio Di Cecca is appointed Chief Operating Officer.

FEB

Announces partnership with Gascool and Marakez for Real Estate Investment Company, to provide district cooling services to the new D5M mall in New Katameya, east Cairo. This represents Tabreed's first foray into the Egypt district energy market

MAR

Publicly announces a new Green Financing Framework that will benefit its investors, stakeholders, developers, and communities alike, by aligning operations with the sustainability and 'Net Zero' targets of each country Tabreed is present within.

MAY

Extends partnership with ENGIE Digital, introducing bespoke AI to Downtown Dubai District Cooling Network as part of the company's 'Big Data' strategy. May also sees high-profile presence, participation, and partnership with the inaugural World Utilities Congress.

JUL

Announces H1 financial results, showing marked increase over previous year. Group revenue up by 12.3%, EBITDA by 13.9%, and net profit by 3.0%.

SEPT

Shareholders vote to increase Tabreed's Foreign Ownership Limit (FOL) to 100%, increasing flexibility and ensuring best possible share marketability. This month also sees Tabreed sign a deal with EHCS (Egyptians for Healthcare Services Company), to design, build, own and operate an expansive district energy plant to supply cooling and heating to CapitalMed.

NOV

Announces that the Board of Directors has appointed Dr Yousif Al Hammadi as Chief Asset Management Officer – an all-new role for the company – to manage the company's assets, accounts, and customer relationships, with effect from
1 December.

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To the shareholders of National Central Cooling Company PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Central Cooling Company PJSC ("the Company") and its subsidiaries (together, "the Group") as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 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 Code of Ethics for Professional Accountants (including International Independence Standards)* (the "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 these requirements and the IESBA Code We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 14 February 2022.

Key audit matters

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

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

Revenue recognition

The Group generates revenue from its contracts with customers for the supply of chilled water and associated value chain in the UAE, Bahrain, Saudi Arabia, and Oman through its subsidiaries, associates and joint ventures. A significant proportion of the Group's revenues and profits is derived from long term contracts including lease arrangements.

Revenue from the supply of chilled water is recognized over time. The Group has applied judgement in classification of certain long-term customer contracts as operating or finance leases depending on the terms and conditions of the contracts.

Revenue from the value chain business is recognized over time for supervision and design of district cooling networks and at point in time for the sale of related equipment.

The Group's revenue recognition accounting policy is included in note 2.3.2 to the consolidated financial statements.

The Group recognised revenue of AED 2,216 million (2021: AED 1,955 million) for the year ended 31 December 2022. Revenue recognition is considered a key audit matter given the Group's varied nature of revenue arrangements and the magnitude of the amounts involved.

The audit procedures performed over this key audit matter include the following:

- We obtained an understanding of the business process flow and performed walkthroughs to understand the key processes and identify key controls;
- We assessed the relevant controls over revenue to determine if they had been designed and implemented appropriately and tested these controls to determine if they were operating effectively;
- We performed procedures to assess whether the revenue recognition criteria adopted by Group is appropriate and in accordance with the Group's accounting policy and the requirements of the IFRSs;
- We performed analytical procedures by comparing the gross margins for the different types of revenue streams to the prior year;
- We obtained the key items and representative sample of revenue transactions and tested their occurrence, accuracy and recognition, by tracing them back to supporting documents;
- We recalculated the finance lease income, on a sample basis, with reference to the respective lease models; and
- We assessed the disclosure in the consolidated financial statements relating to revenue recognition for compliance with the requirements of the IFRSs.

Impairment assessment of goodwill

The Group has recorded goodwill amounting to AED 319 million arising from the acquisition of two of its subsidiaries.

Management carries out impairment assessments of goodwill annually. Goodwill impairment testing is considered a key audit area given the significant estimates and assumptions involved in determining the value in use of the respective cash generating units. These estimates and assumptions relate to future cash flows, consumer price index and discount rates.

The audit procedures performed over this key audit matter include the following:

- We tested, together with our valuation specialists, the Group's impairment testing methodology and inputs used in the models as well as the assumptions relating to consumer price index and discount rates;
- We analyzed the sensitivity of available headroom in the respective CGUs to changes in key assumptions;
- We compared actual performance of cash generating units to the assumptions applied in discounted cash flow models to assess the historical accuracy of management's estimates; and
- We assessed the adequacy of the disclosure in the consolidated financial statements in compliance with the requirements of the IFRS.

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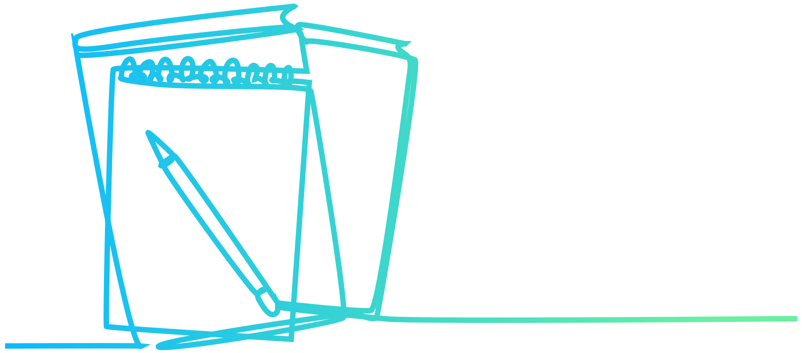
Other information

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

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

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

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



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 IFRSs and in compliance with the applicable provisions of the Memorandum of Association of the Company and 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.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with the 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, action taken to eliminate threats or safeguards applied.

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

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Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2022:

i. the Group has maintained proper books of account;

ii. we have obtained all the information and explanations we considered necessary for the purposes of our audit;

iii. 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, and the Memorandum of Association of the Company;

iv. investments in shares is included in note 9 to the consolidated financial statements and include the purchases and investments made by the Group during the year ended 31 December 2022;

v. note 28 reflects material related party transactions and the terms under which they were conducted;

vi. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Memorandum of Association which would materially affect its activities or its consolidated financial position as at 31 December 2022; and

vii. the Group made social contributions of AED 0.5 million (2021: AED 1 million).

Further, as required by the Abu Dhabi Accountability Authority Chairman Resolution No. 88 of 2021 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the information provided to us, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the law of establishment of the Company and relevant provisions of the applicable laws, resolutions and circulars organizing the Company's operations, which would materially affect its activities or the consolidated financial statements of the Company as at 31 December 2022.

Signed by
Raed Ahmad
Partner - Ernst & Young
Registration No 811
14 February 2023, Abu Dhabi

Financial Statements

Consolidated statement of profit or loss
For the year ended 31 December 2022

		for the year ended 31 December	
		2022	2021
	Notes	AED '000	AED '000
Continuing operations			
Revenues	3	2,216,156	1,955,085
Direct costs	6.1	(1,177,919)	(1,084,264)
Gross profit		1,038,237	870,821
Reversal of (impairment provision) for trade receivables	18	8,830	(1,096)
Administrative and other expenses	6.2	(245,169)	(246,545)
Operating profit		801,898	623,180
Finance costs	5	(289,444)	(257,708)
Finance income		21,705	2,685
Other gains and losses, net	6.4	69,639	130,233
Share of results of associates and joint ventures, net	12, 13	29,607	35,673
Profit from continuing operations		633,405	534,063
Profit from discontinued operation	12	-	76,682
Profit for the year		633,405	610,745

Consolidated statement of **profit or loss**
For the year ended 31 December 2022 (Continued)

		for the year ended 31 December	
		2022	2021
	Notes	AED '000	AED '000
Attributable to:			
Equity holders of the parent			
Profit from continuing operations		600,188	508,474
Profit from discontinued operation		-	76,682
		600,188	585,156
Non-controlling interests			
Profit from continuing operations		33,217	25,589
Profit from discontinued operation		-	-
		33,217	25,589
		633,405	610,745
Basic and diluted earnings per share from continuing operations attributable to ordinary equity holders of the parent (AED)		0.21	0.18
Basic and diluted earnings per share from discontinued operation attributable to ordinary equity holders of the parent (AED)		-	0.03
Total basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	7	0.21	0.21

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Consolidated statement of comprehensive income
For the year ended 31 December 2022

		for the year ended 31 December	
		2022	2021
	Notes	AED '000	AED '000
Profit for the year		633,405	610,745
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net movement in fair value of derivatives in cash flow hedges related to Interest Rate Swaps ("IRS")	26	280,031	81,317
Share of changes in fair value of derivatives of associates and joint venture in cash flow hedges related to IRS	12, 13	17,489	31,100
Reclassification adjustment for amounts recognized in profit or loss relating to step up acquisition of a joint venture		-	35,631
Exchange differences arising on translation of overseas operations		(1,570)	4,201
Total other comprehensive income		295,950	152,249
Total comprehensive income for the year		929,355	762,994
Attributable to:			
Equity holders of the parent			
Profit from continuing operations		896,138	660,723
Profit from discontinued operation		-	76,682
		896,138	737,405
Non-controlling interests			
Profit from continuing operations		33,217	25,589
Profit from discontinued operation		-	-
		33,217	25,589
		929,355	762,994

Consolidated statement of financial position

As at 31 December 2022

		As at 31 December	
		2022	2021
ASSETS	Notes	AED '000	AED '000
Non-current assets			
Capital work in progress	10	252,041	201,656
Property, plant and equipment	11	4,752,673	4,812,702
Right-of-use assets	16	192,849	210,331
Intangible assets	14	4,152,090	4,284,452
Investments in associates and joint ventures	12, 13	457,288	372,790
Finance lease receivables	15	2,577,891	2,688,690
		12,384,832	12,570,621
Current assets			
Inventories		60,029	50,838
Trade and other receivables	18	908,476	691,007
Finance lease receivables	15	324,279	323,588
Cash and bank balances	19	1,773,301	1,197,273
		3,066,085	2,262,706
Total assets		15,450,917	14,833,327
EQUITY AND LIABILITIES			
Equity			
Issued capital	20	2,845,261	2,775,874
Treasury shares		(3,296)	(3,215)
Statutory reserve	21	522,947	456,648
Retained earnings		2,757,257	2,460,147
Foreign currency translation reserve		1,151	2,721
Cumulative changes in fair value of derivatives in cash flow hedges		351,490	53,970
Equity attributable to the equity holders of the parent		6,474,810	5,746,145
Non-controlling interests		679,265	700,251
Total equity		7,154,075	6,446,396

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Consolidated statement of **financial position**
As at 31 December 2022 (Continued)

	Notes	2022 AED '000	2021 AED '000
Liabilities			
Non-current liabilities			
Trade and other payables	26	218,559	215,059
Interest bearing loans and borrowings	22	2,468,855	2,495,034
Islamic financing arrangement	23	929,318	932,994
Non-convertible Bonds and Sukuk	24	3,648,295	3,643,080
Lease liabilities	17	170,487	200,579
Employees' end of service benefits	25	42,706	41,291
		7,478,220	7,528,037

	Notes	2022 AED '000	2021 AED '000
Current liabilities			
Trade and other payables	26	726,601	768,777
Interest bearing loans and borrowings	22	37,626	35,014
Islamic financing arrangement	23	8,073	8,418
Lease liabilities	17	46,322	46,685
		818,622	858,894

	2022	2021
Total liabilities	8,296,842	8,386,931
Total equity and liabilities	15,450,917	14,833,327

Khaled Abdulla Al Qubaisi	Khalid Abdulla Al Marzooqi	Adel Al Wahedi
Chairman	Chief Executive Officer	Chief Financial Officer

Consolidated statement of changes in equity
As at 31 December 2022

	Attributable to equity holders of the parent								
	Issued capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	Retained earnings AED'000	Foreign currency translation reserve AED'000	Cumulative changes in fair value of derivatives in cash flow Hedges AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2021	2,715,529	(2,016)	413,020	2,133,906	(1,480)	(94,078)	5,164,881	710,289	5,875,170
Profit for the year	-	-	-	585,156	-	-	585,156	25,589	610,745
Other comprehensive profit for the year	-	-	-	-	4,201	148,048	152,249	-	152,249
Total comprehensive income for the year	-	-	-	585,156	4,201	148,048	737,405	25,589	762,994
Transfer to statutory reserve	-	-	43,628	(43,628)	-	-	-	-	-
Dividends paid to shareholders (Note 8)	-	-	-	(156,141)	-	-	(156,141)	-	(156,141)
Bonus shares (Note 8)	60,345	(1,199)	-	(59,146)	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(35,627)	(35,627)
Balance at 31 December 2021	2,775,874	(3,215)	456,648	2,460,147	2,721	53,970	5,746,145	700,251	6,446,396
Balance at 1 January 2022	2,775,874	(3,215)	456,648	2,460,147	2,721	53,970	5,746,145	700,251	6,446,396
Profit for the year	-	-	-	600,188	-	-	600,188	33,217	633,405
Other comprehensive profit for the year	-	-	-	-	(1,570)	297,520	295,950	-	295,950
Total comprehensive income for the year	-	-	-	600,188	(1,570)	297,520	896,138	33,217	929,355
Transfer to statutory reserve	-	-	66,299	(66,299)	-	-	-	-	-
Dividends paid to shareholders (Note 8)			-	(166,348)	-	-	(166,348)	-	(166,348)
Bonus shares (Note 8)	69,387	(81)	-	(69,306)	-	-	-	-	-
Disposal of a subsidiary (note 27.1)	-	-	-	-	-	-	-	(12,212)	(12,212)
Disposal of partial interest in a subsidiary (note 27.3)	-	-	-	(1,125)	-	-	(1,125)	1,125	-
Capital contribution by a non-controlling interest (note 27.2)	-	-	-	-	-	-	-	5,509	5,509
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(48,625)	(48,625)
Balance at 31 December 2022	2,845,261	(3,296)	522,947	2,757,257	1,151	351,490	6,474,810	679,265	7,154,075

Consolidated statement of cash flows
For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 AED '000	2021 AED '000
Operating activities			
Profit from continuing operations		633,405	534,063
Profit from discontinued operation		-	76,682
Profit for the year including discontinued operation		633,405	610,745
Non-cash adjustments:			
Depreciation of property, plant and equipment	11	192,165	188,379
Depreciation of right-of-use assets	16	23,856	23,408
Amortisation of intangible assets	14	103,835	61,385
Finance lease income	3	(227,236)	(189,989)
Share of results of associates and joint ventures including discontinued operation, net	12, 13	(29,607)	(60,405)
Provision for employees' end of service benefits	25	9,677	6,917
Gain on disposal of associate	12	-	(51,950)
Loss on disposal of subsidiary	27.1	2,016	-
Other gains and losses, net		(71,655)	(110,233)
(Reversal of) provision for trade receivables	18	(8,830)	1,096
Finance income		(21,705)	(2,685)
Finance costs	5	289,444	257,708
Net operating cash flows before changes in working capital		895,365	734,376

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Consolidated statement of cash flows
For the year ended 31 December 2022 (Continued)

		Year ended 31 December	
		2022	2021
	Notes	AED '000	AED '000
Working capital changes:			
Inventories		(9,191)	(7,234)
Trade and other receivables		47,514	295,317
Trade and other payables		92,296	(30,773)
Lease rentals received	15	337,344	326,830
Employees' end of service benefits paid	25	(8,262)	(2,112)
Net cash flows generated from operating activities		1,355,066	1,316,404
Investing activities			
Purchase of property, plant and equipment	11	(14,008)	(20,003)
Payments for capital work in progress		(170,434)	(168,605)
Payment for acquisition of shares in subsidiaries		-	(1,212,135)
Capital contribution by a non-controlling interest	27.2	5,509	-
Disposal of interest in subsidiary	27.1	(10,596)	-
Disposal of interest in an associate	12	-	406,567
Dividends from a joint venture	13	-	5,751
Investment in associate	12	(53,485)	-
Dividends from associates	12	9,514	8,835
Finance income received		19,007	2,998
Net cash flows used in investing activities		(214,493)	(976,592)

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Consolidated statement of cash flows

For the year ended 31 December 2022 (Continued)

		Year ended 31 December	
		2022	2021
	Notes	AED '000	AED '000
Financing activities			
Interest bearing loans and borrowings received		-	52,279
Interest bearing loans and borrowings repaid		(32,748)	(27,800)
Islamic financing arrangement repaid		(8,433)	(5,115)
Principal elements of lease payments	17	(36,829)	(39,746)
Finance cost paid on lease liabilities	17	(12,534)	(14,013)
Finance cost paid		(259,028)	(229,270)
Dividends paid to shareholders	8	(166,348)	(156,141)
Dividends paid to non-controlling interests		(48,625)	(35,627)
Net cash flows used in financing activities		(564,545)	(455,433)
Net increase (decrease) in cash and cash equivalents		576,028	(115,621)
Cash and cash equivalents at 1 January		1,197,273	1,312,894
Cash and cash equivalents at 31 December	19	1,773,301	1,197,273

1. General Information

National Central Cooling Company PJSC ("Tabreed" or the "Company" or the "parent") is registered in the United Arab Emirates as a Public Joint Stock Company pursuant to the UAE Federal Law No. (32) of 2021 and is listed on the Dubai Financial Market. The Company was originally incorporated under the U.A.E Federal Law No. (8) of 1984, as amended. Subsequently, the U.A.E Federal Law No. (8) of 1984 was superseded by U.AE. Federal Law No (32) of 2021.

The principal activities of the Company and its subsidiaries (the "Group") are supply of chilled water, operation and maintenance of plants, construction of secondary networks, manufacturing of pre-insulated pipes and design and supervision consultancy. Activities of subsidiaries are described in note 9 to the consolidated financial statements.

The Group's non-convertible bonds and sukuk are listed in the London Stock Exchange (note 24).

The Company's registered office is located at P O Box 32444, Dubai, United Arab Emirates.

The Group has made social contributions of AED 0.5 million during the year. The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 14 February 2023.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB"), IFRSIC Interpretations and applicable requirements of the laws in the UAE.

The consolidated financial statements are prepared under the historical cost basis, except for derivative financial instruments which are measured at fair value. The consolidated financial statements have been presented in United Arab Emirates Dirham ("AED") which is the reporting currency of the Company.

All values are rounded to the nearest thousand (AED '000) except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together the "Group") as at 31 December 2022 over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that 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:

2.2 Basis of consolidation (Continued)

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- 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 the control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expensesand cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

For changes in ownership interests the Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group.

A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within equity attributable to owners.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in consolidated statement of profit or loss.

This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidate statement of profit or loss.

2.3. Significant accounting policies

The principal accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.3.1. Business combinations and goodwill

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

2.3.1. Business combinations and goodwill (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

In business combination achieved in stages, the Group remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in the consolidated profit or loss. If the Group have previously recognised changes in the value of its equity interest in the acquiree in other comprehensive income, it will reclassify this to consolidated profit or loss on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in consolidated statement of profit or loss.

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

2.3.1. Business combinations and goodwill (Continued)

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.3.2. Revenue recognition

The Group recognises revenue from the following major sources:

- Supply of chilled water
- Rendering of services
- Interest income

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

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obli gation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

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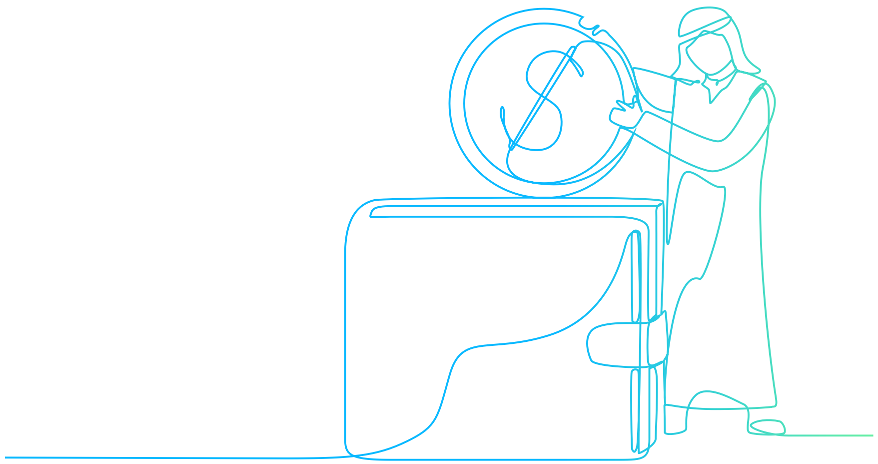
2.3.2. Revenue recognition (Continued)

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation: The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- 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 none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.



Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of allowances and rebates. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

a) Supply of chilled water

Revenue from supply of chilled water comprises the following principle services:

Capacity revenue: represents availability of the service and performance obligation is satisfied over time as the customers make use of the service and network. The billing is done monthly in arrears.

Consumption revenue: represents revenue from consumption of the output of assets used by the customers. Revenue is recognised over time. The billing is done monthly in arrears.

b) Rendering of services (value chain business)

This mainly represents supervision and design services provided to customers. Revenue from services is recognised as services are rendered. Revenue is recognised over time using the output method.

c) Interest income

Interest income including interest on finance lease receivable is recognised as the interest accrues using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset. For details on finance lease refer to note 15. Finance income on finance lease receivables is included in revenue due to its operating nature.

2.3.3. Foreign currencies

The consolidated financial statements are presented in AED, which is the parent Company's functional and presentation currency. The functional currency is the currency of the primary economic environment in which an entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented United Arab Emirates Dirham (AED), which is functional currency of the company and its material subsidiaries.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

All differences are taken to the consolidated statement of profit or loss with the exception of monetary items that provide an effective hedge of a net investment in a foreign operation. These are recognised in the consolidated statement of comprehensive income until the disposal of the net investment, at which time they are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined..

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Group companies

The assets and liabilities of foreign operations are translated into AED at the rate of exchange ruling at the reporting date and their statement of profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in the statement of comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.3.4. Capital work in progress

Capital work in progress is recorded at cost incurred by the Group for the construction of the plants and distribution network. Allocated costs directly attributable to the construction of the assets are capitalised. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed, and it is available for use.

2.3.5. Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the consolidated statement of profit or loss over the term of the borrowings using the effective interest method. Borrowings are classified as non-current liabilities when the Group has an unconditional right to defer settlement of the liabilities for more than twelve months after the reporting date.

Borrowing costs (including finance costs on lease liabilities) that are directly attributable to the acquisition or construction of a qualifying asset are capitalised (net of interest income on temporary investment of borrowings) as part of the cost of the asset until the asset is commissioned for use. Borrowing costs in respect of completed and suspended projects or not attributable to qualifying assets are expensed in the period in which they are incurred. During the year ended 31 December 2022, no borrowing cost was capitalised (2021: nil).

2.3.6. Trade and other payables

Trade payables are obligations to pay for goods or service that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.3.7. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and 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. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Plant and related assets	30 years
Buildings	50 years
Distribution networks	50 years
Furniture and fixtures	3 to 4 years
Office equipment and instruments	3 to 4 years
Motor vehicles	4 to 5 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation of these assets commences when the assets are ready for their intended use. Cessation of depreciation occurs on the disposal or retirement of the item of property, plant and equipment.

The Group performs regular major overhauls of equipment of its district cooling plants. When each major overhaul is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. The cost recognised is depreciated over the period till the next planned major overhaul.

2.3.7. Property, plant and equipment (Continued)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal 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 consolidated statement of profit or loss in the year the asset is derecognised.

2.3.8. Leases

The Group as a lessee

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate (such as LIBOR) or payments that vary to reflect changes in market rental rates are included in the lease payments and are remeasured using the prevailing index or rate at the measurement date.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 office equipment that are considered of 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.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets relate to land, plant, building and motor vehicles.

2.3.8. Leases (Continued)

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Operating lease

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset to the customers are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Where the Group determines that the cooling service agreements to contain an operating lease, capacity payments are recognised as operating lease rentals on a systematic basis to the extent that capacity has been made available to the customers during the year. Rental income arising from operating leases on chilled water plants is accounted for on a straight-line basis over the lease terms and included in revenue due to its operating nature.

Finance lease

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group reviews the contractual arrangements it enters into with its customers. In instances where the contract conveys the right to control the use of the identified asset for substantially all the economic benefits and the right to direct the use, such contracts are accounted for as a finance lease. The amounts due from the lessee are recorded in the statement of financial position as financial assets (finance lease receivables) and are carried at the amount of the net investment in the lease after making provision for impairment.

Lease payments are payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the fixed payments (including in-substance fixed payments), less any lease incentives (for e.g. reimbursement of maintenance fee); variable lease payments that depend on an index or a rate; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate or payments that vary to reflect changes in market rental rates. The payments are included in the lease payments and are measured/remeasured using the prevailing index or rate at the measurement date (e.g. lease commencement date for initial measurement or at the time when new CPI rate is available).

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

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2.3.9. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the consolidated carrying amount of the investment and goodwill is neither amortised nor individually tested for impairment. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates and joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income.

In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss in the consolidated statement of profit or loss.

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

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to consolidated statement of profit or loss where appropriate.

2.3.10. Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other capital reserves.

2.3.11. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax 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 available. 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 subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period to the end of useful life of the assets.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets' or cash-generating units' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill is allocated. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

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2.3.12 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at amortised cost (debt instruments, cash and cash equivalents and trade receivables)
b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
d) Financial assets at fair value through profit or loss

The Group has the following financial assets:

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include a certain portion of trade and other receivables, contract assets, finance lease receivables, due from related parties, and cash and bank balances etc.

Financial assets (Continued)

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a 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.

Financial assets at fair value through OCI (debt instruments)

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

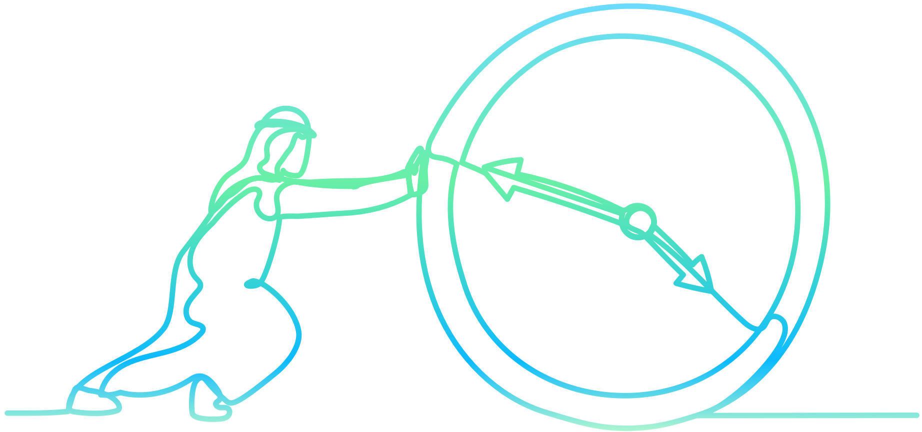
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined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

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.

This category includes quoted and unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted equity investments are recognised under investment and other income in the consolidated statement of profit or loss when the right of payment has been established.



Financial assets (Continued)

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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Write-off

Receivables are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, due to related parties, lease liabilities and interest-bearing loans and borrowings, Islamic financing arrangements and non-convertible Bonds and Sukuks etc.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to a certain portion of trade and other payables, due to related parties, lease liabilities and borrowings.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Fair value measurement principles

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. The fair values of investments in mutual funds or similar investment vehicles are based on the last net asset value published by the fund manager. For other investments including treasury bills, a reasonable estimate of the fair value is determined by reference to the price of recent market transactions involving such investments, current market value of instruments which are substantially the same or is based on the expected discounted cash flows.

The fair value of unquoted investments, forward exchange contracts, interest rate swaps and options (if any) is determined by reference to discounted cash flows, pricing models or over-the-counter quotes.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amounts reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

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 always recognises lifetime ECL for trade receivables, contract assets and retention receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group considers a financial asset 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Significant increase in credit risk

The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

2.3.13 Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.3.14 Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are 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 in hand, bank balances, and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.3.15 Provisions

a) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Management reviews its contracts annually.

b) Decommissioning liability

The Group records a provision for decommissioning costs of removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability.

b) Decommissioning liability (Continued)

The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

c) Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2.3.16 Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to the relevant UAE Government pension scheme calculated as a percentage of the employees' salaries. The obligations under these schemes are limited to these contributions, which are expensed when due.

2.3.17 Derivative financial instruments

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of one or more underlying financial instrument, reference rate or index.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps.

Derivative financial instruments are initially measured at fair value at trade date and are subsequently re- measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Derivative assets and liabilities arising from different transactions are offset only if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models.

The method of recognising fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. All gains and losses from changes in the fair value of derivatives held for trading are recognised in the consolidated statement of profit or loss under 'Net gain from dealing in foreign currencies and derivatives'.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 Financial Instruments (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.3.18. Hedge accounting

Derivatives designated as hedges are classified as either: (i) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; (ii) cash flow hedges which hedge the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction; or (iii) a hedge of net investment which are accounted similarly to a cash flow hedge. Hedge accounting is applied to derivatives designated as hedging instruments in a fair value or cash flow, provided the criteria are met.

At the inception of a hedging relationship, to qualify for hedge accounting, the Group documents the relationship between the hedging instruments and the hedged items as well as its risk management objective and its strategy for undertaking the hedge. The Group also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the hedging instruments, primarily derivatives, that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

a) Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in OCI. The Group has not designated fair value hedge relationships where the hedging instrument hedges an equity instrument designated at FVTOCI.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognised in profit or loss instead of OCI. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain/loss remains in OCI to match that of the hedging instrument.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the EIR method is used (i.e. debt instruments measured at amortised cost or at FVTOCI) arising from the hedged risk is amortised to profit or loss commencing no later than the date when hedge accounting is discontinued.

b) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve, a separate component of OCI, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss.

Amounts previously recognised in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. If the Group no longer expects the transaction to occur that amount is immediately reclassified to profit or loss.

b) Cash flow hedges (Continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively. Any gain/loss recognised in OCI and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognised immediately in profit or loss.

c) Hedge effectiveness testing

To qualify for hedge accounting, the Group requires that at the inception of the hedge and on an ongoing basis:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- the hedging relationship meets all of the hedge effectiveness requirements, i.e.;
- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

d) Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in consolidated statement of profit or loss.

2.3.19. Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as asset held for sale, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 32.

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.

2.3.19. 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 that the entity can access at the measurement date.
- 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.

For assets and liabilities that are recognised in the consolidated financial statements 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 management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement, such as asset held for sale. External valuers are involved for valuation of significant assets, such as land. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 32.

2.3.20. Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in 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 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. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

2.3.21. Cash dividend and non-cash distribution to equity holders of the parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised. As per the laws and regulation applicable in UAE, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Gain or loss on re-measurement is recognised in consolidated statement of profit or loss and then the revalued amount of the asset is recognised as debit in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of profit or loss.

2.3.22. Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables include trade receivables for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value (approximately transaction price) and subsequently measured at amortised cost using the effective interest method, less loss provision. A provision for impairment of trade receivables is established based on the expected lifetime losses to be recognised from initial recognition of the receivables.

2.3.22 Trade receivables (Continued)

When a trade and contract receivables are uncollectible, it is written off against the provision for impairment account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement.

2.3.23 Intangible assets

2.3.23 (i) Customer contracts

Customer contracts acquired in the business combination have been initially recognised at their fair value at the acquisition date. The valuation technique adopted has been the multi-period excess earning method. Subsequent to initial recognition, customer contracts are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation of customer contracts is recognised in the consolidated statement of profit or loss on a straight-line basis over their estimated useful lives. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. Amortization is calculated on a straight-line basis over the life of the contracts in the range of 25 to 50 years.

2.3.23 (ii) Other contracts

Other contracts mainly represent contractual rights, acquired in the business combination which have been initially recognised at their fair value at the acquisition date. The valuation technique adopted has been the multi-period excess earning method. Subsequent to initial recognition, these contracts are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation of other contracts is recognised in the consolidated statement of profit or loss on a straight-line basis over their estimated useful lives of 25 years.

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

2.3.24 Assets classified as held for sale and discontinued operation

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

2.3.24 Assets classified as held for sale and discontinued operation (Continued)

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of Operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation is presented separately in the consolidated statement of profit or loss.

2.3.25 Value added tax (VAT)

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2.3.26 Segment reporting

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs, finance income and other income) are managed on a Group basis and are not allocated to operating segments.

2.4. Application of new and revised international financial reporting standards (IFRS)

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

2.4. Application of new and revised international financial reporting standards (IFRS) (Continued)

- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements

These amendments had no significant impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

The Group has cash flow hedge accounting relationships that are exposed to USD LIBOR. Many of the existing derivatives designated in relationships referencing LIBOR benchmarks are expected to transition to alternative benchmark in different ways and at different times.. The Group is currently discussing the terms of its LIBOR linked loans and derivatives with the respective banks, however the Group does not expect the transition to IBOR will have significant impact on its consolidated financial statements.

The notional amounts of interest rate derivatives designated in hedge accounting relationships represent the extent of the risk exposure managed by the Group that is expected to be directly affected by market-wide IBOR reform and in scope of Phase 1 and Phase 2 amendments. The swaps designated in hedge accounting relationships and affected by IBOR reform are presented below:

	Hedging instruments impacted by IBOR Reform AED '000	Hedging instruments not impacted by IBOR Reform AED '000	Notional contract amount impacted by IBOR Reform AED '000	Notional contract amount not impacted by IBOR Reform AED '000
Cash flow hedge:				
Interest rate swaps	261,997	1,792	3,204,090	144,636

2.5 Standards and Interpretations in issue but not yet effective

The following new standards / amendments to standards which were issued up to 31 December 2022 and are not yet effective for the year ended 31 December 2022 have not been applied while preparing these consolidated financial statements. The Group does not expect that the adoption of these standards / amendments will have a material impact on its consolidated financial statements:

- IFRS 17 Insurance Contracts
- Classification of liabilities as Current or Non-current – Amendments to IAS 1
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12.

UAE Corporate Tax Law disclosures

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding a particular threshold. In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and the taxable income. Therefore, pending such important decisions by the Cabinet as at 31 December 2022, the Group has considered that the Law is not substantively enacted from IAS 12 – Income Taxes perspective as at 31 December 2022. The Group shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes.

2.6 Significant accounting judgements, estimates and assumptions

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

Disclosures relating to the Group's exposure to risks and uncertainties include:

- Capital management — Note 31
- Financial instruments risk management and policies — Note 31
- Sensitivity analysis disclosures — Note 31

2.6.1 Judgments

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

(a) Determining lease terms

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

Management determines whether an arrangement is, or contains, a lease based on the substance of the arrangement at inception date whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Company enters into *(a) Determining lease terms (Continued)*

conveys a right to use the asset. The Company enters into Customer Cooling Services Agreements (the "Agreements") with its customers. To the extent such agreements are determined to contain a lease whether the Company has retained or transferred the significant risks and rewards of ownership of the related assets.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

b) Lessor accounting policy

Under the new guidance provided by IFRS 16, the definition of lease payments has been changed to include the variable lease payments that are based on an index or a rate as part of the net lease investment.

Although IFRS 16 (Leases) does not explicitly require a lessor to reassess the net lease investment at the date of adoption, the Group has updated its accounting policy to include CPI index related payments within the minimum lease payments. In the absence of explicit guidance on the transitional provisions for lessor, the Group has made a judgement to apply the updated accounting policy with effect from 1 January 2019 and adjusted the balance in the retained earnings. In addition, the gain/loss (if any) upon initial recognition of finance lease receivable is included in other gain and losses as management considers this as a non-core business activity.

c) Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and the useful lives of assets. The Group's management has used all available information to make these fair value determinations in the recent acquisitions of subsidiaries (Note 27).

The Group primarily considers the following information and criteria when determining whether it has control over an entity:

- governance arrangements: voting rights and whether the Group is represented in the governing bodies, majority rules and veto rights etc;
- the nature of substantive or protective rights granted to shareholders, relating to the entity's relevant activities;
- rules for appointing key management personnel; and
- whether the Group is exposed, or has rights, to variable returns from its involvement with the entity etc.

2.6.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed 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 beyond the control of the Group. Such changes are reflected in the consolidated financial statements when they occur.

a) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises expected credit loss for trade receivables, finance lease receivable, due from related parties and cash and bank balances, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

At the reporting date, gross trade receivables and amounts due from related parties amounted to AED 534.8 million (2021: AED 600.1 million) with provision for impairment (expected credit losses) of AED 24.7 million(2021: 41.7 million). During the year, the Group recognised a reversal of provision for expected credit losses in the consolidated statement of profit or loss was AED 8.8 million (2021: provision of AED 1.1 million).

At the reporting date, gross finance lease receivables were AED 2,939 million (2021: AED 3,049 million) and provision for impairment at 31 December 2022 was AED 36.7 million (2021: AED 36.7 million).

b) Impairment of non-financial assets

Management determines at each reporting date whether there are any indicators of impairment relating to the Group's cash generating units. A broad range of internal and external factors is considered as part of the indicator review process, where necessary, an impairment assessment is performed. Impairment testing requires an estimation of the fair values less cost to sell and value In use of the cash generating units.

The recoverable amounts require the Group to estimate the amount and timing of future cash flows, terminal value of the assets and choose a suitable discount rate in order to calculate the present value of the cash flows. The net carrying amounts of non-financial assets affected by the above estimations are mainly property, plant and equipment, goodwill, customer contract, and other contract assets. Goodwill is tested for impairment on an annual basis. Goodwill is allocated to respective cash generating units.

3. Revenues

	Year ended 31 December 2022 AED '000	Year ended 31 December 2021 AED '000
Supply of chilled water	1,836,671	1,640,929
Value chain business	74,975	47,066
Revenue from contracts with customers	1,911,646	1,687,995
Operating lease income	77,274	77,101
Finance lease income (Note 15)	227,236	189,989
Lease income	304,510	267,090
	2,216,156	1,955,085

Revenue expected to be recognized in future related to performance obligation that are unsatisfied (or partially unsatisfied):

	Year ended 31 December 2022 AED '000	Year ended 31 December 2021 AED '000
	AED '000	AED '000
Within one year	733,214	708,687
After one but no more than five years	2,872,791	2,745,216
More than five years	12,599,957	12,027,351
	16,205,962	15,481,254

The unsatisfied performance obligations that are part of value chain business revenue are expected to have a duration of one year or less. Hence revenue expected to be recognized in future related to there performance obligations is not disclosed.

	Year ended 31 December 2022 AED '000	Year ended 31 December 2021 AED '000
	AED '000	AED '000
Timing of transfer of goods and services:		
After one but no more than five years	36,436	30,055
Over time	1,875,210	1,657,940
	1,911,646	1,687,995

4. Operating segments

For management purposes, the Group is organised into business units based on their products and services. The two reportable operating segments are as follows:

- The 'Chilled water' segment constructs, owns, assembles, installs, operates and maintains cooling and conditioning systems. In addition, the segment distributes and sells chilled water for use in district cooling technologies (Note 9).
- The 'Value chain business' segment is involved in ancillary activities relating to the expansion of the Group's chilled water business (Note 9).

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4. Operating segments (Continued)

	For the year ended 31 December 2022				For the year ended 31 December 2021			
	Chilled water	Value chain business	Eliminations	Total	Chilled water	Value chain business	Eliminations	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Continuing operations Revenues								
External revenue	2,141,182	74,974	-	2,216,156	1,882,090	72,995	-	1,955,085
Inter–segment revenue	-	48,890	(48,890)	-	-	43,880	(43,880)	-
Total revenues	2,141,182	123,864	(48,890)	2,216,156	1,882,090	116,875	(43,880)	1,955,085
Direct costs	(1,140,955)	(65,011)	28,047	(1,177,919)	(1,038,931)	(64,142)	18,809	(1,084,264)
Gross profit	1,000,227	58,853	(20,843)	1,038,237	843,159	52,733	(25,071)	870,821
Reversal of (impairment provision) for trade receivables	8,930	(100)	-	8,830	(676)	(420)	-	(1,096)
Administrative and other expenses	(229,897)	(29,839)	14,567	(245,169)	(233,013)	(29,236)	15,704	(246,545)
Operating profit	779,260	28,914	(6,276)	801,898	609,470	23,077	(9,367)	623,180
Finance costs	(288,297)	(1,147)	-	(289,444)	(257,089)	(619)	-	(257,708)
Finance income	21,646	59	-	21,705	2,583	102	-	2,685
Other gains and losses, net	69,639	-	-	69,639	130,233	-	-	130,233
Share of results of associates and joint ventures	29,607	-	-	29,607	35,673	-	-	35,673
Profit from continuing operations	611,855	27,826	(6,276)	633,405	520,870	22,560	(9,367)	534,063
Profit from discontinued operation	-	-	-	-	76,682	-	-	76,682
Profit for the year	611,855	27,826	(6,276)	633,405	597,552	22,560	(9,367)	610,745

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4. Operating segments (Continued)

Inter-segment transactions are eliminated on consolidation.

Segment results include an amount of depreciation and amortisation allocated to the operating segments as follows:

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Chilled water	Value chain business	Total	Chilled water	Value chain business	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Depreciation on property, plant and equipment (Note 11)	187,770	4,395	192,165	184,859	3,520	188,379
Depreciation on Right-of-use asset (Note 16)	22,579	1,277	23,856	22,408	1,000	23,408
	210,349	5,672	216,021	207,267	4,520	211,787

Segment assets and liabilities are as follows:

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Chilled water	Value chain business	Total	Chilled water	Value chain business	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Other segment assets	14,882,469	111,160	14,993,629	14,300,835	159,702	14,460,537
Investments in associates	438,670	-	438,670	354,098	-	354,098
Investment in joint ventures	18,618	-	18,618	18,692	-	18,692
Total assets	15,339,757	111,160	15,450.917	14,673,625	159,702	14,833,327
Segment liabilities	8,197,787	99,055	8,296,842	8,306,227	80,704	8,386,931
Total liabilities	8,197,787	99,055	8,296,842	8,306,227	80,704	8,386,931

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4. Operating segments (Continued)

The table below illustrates the capital expenditures added during the year:

	2022			2021		
	Chilled water AED'000	Value chain business AED'000	Total AED'000	Chilled water AED'000	Value chain business AED'000	Total AED'000
Capital expenditure:						
Property, plant and equipment	10,832	3,176	14,008	17,212	2,791	20,003
Capital work in progress	160,559	-	160,559	136,359	-	136,359

Geographic information

The following table presents certain non-current assets and revenue information relating to the Group based on geographical location of the operating units:

	Revenue		Non-current assets	
	2022 AED '000	2021 AED '000	2022 AED '000	2021 AED '000
United Arab Emirates	2,104,471	1,876,397	11,799,736	11,988,169
Others	111,685	78,688	585,096	582,452
	2,216,156	1,955,085	12,384,832	12,570,621

4. Operating segments (Continued)

Revenue from external customers

The following table provides information relating to the Group's major customers, which individually contribute more than 10% towards the Group's revenue for the year ended 31 December 2022 and 31 December 2021.

	2022 AED'000	2021 AED'000
Chilled water segment:		
Customer 1	340,614	346,195
Customer 2	315,950	303,565
Customer 3	217,851	183,329
	874,415	833,089

5. Finance costs

	Year ended 31 December 2022 AED '000	Year ended 31 December 2021 AED '000
Interest charged to consolidated statement of profit or loss during the year	289,444	257,708
Interest charged to consolidated statement of profit or loss comprises of:		
Interest on interest bearing loans and borrowings	76,332	62,360
Profit on Sukuk	100,979	100,996
Interest on bonds	45,912	45,913
Profit on Islamic financing arrangements	27,818	14,926
Amortisation of transaction costs (Note 19)	20,925	15,976
Finance cost related to lease liabilities (Note 17)	12,534	14,013
Other finance costs	4,944	3,524
	289,444	257,708

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6. Profit from operations

6.1 Direct costs

	Year ended 31 December 2022 AED '000	Year ended 31 December 2021 AED '000
Cost of inventories recognised as an expense (i)	54,621	38,687
Depreciation of property, plant and equipment (Note 11)	183,411	179,046
Depreciation of right-of-use assets (Note 16)	15,470	15,128
Amortisation of intangible assets (Note 14)	103,835	61,385
Utility costs	681,604	646,042
Purchase of chilled water from a related party (Note 28)	63,300	62,256
Staff costs (Note 6.3)	72,236	76,622
Others	3,442	5,098
	1,177,919	1,084,264

(i) As at 31 December, the inventory balance represents stores and spares which are utilised for repairs and maintenance of the plants managed by the Group.

6.2 Administrative and other expenses

	For the year ended 31 December 2022 AED '000	For the year ended 31 December 2021 AED '000
Staff costs (Note 6.3)	155,878	153,559
Depreciation of property, plant and equipment (Note 11)	8,754	9,33
Depreciation of right-of-use assets (Note 16)	8,386	8,280
Other expenses	72,151	75,373
	245,169	246,545

6.3 Staff costs

	2022 AED '000	2021 AED '000
Salaries, benefits and allowances	218,437	223,264
Employees' end of service benefits (Note 25)	9,677	6,917
	228,114	230,181
Staff costs are allocated as follows:		
Direct costs (Note 6.1)	72,236	76,622
Administrative and other expenses (Note 6.2)	155,878	153,559
	228,114	230,181

6.4 Other gains and losses, net

During the year an amount of AED 130 million was received from a customer following the outcome of arbitration resulting in a gain of AED 45 million recognized in the consolidated statement of profit and loss for the year ended 31 December 2022.

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7. Basic and diluted earnings per share attributable to ordinary equity holders of the parent

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	For the year ended 31 December 2022 AED '000	For the year ended 31 December 2021 AED '000
Profit for the year attributable to ordinary equity holders of the parent for basic earnings (AED '000)		
From continuing operations	600,188	508,474
From discontinued operation	-	76,682
	600,188	585,156
Weighted average number of shares (excluding treasury shares) outstanding during the year ('000)	2,841,965	2,841,965
Basic earnings per share from continuing operations (AED)	0.21	0.18
Basic earnings per share from discontinued operation (AED)	-	0.03
Total basic earnings per share (AED)	0.21	0.21

The Company does not have any instruments which would have a dilutive impact on earnings per share. Therefore, basic and diluted earnings per share are same for the years ended 31 December 2022 and 2021.

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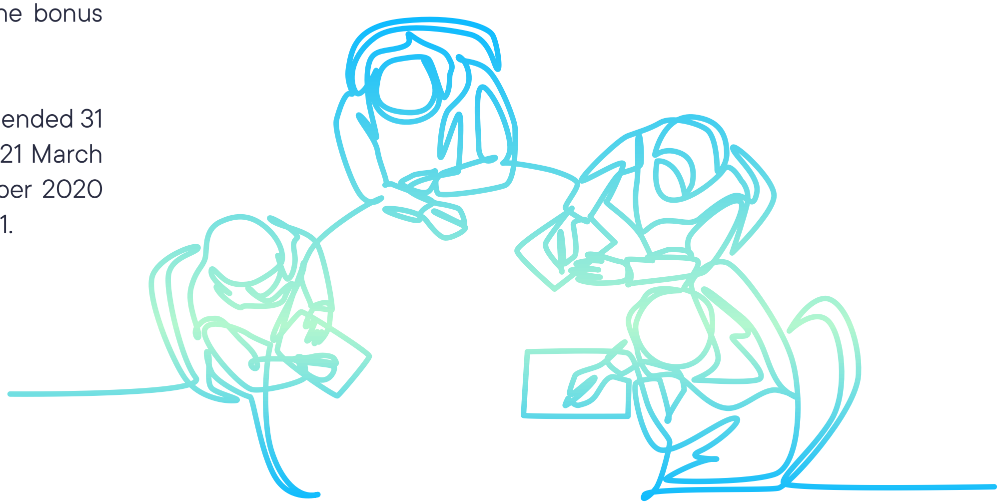
8. Dividends and board remuneration

On 14 February 2023, the Board of Directors resolved to recommend to the shareholders at the upcoming Annual General Assembly meeting, the distribution of cash dividends of AED 383.7 million (13.5 fils per share) to the shareholders in respect of the fiscal year ended 31 December 2022.

In 2022, the Board of Directors proposed the distribution of cash dividends of 6.0 fils per share and bonus shares of 2.5% to the shareholders in respect of the fiscal year ended 31 December 2021. The shareholders at the Annual General Assembly Meeting held on 21 March 2022 approved the dividend and the bonus shares. Accordingly, the bonus shares of 69,386,375 were issued on 31 March 2022 and the dividend amounted to AED 166.3 million was paid on 4 April 2022.

In 2021, the Board of Directors proposed the distribution of cash dividends of 5.75 fils per share and bonus shares of 2.22% to the shareholders in respect of the fiscal year ended 31 December 2020. The shareholders at the Annual General Assembly Meeting held on 21 March 2021 approved the dividend and the bonus shares. Accordingly, the dividend amounted to AED 156.1 million and was paid in April 2021 and the bonus shares comprising 60,345,091 shares were issued in April 2021.

Furthermore, Board of Directors' remuneration of AED 8.6 million for the year ended 31 December 2021 was also approved at the Annual General Meeting held on 21 March 2022. Board remuneration of AED 7.1 million for the year ended 31 December 2020 was approved at the previous Annual General Meeting held on 21 March 2021.



9. Subsidiaries

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

Chilled water segment	Country of incorporation	Percentage of holding		Principal activities
		2022	2021	
National Central Cooling Company Ras Al Khaimah LLC	UAE	100	100	Sale of chilled water
Summit District Cooling Company	UAE	100	100	Sale of chilled water
Bahrain District Cooling Company	Bahrain	99.8	99.8	Sale of chilled water
Tabreed Oman SAOC	Oman	61	61	Sale of chilled water
Tabreed Parks Investment LLC	UAE	100	100	Sale of chilled water
Prime District Cooling Company LLC	UAE	75	75	Sale of chilled water
S&T Cool District Cooling Company LLC	UAE	100	100	Sale of chilled water
Tabreed Amaravati District Cooling Private Limited (TADCPL) (ii)	India	75	100	Sale of chilled water
Tabreed Capital Med for Infrastructure and Central Cooling Services LLD (iii)	Egypt	100	-	Sale of chilled water
Kattameya D5 Infrastructure and Central Cooling Services LLD (iii)	Egypt	60	-	Sale of chilled water
Tabreed Al Mouj SPC (iii)	Oman	61	-	Sale of chilled water
Downtown District Cooling LLC	UAE	80	80	Sale of chilled water
Tabreed Sustainable City Limited	UAE	100	100	Sale of chilled water
Saadiyat District Cooling LLC	UAE	100	100	Sale of chilled water
Saadiyat Cooling LLC	UAE	100	100	Sale of chilled water
Business District Cooling Investment LLC	UAE	100	100	Sale of chilled water

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9. Subsidiaries (Continued)

Value chain business segment:	Country of incorporation	Percentage of holding		Principal activities
Gulf Energy Systems LLC	UAE	100	100	Construction of secondary networks
Tabreed Operation & Maintenance Zones Cooling Stations Company	UAE	100	100	Operation and maintenance of plants
Emirates Preinsulated Pipes Industries LLC	UAE	65	65	Manufacturing of pre-insulated pipes
Installation Integrity 2000 LLC	UAE	100	100	Commissioning and engineering services
CoolTech Energy Water Treatment LLC	UAE	100	100	Water treatment services and sale chilled water related products
Ian Banham and Associates (i)	UAE	-	70	Design and supervision consultancy
Sahara Cooling and Air Conditioning LLC	UAE	51	51	Supervision services
Tasleem Metering and Payment LLC	UAE	100	100	Billing and collection of chilled water charges
Cooltech Water Treatment LLC	UAE	100	100	Water treatment services and sale chilled water related
Cooltech Water Service L.L.C.	UAE	100	100	Water treatment services and sale chilled water related
Tabreed Energy Service L.L.C.	UAE	100	100	Building energy efficiency service

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9. Subsidiaries (Continued)

Others – Unallocated:	Country of incorporation	Percentage of holding		Principal activities
Tabreed Holdings WLL	Bahrain	100	100	Act as a holding company
Tabreed Al Maryah District Cooling Investment LLC	UAE	100	100	Act as a holding company
District Utilities Energy Investments L.LC	UAE	100	100	Act as a holding company
Tabreed Energy Investments Sole Proprietorship LLC	UAE	100	100	Act as a holding company
Tabreed Utilities & Metering Energy Investment LLC	UAE	100	100	Act as a holding company
Central Utilities & Metering Energy Investment LLC	UAE	100	100	Act as a holding company
Tabreed India Private Limited (ii)	India	75	100	Act as a holding company
Tabreed Infopark Cooling Private Limited (ii)	India	75	100	Act as a holding company
Tabreed Asia Central Cooling Company LTE PTE (ii)	Singapore	75	-	Act as a holding company
Tabreed Company for Central Cooling Services LLC (Tabreed Misr)	Egypt	100	99	Act as a holding company

I. During the year, the Group disposed of its entire 70% shareholding in Ian Banham and Associates LLC to its existing non-controlling interest holder. (Note 27.1)

II. During the year, Tabreed Asia Central Cooling Company LTE PTE ("Tabreed Asia") was incorporated by the Group, with 75% shareholding. The ownership in Tabreed India and its subsidiaries, Tabreed Infopark Cooling Private Limited and Tabreed Amaravati District Cooling Private Limited, was subsequently transferred to Tabreed Asia resulting in reduction of Group's shareholding in Tabreed India Private Limited, Tabreed Amaravati District Cooling Private Limited (TADCPL) and Tabreed Infopark Cooling Private Limited from 100% to 75% respectively (Note 27.2).

III. These companies are established during the year ended 31 December 2022.

9.1 Partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2022 Percentage	2021 Percentage
Downtown District Cooling LLC	UAE	20	20
Prime District Cooling Company LLC	UAE	25	25
Emirates Preinsulated Pipes Industries LLC	UAE	35	35
Ian Banham and Associates	UAE	-	30
Bahrain District Cooling Company	Bahrain	0.02	0.02
Tabreed Oman SAOC	Oman	39	39
Tabreed Asia Central Cooling Company LTE PTE	Singapore	25	-

Accumulated balances of material non-controlling interest:

Name	2022 AED '000	2021 AED '000
Downtown District Cooling LLC	606,044	625,406
Others	73,221	74,845
Total	679,265	700,251

Profit allocated to material non-controlling interest:

Name	2022 AED '000	2021 AED '000
Downtown District Cooling LLC	28,638	26,347
Others	4,579	(758)
Total	33,217	25,589

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

9.1 Partly-owned subsidiaries (Continued)

Summarized statement of profit or loss for:

	Downtown District Cooling LLC AED000	Others AED '000	Total AED '000
2022			
Revenue from contracts with customers	382,007	157,407	539,414
Cost of sales	(235,321)	(105,509)	(340,830)
Administrative expenses	(5,174)	(19,465)	(24,639)
Finance costs	(2)	(12,117)	(12,119)
Interest income	1,339	104	1,443
Other income	341	1,113	1,454
Total comprehensive income	143,190	21,533	164,723
Attributable to non-controlling interests	28,638	4,579	33,217
2021			
Revenue from contracts with customers	356,073	133,397	489,470
Cost of sales	(220,699)	(90,161)	(310,860)
Administrative expenses	(4,686)	(27,354)	(32,040)
Finance costs	(2)	(10,163)	(10,165)
Interest income	475	193	668
Other income	575	676	1,251
Total comprehensive income	131,736	6,588	138,324
Attributable to non-controlling interests	26,347	(758)	25,589
Dividends paid to non-controlling interests	32,400	3,227	35,627

9.1 Partly-owned subsidiaries (Continued)

Summarized statement of financial position:

as at 31 December 2022	Downtown District Cooling LLC AED000	Others AED '000	Total AED '000
Inventories and cash and bank balances (current)	214,617	108,061	322,678
Property, plant and equipment and other non-current assets (non-current)	2,900,508	683,455	3,583,963
Trade payables and other liabilities	(84,905)	(72,615)	(157,520)
Interest-bearing loans and borrowing and lease liabilities	-	(198,558)	(198,558)
Total equity	3,030,220	520,343	3,550,563
Attributable to:			
Equity holders of parent	2,424,176	447,122	2,871,298
Non-controlling interest	606,044	73,221	679,265
	3,030,220	520,343	3,550,563

as at 31 December 2022			
Inventories and cash and bank balances (current)	245,997	115,203	361,200
Property, plant and equipment and other non-current assets (non-current)	2,970,835	715,490	3,686,325
Trade and other payables (current)	(89,802)	(92,456)	(182,258)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	-	(206,970)	(206,970)
Total equity	3,127,030	531,267	3,658,297
Attributable to:			
Equity holders of parent	2,501,624	456,422	2,958,046
Non-controlling interest	625,406	74,845	700,251
	3,127,030	531,267	3,658,297

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10. Capital work in progress

The movement in capital work in progress during the year was as follows:

	2022 AED '000	2021 AED '000
At 1 January	128,016	292,808
Additions during the year	160,559	136,359
Acquisition through business combination	-	17,463
Transfer to property, plant and equipment (Note 11)	(53,030)	(278,145)
Transfer to finance lease receivable (Note 15)	-	(40,469)
	235,545	128,016
Advances (i)	16,496	73,640
At 31 December	252,041	201,656

I. In December 2021, the Group signed an Agreement with a developer in Oman to acquire a district cooling plant for a value of AED 65.3 million. The payment was made in December 2021 but the transaction was not completed and was subject to finalisation of certain conditions and is therefore recorded under capital work in progress. The transaction was completed subsequent to year end and accordingly, the amount was transferred from capital work in progress to Property plant and equipment during 2022.

II. Refer to note 11 for impairment indicators assessment of cash generating units.

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11. Property, plant and equipment

	Land, plant and buildings AED'000	Distribution network AED'000	Furniture and fixtures AED'000	Office equipment and instruments AED'000	Motor vehicles AED'000	Total AED'000
2022 Cost:	4,799,859	2,662,123	24,642	59,072	1,353	7,547,049
At 1 January 2022	46,385	27,922	230	4,807	24	79,368
Additions during the year (i)	11,320	10,365		31,345	-	53,030
Transfer from capital work in progress (Note 10)	-	-	(2,278)	(5)		(2,283)
Disposal of a subsidiary (note 27.1)	4,857,564	2,700,410	22,594	95,219	1,377	7,677,164
At 31 December 2022						
Accumulated depreciation:						
At 1 January 2022	1,144,886	527,666	11,244	47,534	1,344	1,732,674
Charge for the year	126,137	57,980	3,161	4,878	9	192,165
Disposal of a subsidiary (note 27.1)	-	-	(2,018)	(3)		(2,021)
At 31 December 2022	1,271,023	585,646	12,387	52,409	1,353	1,922,818
Net carrying amount before accumulated impairment:						
At 1 January 2022 and at 31 December 2022	3,586,541	2,114,764	10,207	42,810	24	5,754,346
Accumulated impairment:						
At 1 January 2022 and at 31 December 2022	527,691	473,982	-	-	-	1,001,673
Net carrying amount after accumulated impairment:						
At 31 December 2022	3,058,850	1,640,782	10,207	42,810	24	4,752,673

I. During the year, the Group acquired a district cooling plant from a real estate developer in Oman for a total consideration of AED 65.36 million.

11. Property, plant and equipment (Continued)

	Land, plant and buildings AED'000	Distribution network AED'000	Furniture and fixtures AED'000	Office equipment and instruments AED'000	Motor vehicles AED'000	Total AED'000
2021 Cost:	4,326,786	2,576,593	24,004	54,538	1,329	6,983,250
At 1 January 2021	10,647	4,395	403	4,534	24	20,003
Additions during the year	265,651	-	-	-	-	265,651
Acquisition through business combination	196,775	81,135	235	-	-	278,145
Transfer from capital work in progress (Note 10)	4,799,859	2,662,123	24,642	59,072	1,353	7,547,049
At 31 December 2021						
Accumulated depreciation:						
At 1 January 2021	1,020,989	467,861	9,939	44,218	1,288	1,544,295
Depreciation for the year	123,897	59,805	1,305	3,316	56	188,379
At 31 December 2021	1,144,886	527,666	11,244	47,534	1,344	1,732,674
Net carrying amount before accumulated impairment:						
At 31 December 2021	3,654,973	2,134,457	13,398	11,538	9	5,814,375
Accumulated impairment:						
A t 1 January 2021 and at 31 December 2021	527,691	473,982	-	-	-	1,001,673
Net carrying amount after accumulated impairment:						
At 31 December 2021	3,127,282	1,660,475	13,398	11,538	9	4,812,702

11. Property, plant and equipment (Continued)

The depreciation charge for the year has been allocated as follows:

	2022 AED '000	2021 AED '000
Included in direct costs (Note 6.1)	183,411	179,046
Included in administrative and other expenses (Note 6.2)	8,754	9,333
	192,165	188,379

Property, plant and equipment of AED 394.5 million (2021: AED 339.8 million) have been pledged as security against interest-bearing loans (Note 22).

Management undertakes an annual strategic review of all its projects with the view of assessing the impact of any internal or external factors on the recoverable amount of the Group's property, plant and equipment, customer and other contracts and capital work in progress.

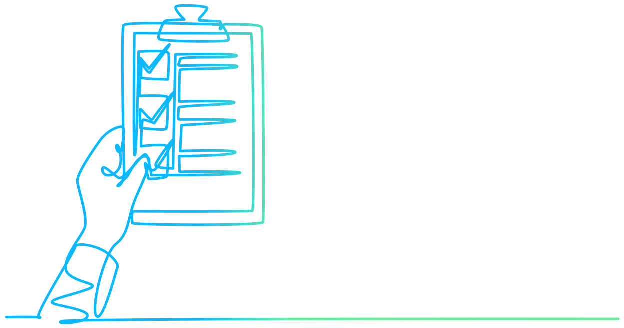
Where required, the Group applies the value in use methodology using cash flow projections to estimate the recoverable amount of its property, plant and equipment, customer and other contracts and capital work in progress approved by the Group's management and Board of Directors.

The calculation of value in use is most sensitive in the following judgements and assumptions:

- Identification of cash generating units;
- Estimated use of the plant measured by its Equivalent Full Load Hours (EFLH) defined as annual ton-hours of cooling actually supplied divided by the supplying chiller's design capacity in tons;
- Amount and timing of revenue relating to capacity of the plant:
- Contracted but not connected at year end;
- Inflation rate used to extrapolate cash flows beyond the period of the initial agreement with the respective customer;
- Cost of construction relating to plant and equipment under construction based on contracts signed to date and estimate of cost required to complete;
- Discount rate based on the Group's weighted average cost of capital (WACC) of 6.5% - 10%; and
- Terminal value of distribution assets and buildings.

Revenue estimates are based on discussions with existing and potential customers and expected future loads. Cash inflows are based on the term of the existing contracts with the respective customers extended to the period of expected usage of the plant.

During the year ended 31 December 2022, no borrowing cost is capitalized (2021: Nil).



12. Investments in associates

The Group has the following investments in associates:

	Country of incorporation	Principal activities	Ownership		Carrying value	
			2022	2021	2022	2021
Industrial City Cooling Company	United Arab Emirates	Sale of chilled water	20%	-	937	-
Tabreed District Cooling Company (Saudi)	Kingdom of Saudi Arabia	Sale of chilled water	30.3%	28.2%	386,330	313,572
Sahara Cooling Limited	United Arab Emirates	Sale of chilled water	40%	40%	51,403	40,526
					438,670	354,098

The Group's interest in associates is accounted for using the equity method in the consolidated financial statements. Movement in investments in associates is as follows:

	For the year ended 31 December 2022 AED '000	For the year ended 31 December 2021 AED '000
At 1 January	354,098	339,063
Share of results for the year from continuing operations	29,681	21,026
Share of results for the year from discontinued operation (i)	-	24,732
Additions (ii)	53,485	-
Dividends received	(9,514)	(8,835)
Share of changes in fair value of effective cash flow hedges	17,489	10,715
Adjustments for inter group transactions	(6,569)	(7,871)
Classified as held for sale (i)	-	(24,732)
At 31 December	438,670	354,098

12. Investments in associates (Continued)

Below is the movement of assets held for sale:

	For the year ended 31 December 2022 AED '000	For the year ended 31 December 2021 AED '000
At 1 January	-	329,885
Classified as held for sale	-	-
Share of results for the year from discontinued operation (i)	-	24,732
Disposed off during the year (i)	-	(354,617)
At 31 December	-	-

The associates are involved in the same business activity as Tabreed. The reporting dates for the associates are the same as for Tabreed. The investments are considered strategic to the Group.

I. On 15 August 2021, the group disposed of its interest in Qatar Central Cooling Company PJSC to its existing shareholders for a consideration of AED 406.6 million (net of tax). The carrying value of investment at the time of disposal was AED 354.6 million which accordingly resulted in a gain of AED 52 million upon disposal, and was reported under profit from discontinued operation in the consolidated statement of profit or loss.

II. During the year 2022, the Group purchased of 2.3% additional shares purchased from an existing shareholder of Tabreed District Cooling Company (Saudi), at a price of AED 53.5 million. The transaction resulted in an increase in the Group's shareholding in Tabreed District Cooling Company (Saudi) from 28% to 30.3% in 2022.

12. Investments in associates (Continued)

The following illustrates summarized financial information of the Group's investments in associates. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts.

	Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2022			
Total current assets	566,304	70,104	636,408
Total non-current assets	2,022,091	296,963	2,319,054
Total current liabilities	(248,634)	(17,522)	(266,156)
Total non-current liabilities	(1,151,026)	(216,353)	(1,367,379)
Net assets	1,188,735	133,192	1,321,927
Tabreed's share of net assets	332,845	52,340	385,185
Impact of additional investment	53,485	-	53,485
Tabreed's share of net assets	386,330	52,340	438,670
2021			
Total current assets	501,624	68,821	570,445
Total non-current assets	1,977,840	324,544	2,302,384
Total current liabilities	(247,702)	(35,371)	(283,073)
Total non-current liabilities	(1,111,861)	(256,678)	(1,368,539)
Net assets	1,119,901	101,316	1,221,217
Tabreed's share of net assets	313,572	40,526	354,098

12. Investments in associates (Continued)

Reconciliation of carrying amounts

	Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2022			
Opening net assets	1,119,901	101,316	1,221,217
Profit for the year	29,105	57,692	86,797
Other comprehensive income	39,729	15,914	55,643
Dividends paid	-	(23,785)	(23,785)
Other adjustments	-	(17,945)	(17,945)
Closing net assets	1,188,735	133,192	1,321,927
Tabreed's share of net assets	332,845	52,340	385,185
Impact of Additional Investment	53,485	-	53,485
Tabreed's share of net assets	386,330	52,340	438,670
2021			
Opening net assets	1,093,569	92,511	1,186,080
Profit for the year	5,000	42,778	47,778
Other comprehensive income	26,100	8,518	34,618
Dividends paid	-	(24,710)	(24,710)
Other adjustments	(4,768)	(17,781)	(22,549)
Closing net assets	1,119,901	101,316	1,221,217
Tabreed's share of net assets	313,572	40,526	354,098

12. Investments in associates (Continued)

Reconciliation of carrying amounts (Continued)

	Tabreed District Cooling Company (Saudi) AED 000'	Others AED 000'	Total AED 000'
2022			
Revenue	330,049	119,311	449,360
Cost of sales	(159,080)	(51,099)	(210,179)
Administrative and other expenses	(84,131)	(3,903)	(88,034)
Other income	4,346	170	4,516
Net finance cost	(62,079)	(6,787)	(68,866)
Profit for the year	29,105	57,692	86,797
Tabreed's share of results for the year	8,149	21,532	29,681
2021			
Revenue	260,956	118,968	379,924
Cost of sales	(98,163)	(43,333)	(141,496)
Administrative and other expenses	(82,250)	(23,753)	(106,003)
Other income	2,211	121	2,332
Net finance cost	(77,754)	(9,225)	(86,979)
Profit for the year	5,000	42,778	47,778
Tabreed's share of results for the year	1,400	19,626	21,026

Net assets of associates include the Group's share of fair value of derivatives of associates amounting to AED 14.6 million (2021: AED 2.9 million). Summarized financial information of the Group's investments in associates is adjusted for intercompany transactions.

Commitments and contingent liabilities in respect of the associates are disclosed in notes 29 and 30.

13. Investments in joint ventures

The Group has the following investment in joint ventures:

	Country of incorporation	Principal activities	Ownership		Carrying value	
			2022	2021	2022 AED 000'	2021 AED 000'
SNC Lavalin Gulf Contractors LLC (i)	United Arab Emirates	Construction business	51%	51%	18,618	18,692

SNC Lavalin Gulf Contractors LLC (SLGC), a limited liability company is involved in engineering, procurement, construction and construction management in the field of District Cooling. The Group's interest in SLGC is accounted for using the equity method in the consolidated financial statements as both the shareholders jointly control and have equal rights to the net assets.

The reporting date for the joint venture was the same as for Tabreed.

Movement in investments in joint ventures was as follows:

	For the year ended 31 December 2022 AED '000	For the year ended 31 December 2021 AED '000
At 1 January	18,692	19,195
Share of results for the year	(74)	14,647
Dividends paid	-	(5,751)
Share of changes in fair value of effective cash flow hedges	-	20,385
Adjustments for inter group transactions	-	(4,929)
De-recognition of investment in joint ventures and recognition as a subsidiary	-	(24,855)
At 31 December	18,618	18,692
Share of the joint ventures' revenues and profits:		
Revenues	8,233	69,217
(Loss) profit for the year	(74)	14,647

13. Investments in joint ventures (Continued)

The following illustrates summarized financial information of the Group's investments in joint ventures:

	For the year ended 31 December 2022 AED '000	For the year ended 31 December 2022 AED '000
Revenue	16,144	138,119
Cost of sales	(14,077)	(62,482)
Administrative and other expenses	(2,127)	(14,530)
Other income	(5)	264
Net finance cost	(81)	(32,064)
(Loss) profit for the year	(146)	29,307
Tabreed's share of results for the year	(74)	14,647
Total current assets	52,138	51,399
Total non-current assets	1,123	299
Total current liabilities	(16,525)	(15,536)
Total non-current liabilities	(231)	488
Net assets	36,505	36,650
Tabreed's share of net assets	18,618	18,692

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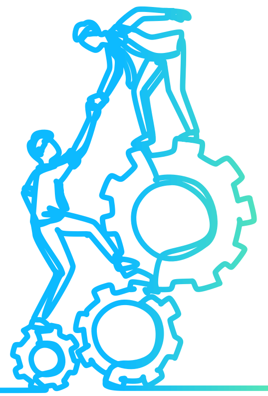
13. Investments in joint ventures (Continued)

Reconciliation of carrying amounts:

Opening net assets	36,650	38,389
(Loss) profit for the year	(146)	29,307
Other comprehensive income	-	30,820
Dividends paid	-	(11,502)
De-recognition of investment in joint ventures and recognition as a subsidiary	-	(49,709)
Other adjustments	-	(655)
Closing net assets	36,504	36,650
Tabreed's share of net assets	18,618	18,692

Summarized financial information of the Group's investments in joint ventures is adjusted for intercompany transactions.

Commitments and contingent liabilities in respect of the joint ventures are disclosed in Notes 29 and 30.



14. Intangible assets

Goodwill

	2022 AED '000	2021 AED '000
At 1 January	347,734	107,446
Acquisition through business combinations	-	240,288
Disposal of a subsidiary (Note 27.1)	(28,527)	-
At 31 December	319,207	347,734
Ian Banham & Associates (note 27.1)	-	28,527
Downtown District Cooling LLC	78,919	78,919
Business District Cooling Investment LLC	240,288	240,288

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the goodwill for each cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the board covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth and inflation rates. These growth rates are consistent with forecasts from previous years and industry specific benchmarks in which each CGU operates.

The goodwill comprises of the fair value of expected synergies and future connections that may result through acquired district cooling plants and networks.

During the year ended 31 December 2022, management performed its annual impairment review of goodwill, using the discounted cashflow model and trading multiples of comparable companies' approach.

Following key assumptions were used in the discounted cashflow review:

- Consumer price index: 2.5%
- Discount rate: 7%

The recoverable amounts of the CGUs are most sensitive to the discount rate used for the value-in-use calculation. A change in discount rate by 1% would result in a reduction in the difference between the carrying value of the CGU (including allocated goodwill) and the recoverable amount by 45%, without resulting in an impairment loss.

Management has assessed that no impairment loss is required to be recognised against goodwill at the reporting date.

Contracts

	2022 AED '000	2021 AED '000
At 1 January	3,936,718	2,252,681
Acquisition through business combinations	-	1,745,422
Amortisation charge for the year (Note 6.1)	(103,835)	(61,385)
At 31 December	3,832,883	3,936,718

The customer contracts and contractual rights were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition, and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

15. Finance lease receivables

Movement in the finance lease receivables during the year was as follows:

	2022 AED '000	2021 AED '000
At 1 January, net	3,012,278	3,108,650
Finance lease income	220,896	227,062
Variable lease payment CPI indexation	6,340	(37,073)
Total finance lease income (Note 3)	227,236	189,989
Initial recognition of new finance lease receivables	-	40,469
Lease rentals received	(337,344)	(326,830)
At 31 December, net	2,902,170	3,012,278

Finance lease receivable is allocated in the consolidated statement of financial position as follows:

	2022 AED '000	2021 AED '000
Current assets	324,279	323,588
Non-current assets	2,577,891	2,688,690
	2,902,170	3,012,278

15. Finance lease receivables (Continued)

Future minimum lease receivables under finance leases together with the present value of net minimum lease receivables are as follows:

	2022		2021	
	Minimum lease receivables	Present value of minimum lease	Minimum lease receivables	Present value of minimum lease
	AED '000	AED '000	AED '000	AED '000
Within one year	337,345	324,279	336,623	323,588
After one but no more than five years	1,349,379	1,083,553	1,346,490	1,081,289
More than five years	3,100,307	1,494,338	3,428,911	1,607,401
	4,787,031	2,902,170	5,112,024	3,012,278
Unearned finance income	(1,884,861)	-	(2,099,746)	-
	2,902,170	2,902,170	3,012,278	3,012,278

Movement in unearned finance income was as follows:

	2022 AED '000	2021 AED '000
At 1 January	2,099,746	2,321,644
Finance income recognised during the year	(220,896)	(227,062)
Variable lease payment CPI indexation	6,011	(29,907)
Relating to new finance leases	-	35,071
At 31 December	1,884,861	2,099,746

No unguaranteed residual value to the benefit of the lessor is assumed for the purpose of the above calculation.

The Group leases represent district cooling plants. Contracts are usually made for fixed periods of 15 years to 30 years. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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16. Right-of-use assets

Movement in right-of-use asset was summarised as follows:

	Land, plant and buildings AED'000	Distribution network AED'000	Motor Vehicles AED'000	Total AED'000
2022 Cost:				
At 1 January 2022	255,847	90,760	17,023	363,630
Additions during the year	-	-	6,374	6,374
At 31 December 2022	255,847	90,760	23,397	370,004
Depreciation:				
At 1 January 2022	54,291	1,859	8,896	65,046
Depreciation for the year	18,604	1,905	3,347	23,856
At 31 December 2022	72,895	3,764	12,243	88,902
Net carrying amount before accumulated impairment: At 31 December 2022	182,952	86,996	11,154	281,102
Impairment:				
At 1 January 2021 and at 31 December 2022	88,253	-	-	88,253
Net carrying amount after accumulated impairment:				
At 31 December 2022	94,699	86,996	11,154	192,849

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16. Right-of-use assets (Continued)

2021 Cost:				
At 1 January 2021	239,527	45,100	10,733	295,360
Acquisition through business combination	-	45,660	-	45,660
Additions during the year	16,320	-	6,290	22,610
At 31 December 2021	255,847	90,760	17,023	363,630
Depreciation:				
At 1 January 2021	35,907	82	5,649	41,638
Depreciation for the year	18,384	1,777	3,247	23,408
At 31 December 2021	54,291	1,859	8,896	65,046
Net carrying amount before accumulated impairment: At 31 December 2021	201,556	88,901	8,127	298,584
Impairment:				
At 1 January 2021 and at 31 December 2021	88,253	-	-	88,253
Net carrying amount after accumulated impairment: At 31 December 2021	113,303	88,901	8,127	210,331

The depreciation charge for the year has been allocated as follows:

	2022 AED '000	2021 AED '000
Included in direct costs (Note 6.1)	15,470	15,128
Included in administrative and other expenses (Note 6.2)	8,386	8,280
	23,856	23,408

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17. Lease liabilities

Movement in the lease liabilities during the year is as follows:

	2022 AED '000	2021 AED '000
At 1 January 2022	247,264	264,400
Addition	6,374	22,610
Accretion (Note 5)	12,534	14,013
Repayment	(49,363)	(53,759)
At 31 December 2022	216,809	247,264

Lease liabilities are allocated in the consolidated statement of financial position as follows:

	2022 AED '000	2021 AED '000
Current	46,322	46,685
Non-current	170,487	200,579
	216,809	247,264

Management has not considered the potential exposure of termination and extension clauses in determining lease liabilities.

Amounts recognized in the consolidated statement of comprehensive income as follows:

The statement of comprehensive income shows the following amounts relating to leases:

	2022 AED '000	2021 AED '000
Depreciation of right-of-use asset (Note 16)	23,856	23,408
Finance cost on lease liabilities (Note 5 & 17)	12,534	14,013
	36,390	37,421

The statement of cash flows shows the following movement relating to leases:

	2022 AED '000	2021 AED '000
Principle elements of lease payments	36,829	39,746
Finance cost on lease liabilities (Note 5 & 17)	12,534	14,013
	49,363	53,759

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18. Trade and other receivables

	31 December 2022 AED '000	31 December 2021 AED '000
Trade receivables, net	442,251	500,936
Amounts due from related parties (Note 28)	67,809	57,523
Advances to suppliers and employees	10,538	20,540
Deposits, accruals and other receivables	108,907	97,676
Derivative financial instruments (Note 26i)	263,789	-
Prepayments	15,182	14,332
	908,476	691,007

As at 31 December 2022, trade receivables with a nominal value of AED 24.7 million (2021: AED 41.7 million) were provided for as per the requirements of IFRS 9 expected credit loss model. Movement in the provision for impairment of trade receivables is as follows:

	31 December 2022 AED '000	31 December 2021 AED '000
At 1 January	41,677	48,866
(Reversal of) provision for the year	(8,830)	1,096
Amounts written off	(8,145)	(8,285)
At 31 December	24,702	41,677

The following table details the risk profile of trade receivables and amounts due from related parties based on the Group's provision matrix. Group's provision for loss allowance is based on past due status between the Group's different customer base for majority of the customers.

18. Trade and other receivables (Continued)

As at 31 December, the ageing analysis of trade receivables and amounts due from related parties is as follows:

			Past due					
	Total	Current	< 30 days	30 – 60 days	60 – 90 days	90 – 120 days	120 – 365 days	>365 days
2022								
Gross receivable (AED'000)	534,762	262,036	104,844	54,762	14,504	14,217	32,383	52,016
Provision %	4.6%	0.7%	1.1%	1.5%	3.4%	4.2%	10.1%	31.9%
Provision (AED'000)	24,702	1,811	1,125	816	490	601	3,284	16,575
Net receivable (AED'000)	510,060	260,225	103,719	53,946	14,014	13,616	29,099	35,441
2021								
Gross receivable (AED'000)	600,136	248,970	69,583	89,412	39,108	20,242	54,946	77,875
Provision %	6.9%	0.1%	0.2%	0.2%	1.0%	1.7%	16.7%	39.9%
Provision (AED'000)	41,677	290	168	199	403	334	9,194	31,089
Net receivable (AED'000)	558,459	248,680	69,415	89,213	38,705	19,908	45,752	46,786

Trade receivables are non-interest bearing and are generally on 30 – 60 days terms. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured. For terms and conditions relating to related party receivables, refer to Note 28.

19. Cash and bank balances

Bank balances and cash included in the consolidated statement of financial position and in the consolidated statement of cash flows are as follows:

	2022 AED '000	2021 AED '000
Bank balances and cash	331,722	354,217
Bank deposits	1,441,579	843,056
Cash and cash equivalents as at 31 December	1,773,301	1,197,273

Included in the bank balances is an amount of AED 15.2 million (2021: AED 8.6 million) placed in debt service reserve accounts in relation to bank facilities and an amount of AED 1.9 million (2021: AED 3.7 million) held as cash margin against trade related bank guarantees and letters of credit.

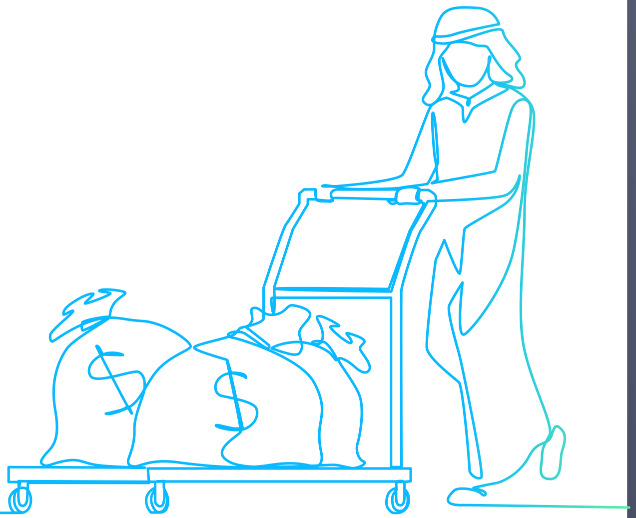
Bank deposits attract a fixed rate of interest ranging from 3.9% to 4.5% per annum (2021: 0.17% to 1.85% per annum).

Geographical concentration of cash and bank balances is as follows:

	2022 AED '000	2022 AED '000
Within UAE	1,746,373	1,166,399
Outside UAE	26,928	30,874
	1,773,301	1,197,273

The table below details changes in the Group's labilities arising from financing activities, including both cash and non-cash changes.

	2022 AED '000	2021 AED '000
Cash and bank balances	1,773,301	1,197,273
Interest bearing loans and borrowings	(2,506,481)	(2,530,048)
Islamic financing arrangements	(937,391)	(941,412)
Non-convertible bonds and Sukuk	(3,648,295)	(3,643,080)
Lease liabilities	(216,809)	(247,264)
Net debt	(5,535,675)	(6,164,531)



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19. Cash and bank balances (Continued)

	Cash and bank balances AED'000	Interest bearing loans and borrowings AED'000	Islamic financing arrange-ments AED'000	Non- converti-ble Bonds and Sukuk AED'000	Lease liabilities AED'000	Total AED'000
Net debt						
Balance at 1 January 2022	1,197,273	(2,530,048)	(941,412)	(3,643,080)	(247,264)	(6,164,531)
Cash flows	576,028	32,748	8,433	-	49,363	666,572
Non-cash transaction:						
Amortisation of transaction cost (Note 5)	-	(11,298)	(4,412)	(5,215)	-	(20,925)
Non cash adjustment	-	2,117	-	-	-	2,117
Addition (Note 17)	-	-	-	-	(6,374)	(6,374)
Accretion (Note 5)	-	-	-	-	(12,534)	(12,534)
Balance at 31 December 2022	1,773,301	(2,506,481)	(937,391)	(3,648,295)	(216,809)	(5,535,675)
Net debt						
Balance at 1 January 2021	1,312,894	(2,156,407)	(630,681)	(3,639,348)	(264,400)	(5,377,942)
Cash flows	(115,621)	(24,479)	5,115	-	53,759	(81,226)
Non-cash transaction:						
Amortisation of transaction cost (Note 5)	-	(9,725)	(2,519)	(3,732)	-	(15,976)
Addition (Note 17, 22 and 23)	-	(339,437)	(313,327)	-	(22,610)	(675,374)
Accretion (Note 5)	-	-	-	-	(14,013)	(14,013)
Balance at 31 December 2021	1,197,273	(2,530,048)	(941,412)	(3,643,080)	(247,264)	(6,164,531)

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20. Issued capital

	2022 AED '000	2021 AED '000
Authorised, issued and fully paid up share capital		
Shares 2,845,260,590 (2021: 2,775,874,215) ordinary shares of AED 1 each (Note 8)	2,845,261	2,775,874

Total of 69,386,375 of bonus shares were issued on 31 March 2022 (Note 8).

21. Statutory reserve

As required by the UAE Federal Law No. (32) of 2021, and the articles of association of companies registered in UAE, 10% of the profit of the parent and relevant subsidiaries for the year is transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 50% of the issued capital. The reserve is not available for distribution.

22. Interest bearing loans and borrowings

	Effective interest rate %	2022 AED '000	2021 AED '000
Term loan 1(i)	LIBOR + margin	1,882,306	1,873,755
Term loan 2(ii)	LIBOR + margin	327,121	334,297
Term loan 3 (iii)	EIBOR + margin	134,673	146,474
Term loan 4(iv)	5.75%	54,470	63,416
Term loan 5(v)	5.75%	51,065	51,651
Term loan 6(vi)	EIBOR + margin	56,846	60,455
Term loan 7(vii)	EIBOR + Margin	-	-
		2,506,481	2,530,048

Interest bearing loans and borrowings are allocated in the consolidated statement of financial position as follows:

	2022 AED '000	2021 AED '000
Current portion	37,626	35,014
Non-current portion	2,468,855	2,495,034
	2,506,481	2,530,048

(i) Term loan 1

During the year 2020, the Group secured a facility of AED 1,900.4 million (US$ 517.4 million) from a syndicate of banks to finance the acquisition of a subsidiary. The facility carries interest rate of LIBOR plus a margin. The interest is payable in cash on a flexible basis as agreed with the bank at every interest reset period. The facility is repayable with a 100% bullet payment in March 2025.

It is an un-secured facility, ranks pari passu with all other unsecured and unsubordinated liabilities of the Group.

(ii) Term loan 2

Term loan 2 relates to a subsidiary (Business District Cooling Investment LLC or "BDCI") and represents borrowing with a local commercial bank. The loan was acquired during 2021 as part of the business combination. The loan carries interest rate of LIBOR plus a margin, payable in cash on a quarterly basis and is secured against shares of the subsidiary pledged with the bank. The facility is repayable in semi-annual instalments with the last instalment due on 30 June 2034. During the year, total repayments of AED 9.1 million were made against this facility (2021: AED 5.5 million), the payment of 2021 pertains to the period covering post acquisition.

(iii) Term loan 3

Term loan 3 relates to a subsidiary and represents borrowing with a local commercial bank. The facility amounting to AED 192.5 million was obtained to finance the construction of a plant. The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which facility was obtained.

22. Interest bearing loans and borrowings (Continued)

The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which facility was obtained. The facility is repayable in 23 semi-annual instalments which commenced on March 2017 with a bullet payment of AED 48.1 million in March 2028. During the year, total repayments of AED 12.0 million were made against this facility (2021: AED 10.8 million).

(iv) Term loan 4

Term loan 4 relates to a subsidiary and represents borrowing with a local commercial bank. This facility is secured against the receivables and commercial charge over property, plant and equipment (plant & machinery). The loan is repayable in quarterly instalments and maturing in June 2029 and carries fixed interest of 5.75% per annum (December 2021: 5.75% per annum). During the year total repayments of AED 6.7 million were made (2021: AED 1.7 million).

(v) Term loan 5

During 2021, the Group acquired a new facility through a subsidiary which represents borrowing with a local commercial bank. This facility is secured against the receivables and commercial charge over property, plant and equipment (plant & machinery). The loan is repayable in quarterly instalments and maturing in December 2033 and carries fixed interest of 5.75% per annum (2021:5.75%). During the year total repayments of AED 1.2 million were made (2021: AED nil).

vi) Term loan 6

Term loan 6 relates to a subsidiary and represents borrowing with a local commercial bank. The facility amounting to AED 77.9 million was obtained to finance the acquisition of a plant. The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which facility was obtained. The facility is repayable in 60 quarterly instalments with the last instalment due on 31 December 2031. During the year, total repayments of AED 3.7 million were made against this facility (2021: AED 6.7 million).

(vii) Term loan 7

The Group has a revolving facility of AED 590 million to be utilised in form of cash withdrawals. The revolving facility carries interest at EIBOR plus a margin and will expire on 31 December 2023. As of 31 December 2022, the Group has not utilised balance from this revolving facility. This facility is unsecured.

Included in the interest-bearing loans and borrowings is an amount of AED 33.0 million of unamortised transaction cost (2021: AED 44.3 million).

The Group has complied with all the applicable financial covenants at the reporting date.

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23. Islamic financing arrangement

	Effective interest rate %	2022 AED '000	2021 AED '000
Islamic financing arrangement (1)	LIBOR + margin	635,604	632,990
Islamic financing arrangement (2)	LIBOR + margin	301,787	308,422
		937,391	941,412

Islamic financing arrangement are allocated in the consolidated statement of financial position as follows:

	2022 AED '000	2021 AED '000
Current portion	8,073	8,418
Non-current portion	929,318	932,994
	937,391	941,412

Islamic financing arrangement (1)

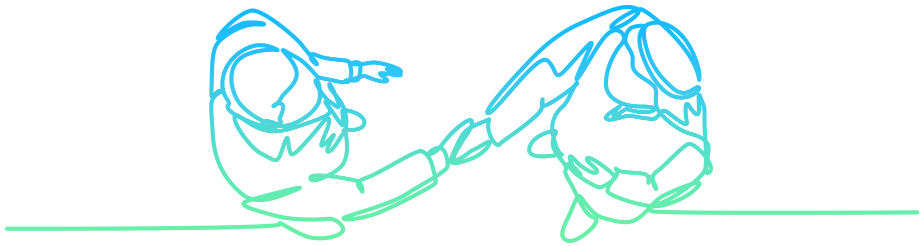
During the year 2020, the Group secured a new Islamic facility of AED 641.3 million (US$ 174.6 million) from a syndicate of banks to finance the acquisition of a subsidiary. The facility carries profit rate of LIBOR plus a margin. The profit is payable in cash on a flexible basis as agreed with the Bank at every profit reset period. The facility is repayable with a 100% bullet payment in March 2025.

Islamic financing arrangement (2)

During the year 2021, the Group acquired an Islamic financing facility of AED 313.3 million as part of the business combination of a subsidiary. The facility carries profit rate of LIBOR plus a margin, payable in cash on a quarterly basis and is secured against shares of a subsidiary pledged with the bank. The facility is repayable in semi-annual instalments with the last instalment due on 30 June 2034. During the year, total repayments of AED 8.4 million were made against this facility (2021(post acquisition): AED 5.1 million).

Included in the Islamic financing arrangement is an amount of AED 16.0 million of unamortised transaction cost (2021:AED 20.4 million)

The Group has complied with all the applicable financial covenants at the reporting date.



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24. Non-convertible Bonds and Sukuk

Non-convertible Sukuk

2022 AED '000	2021 AED '000
1,832,453	1,831,186

In 2018, the Group issued a 7 year investment grade Islamic Bond (Sukuk) of US$ 500 million which is listed on the London Stock Exchange. The bond carries profit rate of 5.5% payable semi-annually. The bonds are repayable on 31 October 2025. The proceeds of the bonds were utilised to repay the portion of previous term loans and Islamic financing arrangements.

The Sukuk is stated net of discount and transaction costs incurred in connection with the Sukuk arrangements, amounting to AED 4.0 million, which are amortised to the consolidated statement of profit or loss over the repayment period of Sukuk using effective interest rate method.

Non-convertible Bonds

2022 AED '000	2021 AED '000
1,815,842	1,811,894

During the year 2020, the Group issued 7-year investment grade bonds of US$ 500 million which is listed on the London Stock Exchange. The bonds carry coupon rate of 2.5% payable semi-annually. The bonds are repayable on 31 October 2027. The proceeds of the bonds were utilised to repay the previous term Loans and to fund the future growth.

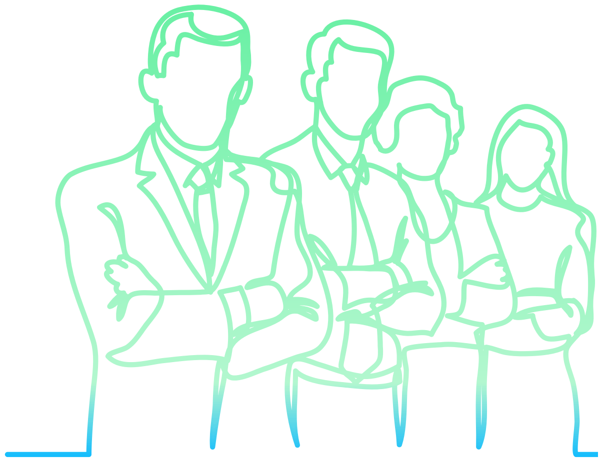
The bonds are stated net of discount and transaction costs incurred in connection with the bonds issuance, amounting to AED 20.7 million, which are amortised to the consolidated statement of profit or loss over the repayment period of the Bonds using effective interest rate method.

There are no covenants applied on non-convertible bonds and Sukuk, as long as the Group maintains investment grade credit rating status.

25. Employees' end of service benefits

The Group provides for employees' end of service benefits in respect of its non-UAE employees in accordance with the employees' contracts of employment. The movement in the provision recognised in the consolidated statement of financial position is as follows:

	2022 AED '000	2021 AED '000
At 1 January	41,291	36,486
Charge for the year (Note 6.3)	9,677	6,917
Payments made during the year	(8,262)	(2,112)
At 31 December	42,706	41,291



26. Trade and other payables

	2022 AED '000	2021 AED '000
Non-current liabilities		
Relating to capital expenditure:		
Contractor payable and retentions	10,569	10,069
Others:		
Contract liabilities	207,990	204,990
	218,559	215,059
Current liabilities		
Relating to capital expenditure:		
Contractor payable and retentions	7,754	16,773
Accrued expenses	98,752	91,892
	106,506	108,665
Others:		
Trade payables	61,117	54,165
Due to related parties (Note 28)	28,092	26,189
Accrued expenses	255,045	320,370
Derivative financial instruments(i)	-	16,242
Contract liabilities	79,813	79,006
Deferred income	23,861	21,775
Dividend payable	3,057	3,058
VAT payable	2,126	2,602
Deposits	100,397	92,984
Other payables	66,587	43,721
	620,095	660,112
	726,601	768,777

26. Trade and other payables (Continued)

i. The Group has entered into interest rate swaps (IRS) for the interest-bearing loans denominated in AED and USD which are designated as a hedging instrument (Note 31). During the year ended December 2022, the fair value movement of IRS amounting to AED 280.0 million was recorded in the consolidated statement of comprehensive income (2021: AED 81.3 million). The fair value of IRS as at 31 December 2022 was AED 263.8 million (debit) and is therefore recorded under trade and other receivables (2021: 16.2 million (credit))

Terms and conditions of the financial liabilities:

Trade payables and other financial liabilities are non-interest bearing and are normally settled on 60-90 day terms.

Retentions payable are non-interest bearing and are normally settled in accordance with the terms of the contracts.

For terms and conditions relating to related parties, refer to note 28.

Movement in contract liabilities is as follows:

	2022	2021
	AED '000	AED '000
Contract liabilities	287,803	283,996

Contract liabilities represent un-satisfied performance obligation related to connection fees.

During the year ended 31 December 2022, total addition of AED 17.5 million (2021: AED 94.8 million). The revenue recognised during the year is AED 13.7 million (2021: AED 10.6 million).

27. Business combination

27.1 Disposal of a subsidiary

Effective 20 May 2022, the Group disposed of its entire 70% shareholding in Ian Banham and Associates LLC to its existing non-controlling interest holder for a consideration of AED 5 million. The carrying value of the identifiable assets and liabilities disposed on the date of disposal are as follows:

	2022 AED '000
Current assets	25,368
Non-current assets	28,527
Total assets	53,895
Current liabilities	31,664
Non-current liabilities	3,003
Total assets	34,667
Net assets	19,228
Less: non-controlling interest	(12,212)
Net assets attributable to equity holders of the parent	7,016
Less: consideration received on disposal	(5,000)
Loss on disposal	2,016

27.1 Disposal of a subsidiary (Continued)

The results of Ian Banham and Associates LLC for the period are presented below:

	Period ended 31st May 2022 2022 AED '000	Period ended 31 Dec 2022 2021 AED '000
Revenue	1,670	15,766
Expenses	(1,382)	(8,165)
Gross profit	288	7,601
Other administrative expenses	-	(7,601)
Profit for the period from discontinued operation (i)	288	-

The net cash outflows generated from the sale are as follows:

	2022 AED '000
Cash received from sale	5,000
Cash sold as part of the sale	(15,596)
Net cash outflow on date of disposal	(10,596)

i. The results of the operations of Ian Banham and Associates LLC were not segregated on the face of the consolidated profit or loss, as the amounts are not material.

27.2 Incorporation of a subsidiary

During the year, Tabreed Asia Central Cooling Company Pte. Ltd ("Tabreed Asia") was incorporated by the Group with 75% shareholding by contributing a share capital of AED 16,526 thousand. Remaining portion of the share capital amounting to AED 5,509 thousand was contributed by a non-controlling interest.

27.3 Partial disposal of shareholding in a subsidiary due to reorganisation

During the year, the Group's shareholding in Tabreed India decreased as a result of transfer of its entire ownership to Tabreed Asia. Following is a summary of the reduction in shareholding, with corresponding increase in non-controlling interests:

	Tabreed India AED '000
Carrying value of the shareholding disposed-off	1,125
Less: consideration	-
Difference recognised directly in retained earnings	1,125

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27.4 Acquisition of subsidiaries

Business District Cooling Investment LLC

On 25 October 2021, the Group acquired remaining 50% of the shares of Business District Cooling Investment LLC, from a joint venture partner and became 100% owner of this entity. The acquisition has been accounted for using step acquisition method in accordance with IFRS 3 Business Combinations.

The net assets recognised in the 31 December 2021 financial statements were based on a provisional assessment of their fair value while the Group sought an independent valuation for the assets and liabilities owned by Business District Cooling Investment LLC. In 2022, the purchase price allocation exercise was completed, and the acquisition date fair value of the assets and liabilities remain unchanged.

The purchase consideration and the fair value of the identifiable assets and liabilities of the acquired entity at the date of acquisition are as follows:

	2021 AED '000
Intangible assets: contracts (i)	1,122,316
Inventories	1,184
Trade and other receivables (ii)	25,286
Bank balances and cash	61,127
Derivatives	(71,263)
Trade and other payables	(103,174)
Interest bearing loans and borrowings	(339,437)
Islamic finance arrangements	(313,327)
Fair value of net assets acquired	382,712
Goodwill arising on acquisition	240,288
Purchase consideration	623,000

Fair value of existing 50% share holding	
Less: carrying value of existing 50% investment	(24,855)
Less: reclassification adjustment for amounts recognized in profit or loss on derivative	(35,631)
Gain on fair valuation of existing shareholding	251,014
Cash consideration	311,500
Fair value of existing share holding	311,500
Purchase consideration	623,000

The gain resulted due to fair valuation of existing ownership of 50% of AED 251.0 million is recorded under 'other gains and losses' in the consolidated statement of profit or loss.

Revenue and profit contribution:

The acquired business contributed revenues of AED 21.3 million and net profit of AED 2.1 million to the Group for the period from acquisition date to 31 December 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the year ended 31 December 2021 would have been AED 133.8 million and AED 22.1 million, respectively.

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Revenue and profit contribution (Continued)

i. Includes customer contracts and concession right and are recorded at their fair value at the acquisition date. This represents the expected cash flows from Business District Cooling Investment LLC discounted at the target's Weighted Average Cost of Capital ("WACC"). The valuation technique adopted was multi-period excess earning method. The customer contracts and concession contract are amortised over their estimated remaining useful life.

ii. The fair value and the gross contractual amount for trade receivables acquired was AED 25.3 million, with no loss allowance recognised on acquisition.

Saadiyat District Cooling and Saadiyat Cooling L.L.C

On 18 February 2021, the Group acquired 100% of the shares of Saadiyat Cooling L.L.C. and Saadiyat District Cooling L.L.C., cooling service providers in Saadiyat island in Abu Dhabi, from an Abu Dhabi based real estate developer. This acquisition has been accounted for in accordance with IFRS 3 Business Combinations.

The purchase consideration and the fair value of the identifiable assets and liabilities of the acquired entities at the date of acquisition are as follows:

	2021 AED '000
Purchase consideration	
Cash consideration	961,762
	961,762
Assets	
Land	55,411
Property, plant and equipment (i)	210,240
Capital work in progress	17,463
Intangible assets: customer contracts (ii)	623,106
Right-of-use assets	45,660
Trade and other receivables	63,981
Trade and other payables	(54,099)
Net assets acquired	961,762

i. Property, plant and equipment are recorded at their fair value at the acquisition date.

ii. Customer contracts are recorded at their fair value at the acquisition date. This represents the expected cash flows from Saadiyat District Cooling and Saadiyat Cooling L.L.C discounted at the target's Weighted Average Cost of Capital ("WACC"). The valuation technique adopted was multi-period excess earning method. The customer contracts are amortised over 50 years, which represent their estimated remaining useful life.

iii. The fair value and the gross contractual amount for trade receivables acquired was AED 64.0 million, with no loss allowance recognised on acquisition.

Revenue and profit contribution

The acquired business contributed revenues of AED 80.2 million and net profit of AED 26.9 million to the Group for the period from 18 February 2021 to 31 December 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the year ended 31 December 2021 would have been AED 89.5 million and AED 30.6 million, respectively.

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28. Related party transactions and balances

Related parties represent associated companies, joint ventures, directors and key management personnel of the Group, management entities engaged by the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related party includes purchase and sale of chilled water and provision of management services. Significant transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2022		2021	
	Revenue AED '000	Direct costs AED '000	Revenue AED '000	Direct costs AED '000
Associated companies	11,375	63,300	11,245	62,256
Joint Ventures	-	-	4,975	-
Non-controlling interest	333,314	-	321,092	-

Balances with related parties included in the consolidated statement of financial position are as follows:

	2022	
	Trade receivables AED '000	Trade payables and advances AED '000
Associated companies	9,530	28,092
Non-controlling interest	58,279	-
	67,809	28,092

	2021	
	Trade receivables AED '000	Trade payables and advances AED '000
Associated companies	9,666	26,189
Non-controlling interest	47,857	-
Associated companies	57,523	26,189

The Group has entered into a management and technical services agreement with a shareholder amounting to AED 3.6 million (2021: AED 3.0 million).

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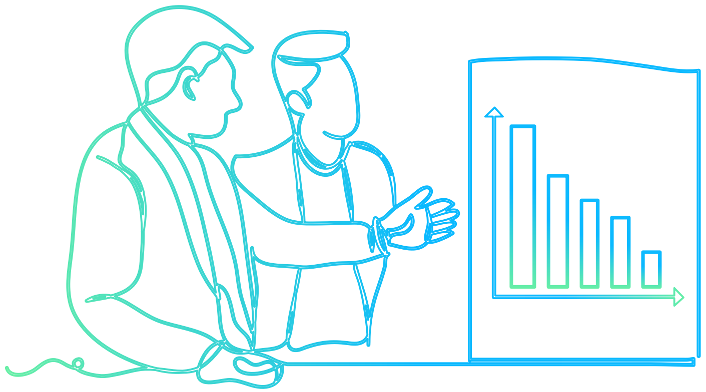
28. Related party transactions and balances (Continued)

Terms and conditions of transactions with related parties

Transactions with related parties are made at agreed terms and conditions approved by management and are analysed as follows:

	Terms and conditions	2022 AED '000	2021 AED '000
Trade receivables	Interest free, unsecured, settled over agreed payment terms	67,809	57,523
Trade payables and advances	Interest free, unsecured, settled over normal credit period	28,092	26,189



Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2022 AED '000	2021 AED '000
Short-term benefits	12,555	14,293
Employees' end of service benefits	152	173
	12,707	14,466
Number of key management personnel	6	5

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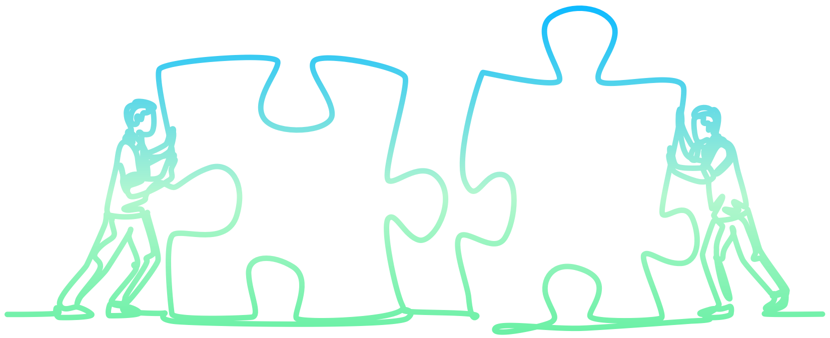
29. Contingent liabilities

Bank guarantees

The banks have issued guarantees on behalf of the Group as follows:

	2022 AED '000	2021 AED '000
Performance guarantees	110,351	96,508
Advance payment guarantees	1,353	633
Financial guarantees	53	50
	111,757	97,191

The Group's share of contingencies of associates and joint ventures as of 31 December 2022 amounted to AED 45.3 million (2021: AED 37.0 million) and AED Nil million (2021: AED 0.1 million), respectively. The Group expects no outflow of economic resources and accordingly no provision has been made in the consolidated financial statements.



30. Commitments

Contractual commitments

The authorised contractual commitments as at 31 December 2022, contracted but not provided for amounted to AED 339.7 million (2021: AED 195 million). The Group's share of authorised future capital expenditure of associates at 31 December 2022 amounted to AED13.9 million (2021: AED 25.4 million) and the Group's share of authorised future capital expenditure for joint ventures amounted to Nil (2021: Nil).

Operating lease commitments - lessor

The Group enters into cooling service agreements with its customers for the provision of chilled water. Some of these agreements qualify to be classified as a lease and have been accounted for as an operating lease as the Group does not transfer substantially all the risks and rewards of ownership of the asset to the customer.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2022 AED '000	2021 AED '000
Within one year	77,274	77,101
After one year but not more than five years	307,630	308,406
More than five years	758,072	831,693
	1,142,976	1,217,200

31. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise interest bearing loans and borrowings, Islamic financing, lease liabilities, non-convertible bonds and Sukuk, trade payables and due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as finance lease receivables, trade receivables, due from related parties and cash and bank balances, which arise directly from its operations.

The Group enters into derivative transactions to manage the interest rate risk arising from the Group's sources of finance. It is, and has been throughout 2022 and 2021 the Group's policy that no trading in derivatives shall be undertaken.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(a) Market risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise the following types of risk: interest rate risk and currency risk.

Financial instruments affected by market risk include loans and borrowings, Islamic financing arrangements, deposits, finance lease receivables, lease liabilities and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 December 2022 and 2021.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2022 and 2021.

The following assumptions have been made in calculating the sensitivity analyses:

- The consolidated statement of financial position sensitivity relates to derivatives instruments.
- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2022 and 2021 including the effect of hedge accounting.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's cash flow exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations and deposits with floating interest rates.

To manage the cash flow risk relating to its variable interest borrowings, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At 31 December 2022, after taking into account the effect of interest rate swaps, approximately 99% of the Group's borrowings are at a fixed rate of interest (2021: 98%).

31. Financial risk management objectives and policies (Continued)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit for one year (through the impact on unhedged portion of loans and borrowings).

	Effect on profit (AED '000)
2022	
+100 basis point increase	(451)
+100 basis point decrease	451
2021	
+100 basis point increase	(571)
+100 basis point decrease	571

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The majority of the transactions and balances are in either UAE Dirham or US Dollar or currencies that are pegged to US Dollar. As the UAE Dirham is pegged to the US Dollar, balances in US Dollar are not considered to represent significant foreign currency risk.

(d) Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The maximum exposure relating to trade receivables, contract assets and finance lease receivables is the carrying amount as disclosed in notes 18 and 15. The Group's three largest customers accounted for 55% of outstanding trade and related party receivable balances at 31 December 2022 (2021: 3 customers, including a related party, account for approximately 55%).

Amounts due in respect of finance lease receivables are from three customers (2021: three customers).

The Group applies IFRS 9 simplified approach to measure expected credit losses which uses a expected loss allowance for all trade receivables, contract assets and finance lease receivables.

To measure the expected credit losses, trade receivables, contract assets and finance lease receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and bank balances and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, maximum is equal to the carrying amount of these instruments. The Group seeks to limit its credit risk to banks by only dealing with reputable banks, and independently rated parties with a minimum of investment grade ratings are accepted.

For finance lease receivables, the Group uses simplified approach, requiring lifetime ECL recognition at all times. ECL provision is based on the Group's historical information adjusted for future expectations using macro-economic indicators. The finance lease receivables are concentrated with a few parties which are owned by Government of UAE and thus carries very low credit risk leading towards immaterial provision allowance.

31. Financial risk management objectives and policies (Continued)

(e) Liquidity risk

The Group monitors its risk to a shortage of funds using a cash flow model. This tool considers the maturity of its financial assets (trade receivables, finance lease receivables and other financial assets) and projected cash outflows from operations and capital projects.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of term loans.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2022 and 2021 based on undiscounted payments and current market interest rates.

	On demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 years AED'000	>5 years AED'000	Total AED'000	Carrying value AED'000
Interest bearing loans and borrowings	-	33,708	68,065	2,264,295	435,822	2,801,890	2,506,481
Islamic financing arrangements	-	13,294	21,451	777,338	271,728	1,083,811	937,391
Non-convertible bonds and Sukuk	-	-	146,920	4,058,665	-	4,205,585	3,648,295
Lease liabilities	-	12,704	35,698	178,543	28,344	255,289	216,809
Trade and retention payables, due to related parties and other financial liabilities	-	173,669	356,191	10,569	-	540,429	546,429
At 31 December 2022	-	233,375	628,325	7,289,410	735,894	8,887,004	7,855,405
Interest bearing loans and borrowings	-	21,146	87,351	2,364,287	516,155	2,988,939	2,530,048
Islamic financing arrangements	-	2,730	32,590	782,071	302,413	1,119,804	941,412
Non-convertible Bonds and Sukuk	-	-	146,920	2,323,173	1,882,413	4,352,506	3,643,080
Lease liabilities	-	12,092	36,277	185,008	64,838	298,215	247,264
Trade and retention payables, due to related parties and other financial liabilities	-	206,243	342,008	10,069	-	558,320	558,320
At 31 December 2021	-	242,211	645,146	5,664,608	2,765,819	9,317,784	7,920,124

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(e) Liquidity risk (Continued)

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2022 AED '000	2021 AED '000
Expiring beyond one year (bank loans)	590,000	590,000

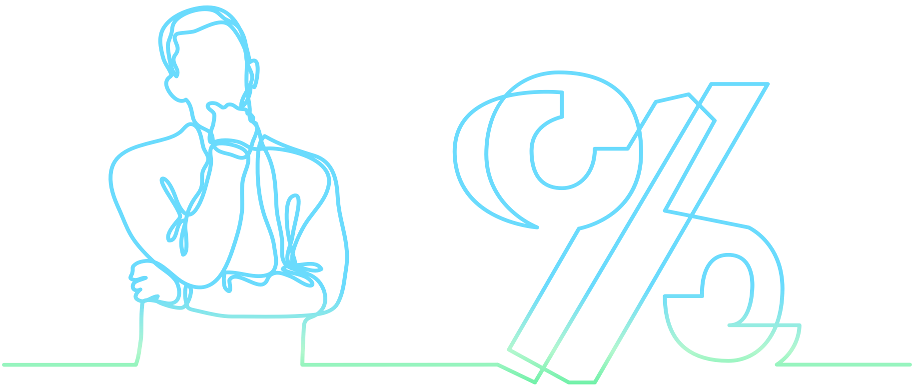
(f) Capital management

The primary objective of the Group's capital management is to achieve strong credit metrics and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it, in the light of changes in economic conditions. There are no regulatory imposed requirements on the level of share capital which the Group has not met.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, Islamic financing arrangement, non-convertible bonds and Sukuk and lease liabilities less cash and bank balances. Capital includes total equity excluding non-controlling interests less cumulative changes in fair value of derivatives.

	2022	2021
	AED '000	AED '000
Interest bearing loans and borrowings	2,506,481	2,530,048
Islamic financing arrangement	937,391	941,412
Non-convertible Bonds and Sukuk	3,648,295	3,643,080
Lease liabilities	216,809	247,264
	7,308,976	7,361,804
Less: cash and bank balances	(1,773,301)	(1,197,273)
Net debt	5,535,675	6,164,531
Equity attributable to equity holders of the parent	6,474,810	5,746,145
Adjustment for cumulative changes in fair values of derivatives	(351,490)	(53,970)
Capital and net debt	11,658,995	11,856,706
Gearing ratio	47%	52%



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32. Financial instruments and fair value measurement

32.1 Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	2022	2021
	AED '000	AED '000
Derivative financial instruments	263,789	(16,242)
Trade and other receivables	510,060	558,459
Finance lease receivables	2,902,170	3,012,278
Cash and bank balances	1,772,784	1,197,273
Financial assets measured at amortised cost	5,185,014	4,768,010
Trade and other payables	118,253	107,789
Interest bearing loans and borrowings	2,506,481	2,530,048
Islamic financing arrangement	937,391	941,412
Non-convertible Bonds and Sukuk	3,648,295	3,643,080
Lease liabilities	216,809	247,264
Financial liabilities measured at amortised cost	7,427,229	7,469,593

For the purpose of the financial instrument's disclosure, non-financial assets and non-financial liabilities have been excluded from 'trade and other receivables' and 'trade and other payables', respectively.

Fair values of financial instruments

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values at the reporting date except for finance lease receivables, interest bearing loans and borrowings, Islamic financing arrangement, non-convertible bonds and Sukuk and lease liabilities. Set out below is a comparison of carrying amounts and fair values of such instruments:

	Carrying Amount		Fair Value	
	2022	2021	2022	2021
	AED '000	AED '000	AED '000	AED '000
Asset (liabilities) measured at fair value				
Interest rate swaps	263,789	(16,242)	263,789	(16,242)
Assets (liabilities) for which fair value is disclosed Financial assets				
Finance lease receivables	2,902,170	3,012,278	3,291,232	3,897,725
Financial liabilities				
Interest bearing loans and borrowings	2,506,481	2,530,048	2,603,773	2,499,958
Islamic financing arrangement	937,391	941,412	983,205	907,887
Non-convertible bonds and Sukuk	3,648,295	3,643,080	3,489,350	3,891,176
Lease liabilities	216,809	247,264	215,078	269,774

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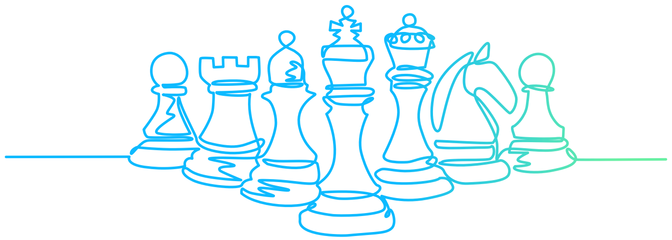
32.2 Fair value hierarchy

As at 31 December 2022 and 2021, the fair value measurement hierarchy of the Group's assets and liabilities is as follows:

	2022				2021			
	31 December 2022	Level 1	Level 2	Level 3	31 December 2021	Level 1	Level 2	Level 3
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Assets /(Liabilities) measured at fair value								
Interest rate swaps	263,789	-	263,789	-	(16,242)	-	(16,242)	-
Assets for which fair values are disclosed								
Finance lease receivables	3,291,232	-	-	3,291,232	3,897,725	-	-	3,897,725
Liabilities for which fair values are disclosed								
Interest bearing loans and borrowings	2,603,773	-	-	2,603,773	2,499,958	-	-	2,499,958
Islamic financing arrangement	983,205	-	-	983,205	907,887	-	-	907,887
Non-convertible bonds and Sukuk	3,489,350	3,489,350	-	-	3,891,176	3,891,176	-	-
Lease liabilities	215,078	-	-	215,078	269,774	-	-	269,774
	7,291,406	3,489,350	-	3,802,056	7,568,795	3,891,176	-	3,677,619

During the reporting years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



32.2 Fair value hierarchy (Continued)

The following methods and assumptions were used to estimate the fair values for assets and liabilities measured at fair value:

Derivative financial instruments

The Group enters into derivative financial instruments with various banks and financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are interest rate swaps. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying commodity.

Other financial assets (liabilities)

Fair values of other financial assets and liabilities are estimated by discounting future cash flows using prevailing current market rates.

32.3 Hedging activities

Cash flow hedges

The Group is exposed to variability in future interest cash flows on interest bearing loans and borrowings which bear interest at a variable rate.

In order to hedge its exposure to variable interest rate fluctuations on its interest bearing loans the Group has entered into interest rate swaps with counter-party banks designated as cash flow hedges for notional amounts that mirror the drawdown and repayment schedule of the respective loans. The cashflow hedges are assessed as fully effective based on management qualitative assessment of the critical terms of the hedging arrangements. The notional amount of the interest rate swaps was AED 3,343 billion as at 31 December 2022 (2021: AED 3,366 billion).

Upon derecognition, the cumulative fair value change recognized in OCI is recycled to consolidated profit and loss account. During the year no amounts were recycled to consolidated profit and loss account.

The schedule indicating the maturity profile of the derivative related assets and liabilities as at 31 December is as follows:

	Within 1 year	More than 1 Year	Total
	AED '000	AED '000	AED '000
2022			
Cash inflows (assets)	166,907	295,091	461,998
Cash outflows (liabilities)	(32,895)	(148,401)	(181,296)
Net cash outflows	134,012	146,690	280,702
2021			
Cash inflows (assets)	18,526	176,769	195,295
Cash outflows (liabilities)	(34,735)	(181,080)	(215,815)
Net cash outflows	(16,209)	(4,311)	(20,520)

All derivative contracts are with counterparty banks in UAE.

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This Corporate Governance Report is Approved by:

Khaled Abdulla Al Qubaisi
Chairman of the Board

Khalid Al Marzooqi
Chief Executive Officer

Dr. Bakheet Al Katheeri
Chairman of the Audit Committee

H.E. Dr Ahmad bin Abdullah Humaid Belhoul Al Falasi
Chairman of the Nomination and Remuneration Committee

Mousa Sajwani
Vice President - Internal Control

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1. Preface

Corporate governance is the system of rules, practices and processes used to direct and manage a company.

The following report is governed by the Securities and Commodities Authority ("**SCA**") Chairman's Board of Directors' Decision No. 3 of 2020 as amended from time to time on the Joint Stock Companies Governance Guide ("**Decision 3/2020**") and the format of this report is prescribed by the SCA. This report outlines the compliance of National Central Cooling Company PJSC (the "**Company**" or "**Tabreed**") with Decision 3/2020, and the Company's overall integral governance structure in the period from 1 January 2022 to 31 December 2022.

In addition to the above, to ensure compliance with the external rules, Tabreed has adopted, updated and implemented, to list a few without limitation, a number of internal policies and procedures to emphasize the enforcement and application of the corporate governance by the Board and Tabreed's employees:

- Code of Conduct
- Delegation of Authority
- Related Party Transaction Policy
- Tabreed Market Conduct and Securities Trading Policy
- Internal Control Policy
- Human Rights Policy
- Ethical Framework
- Diversity, Equity & Inclusion Policy
- Business Consultants Policy

Incorporated in 1998, Tabreed has 25 years of industry leading experience in the district cooling sector, with offices across the GCC, Egypt and India, with the aim of exploring entry into other countries. Throughout its journey Tabreed has enhanced its commitment to implementing the highest standards of corporate governance within the Company to enhance value for its shareholders and stakeholders.

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2. Compliance with regulations

Tabreed's corporate governance system is well developed, adopts local and international best practice and meets all relevant requirements of UAE legislation on corporate governance, including the Federal Decree by Law concerning Commercial Companies No. 32 of 2021 (as amended) and Decision 3/2020. Decision 3/2020 applies to Tabreed's listing on the Dubai Financial Market ("DFM"). The SCA supervises, controls and verifies Tabreed's compliance with Decision 3/2020.

3. Corporate governance structure

The General Assembly Meeting is the highest decision-making body in the Company and is the forum in which shareholders exercise their right to decide on the Company's direction. The Annual General Assembly Meeting ("**AGA**") is convened once a year to carry out tasks such as adopting the Board of Directors' report and the annual and consolidated accounts, discharging the members of the Board of Directors and the auditors from liability and deciding how the profit of the past financial year is to be allocated.

The shareholders are the ultimate decision-makers in respect of the direction of the Company as the shareholders are responsible for appointing the Board of Directors at the AGA of the Company, each such appointment being for a term of three years. The shareholders present at the AGA also elect the auditors who in turn report on their scrutiny to the AGA.

The following sections summarize how the Company has applied the principles of Decision 3/2020 and its compliance with these principles.

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3.1. Board of Directors

(Art. 6, Decision 3/2020)

The appointment, roles and responsibilities of the Board of Directors of Tabreed (the "**Board**" or "**Board of Directors**") are outlined in Tabreed's Articles of Association ("**AoA**").

Upon implementation of the membership balance criteria set down by Decision 3/2020 in relation to executive, non-executive and independent members of the Board, we confirm that compliance was maintained by Tabreed in relation to all criteria including those requirements for the independence of the Board members save that the Chairman is no longer considered under Decision 3/2020 as independent by virtue of being re-elected on more than four occasions by the shareholders of Tabreed. In addition, to the Chairman, the current Board of Tabreed comprises eight independent directors out of the total of nine Board members. The Board has at all times maintained an appropriate level of skills, experience and capabilities across the membership.

3.2. Chairman of the Board

(Art. 7 and 15, Decision 3/2020)

In 2022, Khaled Abdulla Al Qubaisi presided as the Chairman of the Board (the "**Chairman**"). The Chairman of Tabreed's Board is a non-executive director with extensive and prominent experience in the finance and energy sectors both regionally and internationally. Throughout the year, the Chairman ensured that the Board participated effectively at Board meetings and that each member of the Board acted in the best interests of Tabreed and its shareholders. The Chairman developed the structure of, and agenda for, meetings of the Board, overseeing communication between Board members and shareholders, and encouraged constructive relations between the Board members.

3.3. Members of the Board

(Art. 9, 10, 13 - 19, Decision 3/2020)

The members of the Board have a diverse set of skills and experience. Each member's duty is to act in the best interests of Tabreed and its shareholders. Each member of the Board ensures that Tabreed's management maintains systems and processes to ensure adherence to laws, regulations and Tabreed's operational requirements.

The Board ensures that Tabreed's management provides them with sufficient information, in a timely manner, to make informed decisions that affect the direction of the Company. The Board members participate in Board meetings, giving independent opinions on strategic issues, policy, accounting, resources and principles of required behaviour. The Board tracks the Company's performance against strategic objectives.

Each year, all Board members disclose to Tabreed an assessment of their independence, potential conflicts of interest, confirmation of confidentiality, details of any share trading and details of their significant positions in public companies or other institutions.

3.4. Remuneration of the Chairman and the Board Members

(Art. 29, Decision 3/2020)

The Chairman and the Board members are entitled to be remunerated by a percentage of up to a maximum of 10% of the net profits of the Company in respect of each fiscal year, subject to approval by the shareholders at the Company's AGA and subject to setting aside a statutory reserve of 10% of the net profits of the Company.

3.5. Board Committees

(Art. 6, Decision 3/2020)

The Board is empowered to establish Board committees and to delegate powers to such committees as necessary or appropriate. The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities.

Board committees are an effective way to distribute work between Board members and allow for more detailed consideration of specific matters. All the Board committees are functioning on behalf of the Board and the Board will be responsible for constituting, assigning, co-opting and fixing terms of service for Board committee members.

Tabreed's Board has constituted four committees and implemented charters that define the obligations, duration and authority of each committee and these committees are regularly monitored by the Board regarding their performance and commitment. These committees are:

- Audit Committee;
- Nomination and Remuneration Committee;
- Finance Committee; and
- Projects Committee

The Audit Committee and the Nomination and Remuneration Committee are mandated by Decision 3/2020. The Finance Committee and the Projects Committee have been established by the Board of Directors as additional committees to facilitate the business requirements of the Company.

3.6 Audit Committee

(Art. 60, 61 and 62, Decision 3/2020)

The Board maintains an Audit Committee that monitors financial statements, reviews and recommends changes to Tabreed's financial and control systems, and appoints and maintains an appropriate relationship with the Company's external auditors. The Audit Committee also oversees the Internal Control function and is responsible for approving recommendations for internal control improvements (*see Section 7 for further detail on the Audit Committee*).

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3.7. Nomination and Remuneration Committee

(Art. 59, Decision 3/2020)

The Nomination and Remuneration Committee assists the Board in discharging its responsibilities in relation to qualifications, compensation, appointment and succession of the Company's directors and key management personnel. The Committee oversees the Company's nomination process for the Board of Directors and continuously monitors the independence of the independent members of the Board (*see Section 8 for further detail on the Nomination and Remuneration Committee*).

3.8 Finance Committee

The role of the Finance Committee is to assist the Board in monitoring and reviewing: a) the economics and financial returns of investments and commitments, b) debt and equity financing transactions; and c) financial risk management programs of the Company (*see Section 9.1. for further detail on the Finance Committee*).

3.9 Projects Committee

The role of the Projects Committee is to assist the Board and management in the successful tendering and execution of projects, management of project related contracts, procurement processes, health/safety and the environment, or any other matter that may be critical for the efficient, safe and reliable operation of the Company's projects and existing assets (*see Section 9.2. for further detail on the Projects Committee*).

3.10. Internal Control

(Art. 66 and 67, Decision 3/2020)

Tabreed's Internal Control function is maintained by the Board with certain responsibilities delegated to the Audit Committee. The Board provides independent, objective and authoritative advice as well as assurance over the Internal Control environment to the Board, Audit Committee and management, to assist them in discharging their functions and duties conferred and imposed on them.

The Board ensures that the internal controls are effective by reviewing the work of the Audit Committee, effectively dealing with risk and control issues at Board meetings and requiring that risk and internal control issues are discussed at each Board meeting. The Board also ensures that an internal control review is conducted by the Internal Control function each year (*See Section 11 for further detail on the Internal Control function*).

3.11. External Auditor

(Art. 70, Decision 3/2020)

On the recommendation of the Audit Committee, the Board appointed Ernst&Young ("**EY**") as Tabreed's external auditor at the 2022 AGA held on 20 March 2022. The Board ensures that the external auditor remains independent from the Company. The external auditor has broad powers to provide reports to the General Assembly Meeting and to regulatory bodies (*see Section 6 for further detail on the External Auditor*).

3.12. Delegation to Management

(Art.14, Decision 3/2020)

The Board provides guidance and direction to Tabreed's management towards achieving the strategic objectives of Tabreed.

The Board is responsible for the direction and oversight of the Company on behalf of the shareholders. The day to day activities of Tabreed are delegated to management through the Board approved Delegation of Authority as amended and approved by the Board on 14 November 2022. The Delegation of Authority will be valid for a duration of 2 years and subject to regular review and amendment (if required) by the Board and the Audit Committee.

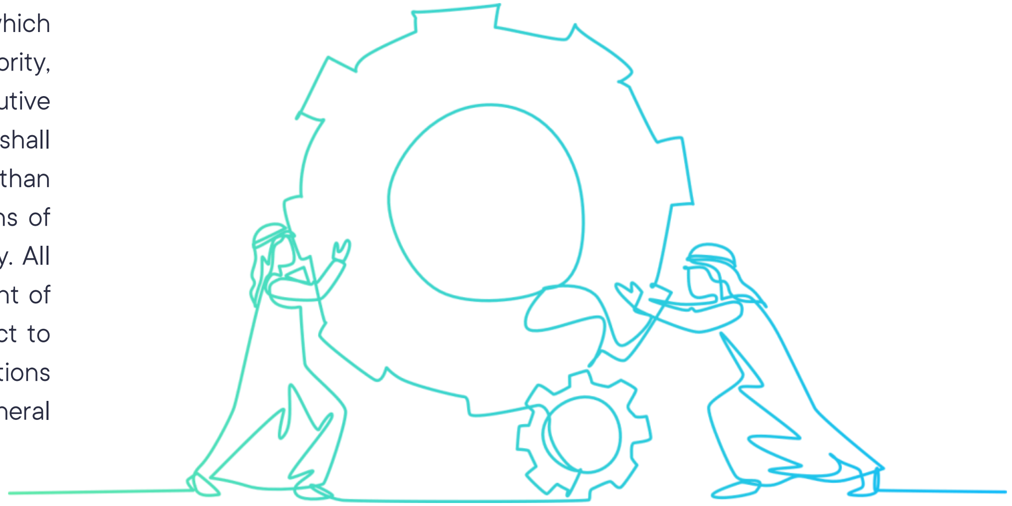
The Delegation of Authority delegates authority from the Board to executive management to execute certain:

- Contractual or other commitments;
- Expenditure, purchases; and
- Investments,

in each case below a specified maximum limit amount (in AED), beyond which approval of the Board is required. To give effect to the Delegation of Authority, the Board has granted a general Power of Attorney to the Chief Executive Officer, subject to the abovementioned maximum limit amount and which shall remain in force for the same duration at the Delegation of Authority. Other than the above Delegation of Authority there are no other standing delegations of authority from the Board of Directors to the management of the Company. All other powers, authorities and responsibilities in respect of the management of the Company are vested in the Board in accordance with the AoA, subject to those matters reserved under such AoA and/or applicable laws and regulations for the exclusive decision by the shareholders of the Company at the General Assembly of the Company.

The Board also provides guidance and direction to management through the following mandates that are regularly reviewed by the Board:

- The five-year strategic plan;
- Tabreed's policies;
- The annual budget;
- Key performance indicators; and
- Regular reporting against performance targets.



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3.13 Shareholders' Rights

(Art. 48, 49, 50 and 51, Decision 3/2020)

The Board is committed to maintaining the highest standards in relation to recognition of shareholders' rights. This commitment is outlined in the Charter of the Board of Directors. To that end, Tabreed maintains an appropriately resourced shareholder communications function and has engaged the DFM and First Abu Dhabi Bank ("FAB") to assist with engagement of shareholders.

The purpose of each of the investor relations and shareholder communications functions as well as FAB's and the DFM's role is to ensure that shareholders receive all required financial reports and relevant information, that shareholders are notified of and attend General Assembly meetings, and that dividend payments, when approved, are provided to each shareholder on a timely basis.

The AoA sets out the shareholders' rights to information, voting, participation at meetings and information on candidates for Board positions.

3.14 Code of Conduct

(Art. 52, Decision 3/2020)

The manner in which the Company expects the Board, its employees, the auditors and the persons to whom specific duties are assigned to behave with respect to each other, the law, customers, suppliers, stakeholders and the community is articulated in the Tabreed Code of Conduct.

4. Board member transactions

The Company's Market Conduct and Trading Policy has rules governing the dealings by the Board members and their close family in Tabreed's securities. A fundamental restriction in place is that no Board member or Tabreed employee is allowed to trade in Tabreed securities during a blackout period. Blackouts occur over the periods when sensitive information is being developed or considered. The table below outlines the Board members' (and their immediate relatives') shareholdings and share transactions during 2022:

Name	Position	Total shares held as of 31/12/2022	Total shares bought	Total shares sold
Khaled Abdulla Al Qubaisi	Chairman	0	0	675,816
Saeed Ali Khalfan Al Dhaheri	Board Member	5,812,830	0	0
Ahmed Ali Khalfan Al Dhaheri	Family Member	0	1,000	57,321,403.31
Ali Khalfan Al Dhaheri	Family Member	20,391,240	0	0
Paulo Almirante	Vice-Chairman	0	0	0
H.E. Dr Ahmad Belhoul Al Falasi	Board Member	0	0	0
Mohammed Al Huraimel Al Shamsi (Resigned on 31 Mar 2022)	Board Member	0	0	0
Dr. Musabbeh Al Kaabi	Board Member	0	0	0
Dr. Bakheet Al Katheeri (Appointed on 31 Mar 2022)	Board Member	0	0	0
Pierre Cheyron	Board Member	0	0	0
Frédéric Claux	Board Member	0	0	0
Anne-Laure de Chammard (Resigned on 31 Oct 2022)	Board Member	0	0	0
Claire Béchaux (appointed to the Board on 1 November 2022)	Board Member	0	0	0

5. Formation of the Board

5.1. Board Composition

The following table outlines details of each Board member holding office during 2022 in terms of independence, executive position and term of office.

Name	Position	Year of Appointment	Executive	Independent
Khaled Abdulla Al Qubaisi	Chairman	2009	✗	✗
Paulo Almirante	Vice Chairman	2017	✗	✓
H.E. Dr Ahmad Belhoul Al Falasi	Member	2017	✗	✓
Mohammed Al Huraimel AlShamsi	Member	2014 to March 2022	✗	✓
Dr. Bakheet Al Katheeri	Member	March 2022	✗	✓
Dr. Musabbeh Al Kaabi	Member	2021	✗	✓
Pierre Cheyron	Member	2021	✗	✓
Frédéric Claux	Member	2017	✗	✓
Anne-Laure de Chammard	Member	From 2021 to Oct 2022	✗	✓
Claire Béchaux	Member	From Nov 2022	✗	✓
Saeed Ali Khalfan Al Dhaheri	Member	2017	✗	✓

During 2022, Tabreed Board of Directors had one female member, Anne-Laure De Chammard, on its Board of Director who served until 31 October 2022, and was succeeded by Claire Béchaux from November 2022, to complete the remaining term of her predecessor. The next Board election is scheduled to take place at the General Assembly to be held in 2023.

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5.2. Elections and terms of office

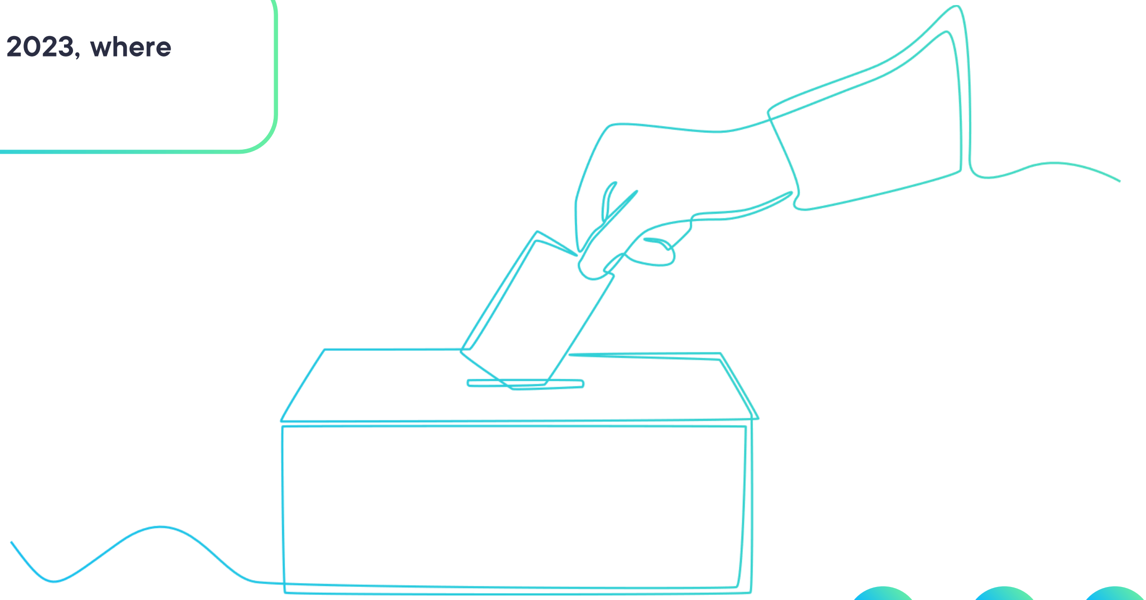
The General Meeting has the competence to elect and remove the members of the Board. In accordance with the AoA, the term of each Board member is three years. The Board members are elected by secret ballot. The Board of Directors elects the members of each of the Board committees and designates its Chairman.

On 31 March 2022 Mohammed Al Huraimel Al Shamsi resigned from the Board and subsequently was replaced by Dr. Bakheet Al Katheeri to complete the term of his predecessor. The appointment of Dr. Bakheet Al Katheeri was formally ratified before the General Assembly held on 12 September 2022.

On 31 October 2022 Anne-Laure de Chammard resigned from the Board and subsequently was replaced by Claire Béchaux from November 2022 to complete the term of her predecessor.

As per the Commercial Companies Law and Decision 3/2020 when a Board member resigns from his/her position, the Board of Directors appoints a member for the vacant position and such appointment shall be presented to the next General Assembly to approve such appointment or appoint another person. Accordingly, the appointment of Dr. Bakheet Al Katheeri was formally ratified at the General Assembly held on 12 September 2022.

The next Board Election is scheduled for March 2023, where shareholders will appoint a new Board.



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5.3. Board Remuneration

The AGA may after setting aside 10% for the statutory reserve from the net profit of the Company, and the shareholder dividend of a maximum of 10% of the capital, approve a percentage of up to 10% of the net profits to remunerate the Board of Directors.

Remuneration paid to the Board members, in aggregate, in 2022 and recommended to be paid in 2023, are as follows:

Sitting Fees and Remuneration	AED
Remuneration for 2021 paid in 2022 after approval at last AGA	8,550,000
Board and Committees sitting fees for 2022 recommended for payment in 2023	0
Remuneration recommended for 2022 to be paid in 2023 after approval at next AGA	8,550,000

Other than the remuneration recommended for 2023 and referred to above, no other allowances, salaries or additional fees are to be paid to any Board member by Tabreed for 2022.

5.4. Board Meetings in 2022

The Board held 4 meetings in 2022 on the dates set out below:

- 14 February
- 11 May
- 26 July; and
- 14 November

The following table shows the attendance of each member, or proxy, for the period in which they were elected to the Board:

Meeting Number	Number of Attendees (out of 9)	Meeting Date in 2022	Absence or proxy attendance
1	9	14 Feb	No proxy attendance or absence
2	7	11 May	Proxy from Dr. Belhoul Ahmed to the Chairman Apology from Pierre Cheyron
3	8	26 Jul	Proxy from Dr. Bakheet Al Katheeri to Musabbeh Al Kaabi
4	9	14 Nov	No proxy attendance or absence

Each absence and proxy referred to above was acknowledged and the reasons for absence were accepted by the Chairman and the Board at the relevant meetings.

Tabreed Board held two meetings through circular resolutions during 2022 on the dates set out below:

- 31 March, approving the resignation of Mohammed Al Huraimel Al Shamsi from the Board of Directors and appointing Dr. Bakheet Al Katheeri as a new member of the Board; and
- 1 November, approving the resignation of Anne-Laure de Chammard from the Board of Directors 1 and appointing Claire Béchaux as a new member on the Board

In December 2022 the Board of Directors completed a board assessment questionnaire conducted by Hawkamah, with results presented back to the Board in the first quarter of 2023. Tabreed's ongoing collaboration with Hawkamah is an essential layer of support to the Board and the Board Secretary, ensuring that Tabreed remains up to date with the latest trends and practices amongst listed companies in the UAE and beyond.

5.5. Board Terms of Reference

In line with good practice and governance, the Board provides strategic direction to the management team. The Board provides this direction by working with management to establish:

- The appointment of the Chief Executive Officer and key executives;
- Tabreed policies - which outline the principles that the Board expect Tabreed to operate within;
- Board approved Delegation of Authority setting out the levels of approvals required by the Board;
- Board approved strategic plans – with the growth, revenue and profit targets required by the Board and a reporting mechanism to feedback results;
- A strong risk management and internal control environment;
- The integrity of financial reporting;
- Proper disclosure and communication with shareholders; and
- A highly qualified and experienced senior management team.

Each element noted above contributes towards a balanced and effective internal control mechanism over Tabreed's activities which are, in turn, capable of being effectively monitored by the Board.

5.6. Related party transactions

- Tabreed was not a party to any related party transactions during 2022 based on the definition of "Related Parties" set out in Decision 3/2020.
- Tabreed did not enter into any transactions in 2022 which exceeded the value of 5% of the capital of the Company.

5.7. Executive Management

The Tabreed Corporate Governance Procedures Manual and the Board approved Delegation of Authority clearly outline the role that the Board requires from Tabreed's management. Management's primary responsibilities cover the oversight of the day-to-day operations of Tabreed's business, strategic planning, budgeting, financial reporting and risk management.

Executive management consists of five Chief Officers. These positions together with other management positions, the incumbents, dates of appointment and remuneration received (or accrued) in 2022 (in AED) are outlined below, followed by the organisational chart.

Position	Fulfilled by	Appointment	2022 Salary & Allowances (AED)	2022 Bonus (AED)
Chief Executive Officer	Khalid Al Marzooqi	2021	3,036,662	1,015,793
Chief Financial Officer	Adel Al Wahedi	2020	2,487,182	676,821
Chief Legal Counsel	Hamish Jooste	2011 to May 2022	530,843	563,798
Acting Chief Legal Counsel	Sean Magee	May 2022 *(as ACLC, previously General Legal Counsel)*	642,008	159,443
Chief Operating Officer	Antonio Di Cecca	2022	1,213,059	-
Chief Development Officer	François-Xavier Boul	2017	1,487,702	566,841
Chief Asset Management Officer	Dr. Yousif Al Hammadi	From Dec 2022	175,003	-
Vice President - Human Capital	Sarah Mohamed Ahmed Al Bakeri	2020	1,274,831	184,992
Vice President - Internal Control	Mousa Sajwani	2020	1,320,808	132,081
Managing Director – DDCP	Dr. Yousif Al Hammadi	2014 to Nov 2022	1,901,038	429,645
Vice President - Strategic Communications	Souad Al Serkal	2018 to March 2022	86,915	136,944
Deputy Vice President - Strategic Communications	Maha Sallam	From July 2022	555,319	-
Vice President - Supply Chain Management	Mohamed Habib	2019	1,361,409	198,420
Senior Vice President - Operations & Maintenance	Atef Al Breiki	2018	1,834,496	286,685
Vice President – HSEQ	Sabooh Asghar	2014	844,662	130,040
Managing Director - Tabreed Energy Services	Alastair Mulligan	2009 to Jun 2022	681,586	255,796
Senior Vice President - Regional Asset Management & Value Chain Business	Colin Sangster	2020 to Jul 2022	1,223,279	139,831
Vice President - Asset Management	Hannah Al Bustani	Jul 2020	1,312,839	208,852
Vice President – Projects	Irshad Hussain	2004	1,003,580	124,396
Senior Vice President - Finance	Richard Rose	2014 to Mar 2022	357,551	258,001
Vice President – Finance	Salik Malik	Mar 2022 *(as VP Finance)*	653,745	102,496
Vice President – Information Technology	Saeed Al Maeeni	2020	1,451,216	226,523
Vice President - Regional Business Development	Faisal Tahir	2020 to Mar 2022	158,929	247,697
Vice President - Business Development	Mayur Nikam	From Jul 2022	310,000	-
Vice President - Strategy and PMO	Mohammed AlSele	2021	900,000	-
Vice President - UAE Business Development	Bakulesh Kanakia	2021	951,707	106,023

5.8 Organisational Chart

6. External Auditor

Ernst & Young ("EY") were appointed as External Auditors for Tabreed at the Annual General Assembly on 20 March 2022 for a one-year term. Tabreed selected EY as the successful applicant pursuant to a competitive tender process issued by Tabreed in 2021 in respect of the auditing services mandate. Three major audit firms participated in the competitive process.

The E&Y Abu Dhabi office was opened in 1966 and has over 280 professionals, including six resident partners. E&Y are a leading practice offering a wide range of services, including Audit, Business Advisory Services, Business Community Training, International Taxation, Business Risk Services/Internal Audit and Technology & Security Risk Services to a client base including conventional and Islamic banks and financial institutions, oil and gas majors, utilities and manufacturing firms from both the government and private sector.

The scope of the audit for the 2022 financial year, as outlined in their engagement plan, was to:

- Provide an audit opinion on the annual consolidated financial statements in accordance with International Financial Reporting Standards;
- Provide an audit opinion on the financial statements of all subsidiaries and associates of Tabreed in accordance with International Financial Reporting Standards; and
- Provide a review of quarterly interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34.

The following table outlines the audit annual and quarterly related fees for Tabreed group companies for 2022:

External Auditor	EY
Number of Years as External Auditor	1
Total audit fees for 2022	AED 1,007,000
Number of years the Partner of the External Auditor audited the Company	1
Fees for additional work in 2022	Nil
Nature of additional work	Nil
Audit fees for additional work done in 2022 by auditors other than those appointed by Tabreed	Nil
Name of partner auditor	Raed Ahmed (registered auditor number 811)

Tabreed's external auditors did not make any qualified opinion for the interim and annual financial statements for 2022.

7. Audit Committee

The role of the Audit Committee is outlined in the Board approved Charter of the Audit Committee and includes:

- Providing advice to the Board on the contracting of an External Auditor and ensuring that the External Auditor fulfils its contractual and professional obligations
- Reviewing and endorsing the quarterly and annual accounts after consideration of accounting policies and standards, assumptions and judgements, compliance with laws and any significant or unusual matters;
- Continually assessing the systems for internal control and risk management;
- Considering the findings of the external Auditor and making recommendations on those findings;
- Developing procedures which allow employees to raise matters of concern regarding internal control or financial reports; and
- Reporting to the Board on activities of the Audit Committee.

The following table outlines the membership of the Audit Committee during 2022:

Member	2022 Term	Role	Status
Mohammed Al Huraimel Al Shamsi	From 1 Jan to 31 Mar	Chairman	Independent, Non-Executive
Dr. Bakheet Al Katheeri	From 31 Mar to 31 Dec	Chairman	Independent, Non-Executive
Frédéric Claux	From 1 Jan to 31 Dec	Member	Independent, Non-Executive
Saeed Ali Khalfan Al Dhaheri	From 1 Jan to 31 Dec	Member	Independent, Non-Executive

Mohammed Al Huraimel Al Shamsi who succeeded by Dr. Bakheet Al Katheeri Chairmen of the Audit Committee during 2022, acknowledged their responsibility for the Audit Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The Audit Committee met 4 times, on the following dates, during 2022:

- 10 February;
- 10 May;
- 26 July; and
- 11 November.

The following table shows the attendance of each member for 2022:

Member	Meetings invited to attend in 2022	Attendance in person	Absence
Mohammed Al Shamsi	1	1	-
Dr. Bakheet Al Katheeri	3	2	1
Fréderic Claux	4	4	-
Saeed Ali Khalfan Al Dhaheri	4	4	-

Note: Committee members did not receive any fees for attending the meetings that serve the committee of which they are members.

8. Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee ("NRC") is to assist the Board in the efficient management of compensation and general human resources management. The key responsibilities of the NRC are outlined in the Board-approved Charter of the NRC and include:

- Verifying the ongoing independence of the independent members ofthe Board;
- Regulating and overseeing nomination to the membership of the Board;
- Setting and reviewing Tabreed's human resources policies and procedures;
- Formulating and reviewing, on an annual basis, the framework and broad policy for granting remuneration, terms of employment and any changes, benefits, bonuses, pensions, allowances, gratuities, early retirement and redundancy made to or given to Tabreed's employees, senior management, as well as compensation for Tabreed's Chairman and Board of Directors;
- Ensuring that suitable succession plans are in place at senior executive levels; and
- Reviewing and approving the hiring and termination of senior management staff.

The following table outlines the membership of the NRC during 2022:

Member	2022 Term	Role	Status
H.E. Dr Ahmad bin Abdullah Humaid Belhoul Al Falasi	From 1 Jan to 31 Dec	Chairman	Independent, Non-Executive
Dr. Bakheet Al Khatheeri	From 1 Jan to 31 Dec	Member	Independent, Non-Executive
Anne-Laure de Chammard	From 1 Jan to 31 Oct	Member	Independent, Non-Executive
Pierre Cheyron	From 1 Nov till 31 Dec	Member	Independent, Non-Executive

H.E. Dr Ahmad bin Abdullah Humaid Belhoul Al Falasi, Chairman of the NRC Committee, acknowledges his responsibility for the NRC Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The NRC met 4 times, on the following dates during 2022:

- 14 February;
- 22 April,
- 11 October; and
- 10 November.

The following table shows the attendance of each member for the period in which they were elected to the NRC:

Member	Meetings invited to attend in 2022	Attendance in person	Proxy attendance
Mohammed Al Huraimel Al Shamsi	2	2	
Dr Bakheet Al Katheeri	2	1	1
Frédéric Claux	5	5	
Saeed Ali Khalfan Al Dhaheri	5	5	

Note: Committee members did not receive any fees for attending the meetings that serve the committee of which they are members.

9. Other Commitees Approved By the Board

9.1 Finance Committee

The duties of the Finance Committee are outlined below:

- review and endorse the Company's five year business plans, annual budgets and capital plans, including providing input into performance targets for management;
- review and endorse all investments and commitments in excess of the authority delegated to the Chief Executive Officer;
- track and monitor company financial performance and financial health including providing input into performance reviews for the Company;
- review the financial funding plan of the Company to ensure its adequacy and soundness in providing for the Company's operational and capital requirements, and recommend to the Board, changes in capital structure as need be, including review of the Company's debt and equity structure;
- review and make recommendations concerning the Company's dividend policy;
- review proposed major financing activities;
- review the investment strategies for the Company's cash balances; and
- review, monitor and recommend action on financial risk management including hedging of currency, commodity price and interest rate risk.

The following table outlines the membership of the Finance Committee during 2022:

Member	2022 Term	Role	Status
Mohammed Al Huraimel Al Shamsi	From 1 Jan to 31 Mar	Chairman	Independent, Non-Executive
Dr. Bakheet Al Katheeri	From 31 Mar to 31 Dec	Chairman	Independent, Non-Executive
Frédéric Claux	From 1 Jan to 31 Dec	Member	Independent, Non-Executive
Saeed Ali Khalfan Al Dhaheri	From 1 Jan to 31 Dec	Member	Independent, Non-Executive

Mohammed Al Huraimel Al Shamsi succeeded by Dr. Bakheet Al Katheeri Chairmen of the Finance Committee, acknowledge their responsibility for the Finance Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The Finance Committee met 5 times, on the following dates, during 2022:

- 7 February;
- 9 March;
- 9 May;
- 22 July; and
- 8 November.

The following table shows the attendance of each member for the period in which they were elected to the Finance Committee:

Member	Meetings invited to attend in 2022	Attendance in person	Proxy attendance
Mohammed Al Huraimel Al Shamsi	2	2	
Dr Bakheet Al Katheeri	2	1	1
Frédéric Claux	5	5	
Saeed Ali Khalfan Al Dhaheri	5	5	

Note: Committee members did not receive any fees for attending the meetings that serve the committee of which they are members.

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9.2 The Projects Committee:

The duties of the Projects Committee are outlined below:

- review Tabreed's HSE performance and make recommendations as appropriate;
- review policies and procedures related to projects and procurement;
- review project ideas and conceptual studies;
- review new cooling technologies and related feasibility studies scope, conclusion and recommendations; and
- review the major delivery aspects of all new projects, including scope of work, execution strategies, selection of bidders, key project management items, material contractual activities, changes in regulations or new regulations, policies, guidelines and other developments legal framework which could have a material impact on the Company's performance.

The following table outlines the membership of the Projects Committee during 2022:

Member	2022 Term	Role	Status
Pierre Cheyron	From 1 Jan to 31 Dec	Chairman	Independent, Non-Executive
Dr. Bakheet Al Katheeri	From 1 Jan to 31 Dec	Member	Independent, Non-Executive
Christophe Dedet	From 15 Jun to 31 Dec	Member	Independent, Non-Executive

Pierre Cheyron Chairman of the Projects Committee, acknowledges his responsibility for the Projects Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The Projects Committee met 4 times on the following dates, during 2022:

- 23 March;
- 15 June;
- 14 September; and
- 8 December.

The following table shows the attendance of each member for the period in which they were elected to the Finance Committee:

Member	Meetings invited to attend in 2022	Attendance in person	Proxy attendance
Pierre Cheyron	4	3	-
Dr. Bakheet Al Katheeri	4	3	1
Christophe Dedet	3	3	-

Note: Committee members did not receive any fees for attending the meetings that serve the committee of which they are members.

10. Insider Information and Dealings Committee

Pursuant to the requirements laid down in Decision 3/2020, Tabreed formed the Insider Information and Dealings Committee that regulates transactions and holdings of Tabreed shares by Board members and employees of Tabreed. The Insider Information and Dealings Policy was approved by the Board on 22 February 2017. Following approval by the Board of the policy, the Insider Information and Dealings Committee operated in accordance with the approved policy.

The following table shows the Committee members during 2022:

Member	Date of appointment	Role
Hamish Jooste	From 2017 till May 2022	Chairman
Sean Magee	May 2022	Chairman
Mousa Sajwani	February 2020	Member
Richard Rose	From 2017 till Mar 2022	Member
Salik Malik	April 2022	Member

During 2022 the committee maintained insider lists for various price sensitive matters and operated in accordance with the Market Conduct and Securities Trading Policy and the Insider Information and Dealings Policy.

Hamish Jooste was succeeded by Sean Magee as Chairman of the Insider Information and Dealings Committee in May 2022, who acknowledged their responsibility for the Insider Information and Dealings Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

Note: Committee members did not receive any fees for attending the meetings that serve the committee of which they are members.

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11. Internal Control System

Pursuant to Article 50 of Decision 3/2020, Tabreed's Internal Control function has been established by the Board to provide independent, objective and authoritative advice as well as assurance over the internal control environment to the Board, Audit Committee and management, to assist them in discharging their functions and duties. The Board of Directors acknowledges responsibility for regularly reviewing the effectiveness of the Internal Control function of the Company.

The Internal Control function reports to the Board and operates under the stewardship of the Audit Committee. This enables the Internal Control function to operate in an independent and objective manner. The role of the Internal Control function is to assist management in meeting their responsibility to:

- Adopt a good practice governance model;
- Develop a strong internal control environment;
- Recognise and manage risks; and
- Comply with laws, regulations and policies.

The designated Internal Control Officer for 2021 was Mousa Sajwani who was appointed on 23 February 2020. Mousa has over 14 years of experience starting with Ernst & Young in which organizational skills and ethical standards were gained to ensure that audits are performed with the highest level of compliance and confidentiality. Mousa's industry journey also spans across multiple industries such as Oil & Gas, Regulatory and Utilities with experience in all part of Finance division in addition to Asset Management experience

Sean Magee is the duly appointed Compliance Officer of the Company effective May 2022 and acknowledges his responsibility for the Internal Control function systems in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The annual review of Internal Controls, as is required under Article 50 of Decision 3/2020, was completed by the Internal Control function and reported to the Audit Committee and to the Board for 2022. In addition, the Internal Control function issued 8 other reports to the Board covering Integration of Newly Acquired Assets with Tabreed Portfolio, Branding and Communications, Treasury and Cash Management, SAP Post Implementation Review (Phase 1), Contracts and Collections Management, Manpower Planning and Recruitment, Operations and Maintenance Tabreed Oman and Maintenance of Tabreed UAE and an annual internal controls review for 2022.

The Board met its internal control responsibilities in 2022 by reviewing presentations on risk management, discussing control issues at Board meetings and reviewing the detailed reports from Board Committees, and found that the internal control environment was satisfactory for 2022. During 2022, the Company did not face any major issue requiring disclosure in any report or to the market.

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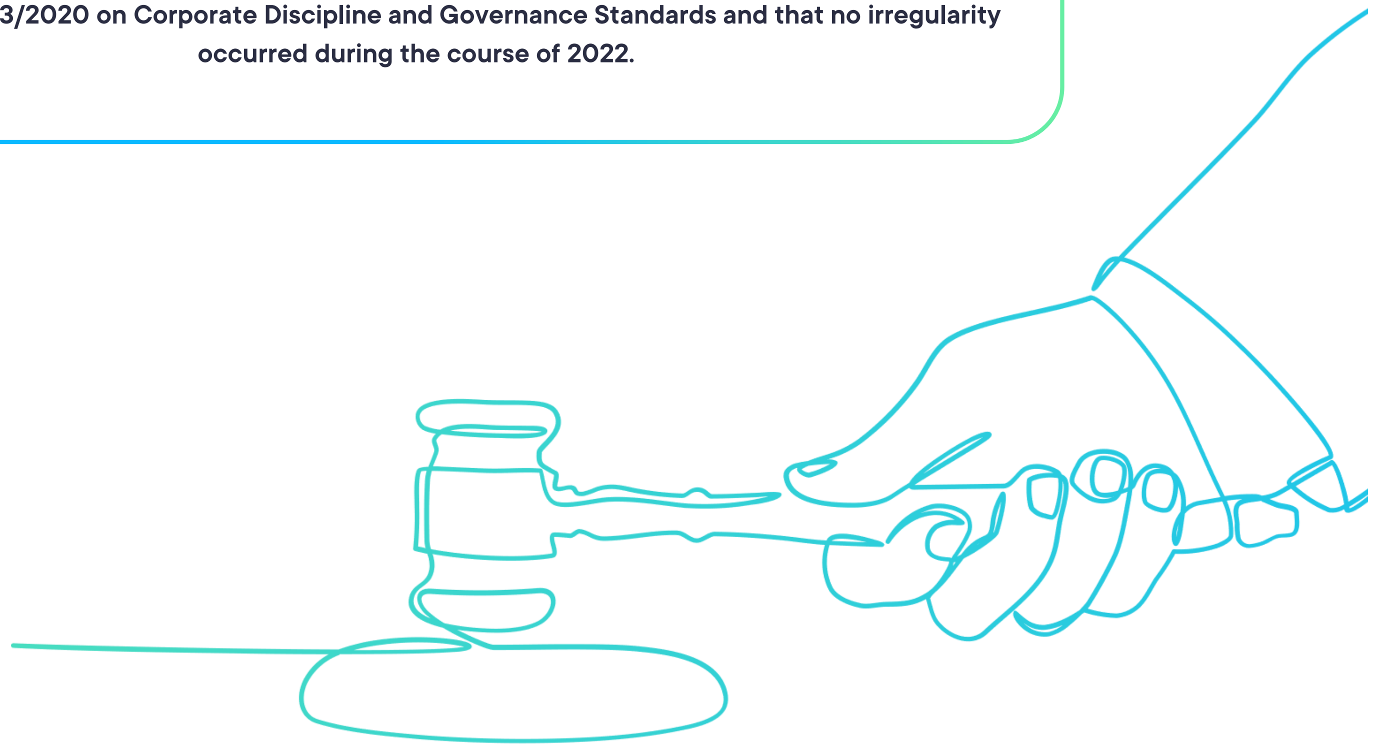
12. Irregularities in 2022

Except as otherwise specifically stated elsewhere in this report, Tabreed confirms that it is compliant with Decision 3/2020 on Corporate Discipline and Governance Standards and that no irregularity occurred during the course of 2022.



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13. Corporate Social Responsibility: Code of Conduct and Local Community Development

Tabreed's approach to corporate social responsibility involves adopting business practices that, in addition to being compliant with applicable legal and regulatory requirements, are based on ethical values and respect for the immediate community and stakeholders of the Company (being employees, customers, partners, investors, suppliers, vendors, government and the environment).

Tabreed is also conscious about its overall social impact and understands the increasing expectations of its stakeholders in relation to how Tabreed conducts its business. Consequently, Tabreed chooses to be socially responsible and to contribute as a sustainable business to positively impact the wider community.

In light of the above, Tabreed has developed a Code of Conduct which sets out internal rules and requirements for:

- Improper payments;
- Market misconduct;
- Prevention of fraud, and money laundering;
- Entertainment and gifts;
- Working with stakeholders, suppliers and government;
- Serving the community; and
- Sustainability and corporate social responsibility.

Tabreed's Code of Conduct sets out the framework, values, principles and standards by which we expect all our employees to abide when dealing with vendors, customers, contractors and other external stakeholders, as well as when dealing with colleagues, affiliates, subsidiaries and internal departments.

In 2022, all Tabreed employees and Board members were required to complete an annual declaration confirming compliance against the Code of Conduct, disclosing any matters of potential non-compliance to the Tabreed compliance team for its review and consideration. This is a practice undertaken annually in addition to quarterly updates requested from Board members through the year and requests for ongoing reporting from employees to be made throughout the year.

Tabreed maintained in 2022 a dedicated, anonymous whistleblowing hotline which is available to Tabreed staff to make declarations on possible breaches of code of conduct or other unacceptable behaviour within the company. Communications to staff have emphasised that the hotline is run by an independent operator and disclosures can be made anonymously and disclosures will be passed to the Compliance team for its review.

The Tabreed Compliance team maintains on an annual and regular basis the online training for all Tabreed corporate staff on the subjects of Anti Bribery and Corruption. Participation reached 100% was recorded via the online Navex Global delivery platform.

13.1. Ideas@Tabreed

In line with Tabreed drive for excellence, Ideas@Tabreed initiative was launched in 2020, with an objective to stimulate a culture of ownership and engagement, build team spirit and drive continuous improvement.

Great contributions were seen since the launch of this platform led to implementation of a number of initiatives resulted in significant benefits helped boost employees' performance, productivity and better collaboration, in addition to optimization of operational and organizational processes, to name only a few. This encouraging trend will continue as we navigate the journey of continuous improvement.

13.2. Tabreed Cares

The "Tabreed Cares" campaign was introduced in 2020 as a continuous, long-term CSR campaign, broadcasting the Company's efforts across its operations. The "Tabreed Cares" slogan is intended to be used in our online broadcasting of the initiatives undertaken by the Company, to showcase Tabreed's role as a socially conscious and active company.

The current initiatives being undertaken revolve around the impact of the Covid-19 pandemic, and these include:

- A partnership with the SAAED association, the Emirates Red Crescent, and the Ministry of Interior in an initiative titled "Your families are ours" which sees Tabreed offer a substantial donation to provide support for families across the UAE that have been impacted by the Covid-19 pandemic.
- A partnership with Opal (Oman Society for Petroleum Services), a non-profit member association in the Sultanate of Oman, in addition to the Oman Ministry of Health, to support in funding the testing of Covid-19 in the country.
- A strategic collaboration with Bahrain's Royal Humanitarian Foundation (RHF) and taking part in the national "Feena Khair" initiative by providing financial support in Bahrain to help combat the effects of the coronavirus pandemic.

13.3. Student Internships

Tabreed's Internship Program (TIP) is designed to give undergraduate UAE National students an opportunity to complement their formal education with career-related experiences. Tabreed support internship programs as they help prepare students to work effectively in the business world upon graduation. Gaining real world experience helps interns to make more informed career choices which will result in higher job satisfaction and productivity.

The internship program, available to Emirati students in their third or final year of study, will cover a variety of functions including Engineering, Finance and Accounting, Communications, Human Capital, and Business Development.

13.4. Plant visits

New Joiner Employees are invited to tour our plants amongst their joining. Plant visits will give insights on the operations of district cooling plants. Al Reyadah Program.

Tabreed has implemented a development programme to further develop the skills of UAE National employees to accelerate their contribution to Tabreed's performance-driven culture by creating alignment between the company goals and employee performance, which includes a development program with specific and measurable milestones to monitor professional development to ensure employees are being effectively developed and trained to take on increasingly senior roles within the organization.

13.5. Work-Experience

Tabreed acknowledges the importance of work-experience to job seekers. Tabreed accepts a responsibility to provide a meaningful work-experience as an opportunity for participants to gain an understanding of the requirements of the occupational areas of the Company in which they are placed.

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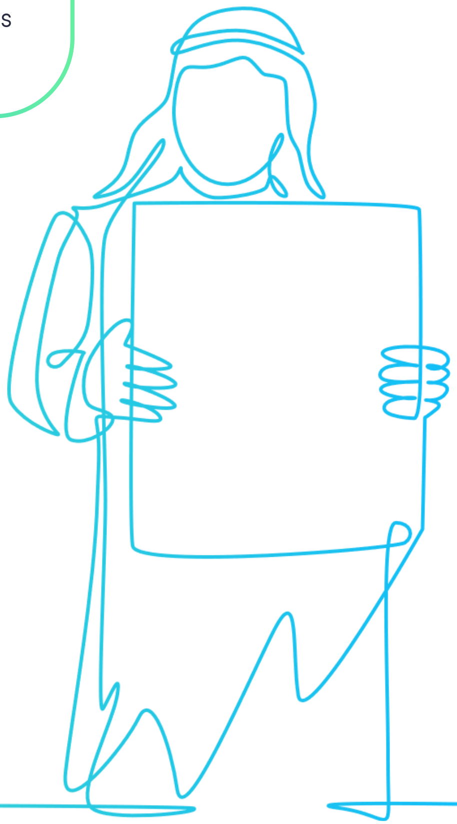
13.6. Sponsorship

Tabreed invests in the aspiring youth of the Country as a service to the local community and part of its Corporate Social Responsibility mandate. Through Tabreed's Sponsorship Program, talent pools will be identified as the potential future workforce of the Company.

The Company attracts UAE national Students to work with Tabreed by providing a sponsorship with one of the granted local (UAE) based Accredited Universities and Technical Colleges.



14. Sustainability, Occupational Health & Safety, and Quality

14.1 Sustainability

14.1.1 Environmental Management

The Company complies with all applicable UAE environmental laws and regulations and has received specific permits from the UAE Environment Agencies in each applicable Emirate. In relation to effluent water release and emissions into the air:

- Environmental reporting on as required basis to Dubai Municipality for all Tabreed's plants located in Dubai; and
- Obtaining permits for plant effluent water release from Environmental Agency Abu Dhabi (EAD) after undertaking to control certain parameter requirements such as acidity, turbidity and conductivity of the effluent.

14.1.2 Go Green Initiative

Go Green is an initiative to support Tabreed's efforts on sustainability with a keen focus on the reduction of its environmental impact. A core element of this initiative is reduction in the amounts of resources consumed which will consequently reduce waste generated by the Company.

- **Secure printing initiative**: decrease in the number of printers (group and standalones) with the implementation of secure card operated printers for increased security and usage efficiency.
- **Digital signature initiative**: adopted paper-free, fast and secure processes to send, sign, and approve documents.
- **Paperless project site initi**ative: Tabreed's Projects department identifies sites for paperless transactions; an action plan is set and achieved to reduce paper usage by a certain percentage at these sites.
- **Plastic bottles initiative**: usage of plastic water bottles has been stopped, dispensers along with biodegradable paper cups placed, and refillable, sanitized metal water bottles were provided.

14.1.3 Waste Management

Tabreed continued to comply with relevant UAE federal/local authorities by enforcing its Waste Management Reduction Plan that applies to all its plants, project sites and offices, with the key objectives to protect the environment and minimize/reduce waste materials through prudent waste management program.

14.1.4 United Nations Sustainable Development

In addition, we are working to align our business strategy with the United Nations (UN) Sustainable Development Goals ("SDGs"). As a member of the "Cool Coalition" steering committee - a United Nations initiative - we have supported the UN SDGs since their inception. So far, we have set aggressive goals that align to the objectives and targets of several SDGs.

Sustainability is at the core of Tabreed's operations. It reflects the company's commitment to energy efficiency and to the environment, to its customers and to the sustainable socio-economic development of the region. They guide our day-to-day work, environmental and governance practices as well as our social.

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14.2 Focus on Occupational Health and Safety

Health, safety, and environment or HSE is the cornerstone of our operations and an integral part of business planning and strategic goal setting.

14.2.1 Leadership & Commitment:

- Top management is fully committed to HSE with direct reporting line to the COO
- HSE performance reporting is done to the Board of Directors on monthly basis
- HSE steering committee comprises HSEQ, Operations, Projects, and Supply Chain departments
- Multiple plant and site visits performed each year by Chiefs, VPs, and senior management
- Management Review is done on regular basis to ensure continual improvement
- Compliance to regulatory authorities (NCEMA, OSHAD, DM, HAAD, TADWEER, and EAD etc.)

14.2.2 IMS Policy:

Key aspects of the IMS policy are as follows:

- Integrate Quality, Energy Management and Business Continuity with OH&S and Environment.
- Conduct business in socially responsible manner.
- HSEQ is a key consideration in business planning and decisions.
- Comply with all regulations and industry best practices.
- Ensure all employees are trained and motivated to adopt and develop HSE culture.
- Seek continuous improvement in HSE and quality performance.

14.2.3 Certifications and Awards:

Recipient of the latest revisions of the ISO certifications:

- ISO9001:2015 for Quality Management Systems
- ISO14001:2015 for Environment Management Systems
- ISO45001 2018 for Occupational Health and Safety Management Systems
- ISO50001:2018 for Energy Management Systems – the first DC company in the region to have done so.

Also, the first DC company in the region to have received:

- Clean Energy Management (CEM)'s Energy Insight Award
- Big Project ME Awards for excellence in HSE
- SKEA Award

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14.2.4 Implementation and Performance:

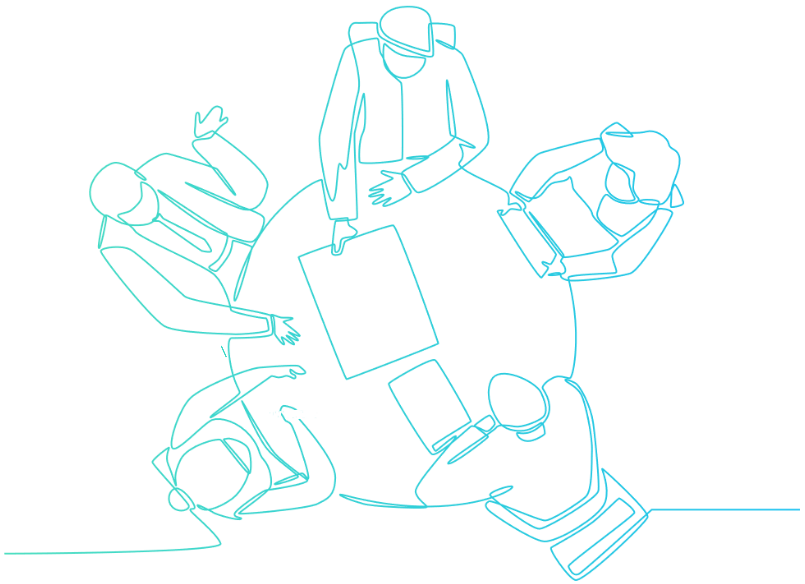
- HSE aspects integrated at project conceptual / design stages.
- Development of Tabreed's HSEQ and Energy Management manual.
- Regular HSE trainings and awareness programs to enhance HSE readiness.
- Robust Permit to Work (PTW) system.
- Frequent Regular internal and external HSEQ audits to ensure compliance to ISO standards, UAE regulations (OSHAD, DM, etc.) and international standards
- Action tracking system for effective monitoring of HSE performance, objectives and KPIs.
- 16.5 million man-hours without any major injuries.
- Go-Green Initiative to support environment and sustainability.
- Robust behavioural-based safety (BBS) program to ensure compliance with HSE culture.
- Innovative ideas to strengthen HSE culture, such as HSE Walls, Electronic Display Screens, and Black-White Points System to enhance contractor management.
- COVID-19: pragmatic approach to ensure Tabreed-wide compliance to established SOPs. Tabreed's efforts have not only helped us stay safe during the pandemic but also achieve UAE-wide recognition, such as getting shortlisted for Gulf Sustainability Award.

14.3 Enterprise Quality Management (EQM):

Tabreed is certified under ISO9001:2015 and integrates its QMS with other management systems, such as ISO45001 (OH&S), making it ever more essential to ensure sound integration while documenting and implementing the quality management program across the organization.

To ascertain sustained Business Excellence Tabreed has endeavoured on EQM, an organization-wide Total Quality Management program with the following core objectives:

- Providing insight on quality management functions by Tabreed HSEQ and other departments and mapping them against the essential clauses from ISO9001, 9004 and the SKEA (Sheikh Khalifa Excellence Award) model.
- Finding discrepancies in existing quality management efforts.
- Continue to improve to overcome such discrepancies.
- Integration on a unified platform all the quality efforts.



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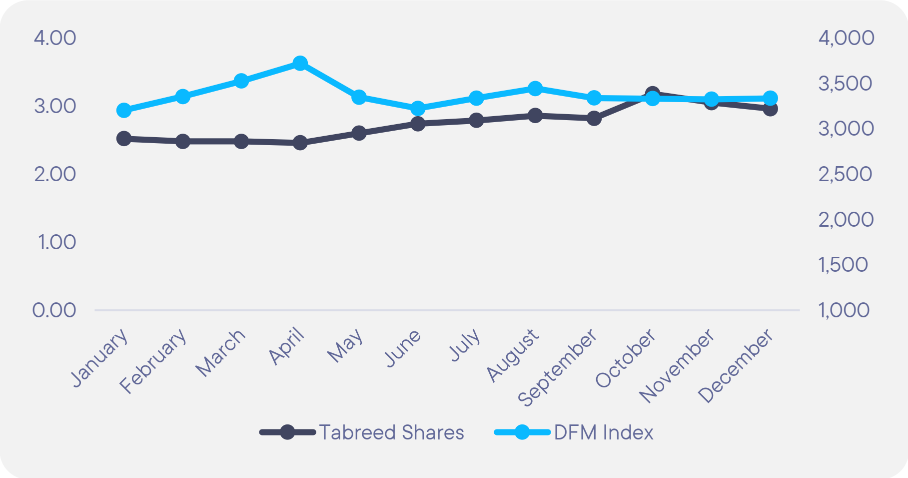
15. General Information

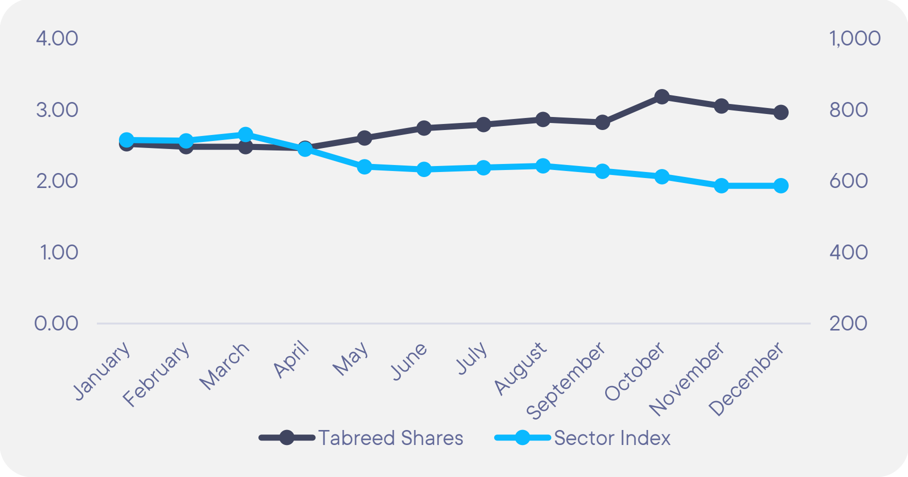
15.1 Share Price

The following table presents the highest and lowest share price for each month during 2022 showing the market index and sector index as of 31 December 2022:

	Share Price (AED)		Market Index	Sector Index	Closing Price	Share Performance	
	Highest	Lowest				VS Market	VS sector
January	2.57	2.48	3,203.08	714.81	2.52	-0.62%	0.73%
February	2.57	2.43	3,354.64	712.35	2.48	-6.32%	-1.24%
March	2.67	2.46	3,526.60	730.14	2.48	-5.13%	-2.50%
April	2.49	2.42	3,719.63	689.13	2.46	-6.28%	4.81%
May	2.6	2.31	3,347.24	639.69	2.6	15.70%	12.86%
June	2.82	2.56	3,223.29	632.17	2.74	9.09%	6.56%
July	2.84	2.69	3,337.96	637.18	2.79	-1.73%	1.03%
August	2.88	2.67	3,443.11	642.20	2.86	-0.64%	1.72%
September	3.36	2.78	3,339.15	627.15	2.82	1.62%	0.95%
October	3.4	2.8	3,331.76	612.09	3.18	12.99%	15.17%
November	3.27	2.93	3,323.96	586.56	3.05	-3.85%	0.08%
December	3.15	2.71	3,336.07	586.35	2.96	-3.32%	-2.92%

Source: Dubai Financial Market





15.2 Shareholder Ownership

Shareholder Ownership (%) as at 31 December 2022 is as follows:

	% Ownership	Individuals	Companies	Government	Institution	Banks
Arab	0.506	0.4614	0.044	0	0	0.0008
GCC	1.565	0.2802	1.2851	0	0	0
UAE	53.814	5.7924	47.9716	0.0004	0.0068	0.0433
Others	44.113	0.2454	43.8049	0.0621	0	0.0007

Source: Dubai Financial Market

15.3 Ownership - 5% or More

Shareholders who own 5% or more of the share capital as at 31 December 2022 are:

Name	% Ownership
GDF International	40.00
General Investments FZE	38.2114

Source: Dubai Financial Market

15.4 Shareholders Ownership Distribution

	Shares owned	No. of Shareholders	No. of shares held	% of the shares owned
1	Less than 50,000	17,460	34,269,576	1.204
2	From 50,000 to less than 500,000	343	54,731,125	1.924
3	From 500,00 to less than 5,000,000	87	107,249,759	3.769
4	More than 5,000,000	21	2,649,020,610	93.103
Total		**17,911**	**2,845,271,070**	**100.000**

Source: Dubai Financial Market

15.5 Investor Relations

For the purposes of Article 35 of Decision 3/2020, the officer in charge of investors' relations and shareholder communications for the Company is Maha Sallam, available at:

- Email address: msallam@tabreed.ae, or IR@tabreed.ae;
- Telephone: +971 2 2020400/+971 4 3132432;
- Mobile: +971 54 994 3633;
- Fax: +9712 6455 008.

Further information in relation to investor relations is available in the "Investor Relations" section of Tabreed's website: www.tabreed.ae.

15.6 General Assemblies; Special Resolutions

15.6.1 AGA Special Resolutions (21 March 2022):

- Amend the articles (18) and (30) of the articles of association of the Company in the form posted on the Company's website;
- authorise the Board of Directors of the Company, and/or any person so authorised by the Board of Directors, to adopt any resolution or take any action as may be necessary to implement the ordinary and special resolutions to be adopted by the general assembly in this meeting including to increase the Company's share capital if the general assembly approves the issuance of bonus shares; and
- authorise the Board of Directors of the Company, for a period of 12 months, to issue non-convertible (into shares) bonds and/or sukuk (whether directly or through a special purpose vehicle) in accordance with this special resolution, in one or more tranches, to be offered to qualified investors, with a total value of up to USD 1 billion (or equivalent) in aggregate and at a profit rate not exceeding the prevailing market rate available to companies with the same credit rating as the Company, in each case as the Board of Directors of the Company sees fit.

15.6.2 GA Special Resolutions (12 September 2022):

- Amend the article (7) of the articles of association of the Company in the form posted on the Company's website to permit up to 100% foreign ownership of the Company.

15.7 Board Secretary

Sean Magee is the Company Secretary of Tabreed and was appointed on 11 May 2022. Sean James Magee is an experienced UK qualified lawyer with experience across infrastructure projects and operations, corporate and commercial matters, with experience in the UK and the UAE. The primary responsibilities of the Company Secretary are to promote corporate governance excellence within the Boardroom and to ensure that a healthy relationship exists between the Board and the management of the Company. The Company Secretary ensures compliance with applicable corporate governance requirements and regulations at all times. The Company Secretary also coordinates meetings of the Board of Directors, circulates the agenda and supporting information in advance of the meetings and then prepares and finalizes the minutes of those meetings. Currently the Company Secretary acts independently from management and reports directly to the Board in his capacity as the Company Secretary, however Sean Magee is an employee of the Company, in a separate capacity as the Acting Chief Legal Counsel. Sean re-qualified as a DFM approved Company Secretary in May 2020.

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15.8 Significant Events – 2022

Date	Events
5 January	Tabreed announced that its Board of Directors has appointed Antonio Di Cecca as its new Chief Operating Officer (COO).
25 January	Tabreed announced completion of the acquisition, through its subsidiary in Oman, of a new district cooling plant from Al Mouj, Muscat's premier development. This new transaction took Tabreeds tally of owned and contracted district cooling plants in the Sultanate to seven. Tabreed (through its subsidiary in Oman) and Al Mouj Muscat have signed an exclusive perpetual cooling concession for over 30,000 refrigeration tons (RT), with more than 19,000 RT already connected and operational. This transaction practically doubles Tabreed's concession capacity in the Sultanate from 32,000 RT to 62,000 RT.
10 February	Tabreed and The Egyptian Company for Energy and Cooling projects (Gascool) and Marakez for Real Estate Investment Company, have signed a partnership agreement to provide district cooling services to the new D5M mall in New Katameya, east Cairo. The deal is of special importance to Tabreed with the country representing significant potential for future portfolio growth, as Tabreed is Egypt's first international investor in district cooling and the market is a very promising one.
15 February	Tabreed released its consolidated financial results for 2021, reporting a net profit of AED 585.2 million – an increase of 6% compared to its 2020 performance. In addition, Tabreed's Board of Directors is pleased to recommend a dividend of 12.0 fils per share, to be paid 50% in cash and 50% through a bonus share issue of 1 share for every 40 shares held. This dividend represents an increase on last year in line with the growth of the business, while retaining availability of growth capital within the business.
7 March	Tabreed announced the publication of a Green Financing Framework, which will help the company meet its commitments and finance new projects to support its business strategy and vision. The framework enables Tabreed to issue green bonds and loans, with the resulting net proceeds to be used for financing 'Eligible Green Projects' which include its core business of constructing, acquiring and operating District Cooling schemes, as well as projects related to Energy and Water Efficiency and Wastewater Management. The framework is accompanied by a Second Party Opinion from Sustainalytics, a leading, global ESG ratings agency. This Framework and Second Party Opinion demonstrate the sustainable nature of Tabreed's District Cooling operations, which utilise 50% less power than conventional cooling, while providing an essential service in the GCC and wider region.

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15.8 Significant Events – 2022 (Cont.)

Date	Events
22 March	Tabreed's shareholders approved a dividend for 2021 through the combination of a cash dividend of 6 fils per share plus a bonus share issue of 1 share for every 40 shares held, which equates to 12 fils per share. This is the highest ever dividend payment to Tabreed shareholders and represents an increase on the previous year which reflects the growth of the business, whilst retaining availability of Tabreed's growth capital.
13 May	Tabreed released its consolidated financial results for the first quarter of 2022, reporting a net profit of AED 88.2 million – an increase of 3.1% compared to its Q1 2021 performance. Tabreed practically doubled the size of its concession capacity in Oman with the acquisition of the district cooling plant that services Al Mouj, the Sultanate's most prestigious new real estate development.
24 May	Tabreed and ENGIE Digital, extended their partnership with the implementation of Nemo, ENGIE's operations software, in the 235,000 refrigeration ton (RT) capacity Downtown Dubai network.
27 July	Tabreed released its consolidated financial results for the first six months of 2022, reporting a net profit of AED 240.4 million – an increase of 3% compared to its H1 2021 performance.
13 September	Tabreed held a General Assembly on 12 September 2022, during which shareholders voted to amend Article (7) of the company's Articles of Association to allow 100 per cent foreign ownership. Previously the limit had been set at 49 per cent, in line with UAE law stipulating that foreign companies could operate onshore in the UAE only with a UAE national or wholly owned UAE company owning 51 per cent of the share capital.
14 September	Tabreed signed an agreement with developer, Egyptians for Healthcare Services (EHCS), to provide essential district energy services to CapitalMed, its all-new healthcare city megaproject. Strategically located in Badr City, CapitalMed is near to Central Cairo, New Cairo and Egypt's New Administrative Capital City, which is planned to be constructed over four phases. Once completed, CapitalMed will be a state-of-the-art, smart medical city, hosting patients not only from Egypt but also from across the Middle East, Africa and the rest of the world.
15 November	Tabreed released its consolidated financial results for the first nine months of 2022, reporting an EBITDA of AED 912 million – an 18% increase over the same period last year – and a net profit of AED 400 million, representing a 3% increase.
28 November	Tabreed announced that its Board of Directors has appointed Dr Yousif Al Hammadi as Chief Asset Management Officer – an all-new role for the company – with effect from 1 December 2022- to create a new, dedicated function, to manage the company's assets, accounts, and customer relationships, led by a Chief Asset Management Officer.

15.9 Emiratization Percentage

In respect of the total headcount of Tabreed's corporate operations, Tabreed held the following Emiratization levels in respect of the periods stated below:

2022	**42% Emiratization**
2021	43% Emiratization
2020	41% Emiratization
2019	41% Emiratization
2018	39% Emiratization
2017	38% Emiratization

15.10 Innovative Projects

During 2022, Tabreed further enhanced its drive to create a culture of innovation within the organization. An Innovation Committee was established under the leadership of the COO to oversee the innovation process and to have a long-term strategy to adapt futuristic technologies into Tabreed's business. An end-to-end process from idea generation, exploration, piloting & technology adaptation is now developed. Tabreed signed NDAs with multiple technology providers and companies to explore & test emerging technologies that might impact District Cooling business.

In another significant achievement Tabreed engaged into a partnership with International Finance Corporation (IFC) with an aim to accelerate adoption of innovative cooling technologies & business models. The program will run for 15 months where emerging technologies related to cooling industry will be explored & piloted jointly by the parties.

Multiple areas of technologies are focused as part of the innovation road map with prime focus on technologies that will contribute to increasing energy efficiency, contribute to reduce green-house emissions etc.

Planned projects include:

Application of Nano Technology	• Aims at drastically improving plant life and efficiency using advances in nanotechnology. • Tabreed partnered with HT Material Science (HTMS) for implementation of a pilot project to use Nano Particles in chilled water circuit is currently on going at Tabreed's AD07M plant. The pilot aims to validate energy savings of 10-15%. • A partnership with Engie Lab, the research and development centre of Engie in France have also been signed to explore 2 key areas, nano-refrigerant & sky-cooling. Desktop studies have been completed & pilot projects will be implemented in 2023.
Water as Refrigerant	• This innovative project being studied in partnership with Engie Lab aims at using water an alternative refrigerant. Currently the project is in data gathering stage & a pilot implementation is targeted to commence by Q3'23
Wet Bulb Forecasting	• Demand Side Management, through wet bulb forecasting, intends to operate Tabreed plants more efficiently by optimizing the operation strategy & also to predict load demands for new plants. Thanks to this forecast model, Tabreed operation will run its equipment by matching the anticipated demand and thus adapting the production with the accurate buildings load. In 2021, a stable weather forecasting system was signed with a worldwide weather provider. We are currently at the stage of developing data models and correlations that can be used to predict cooling load demand.

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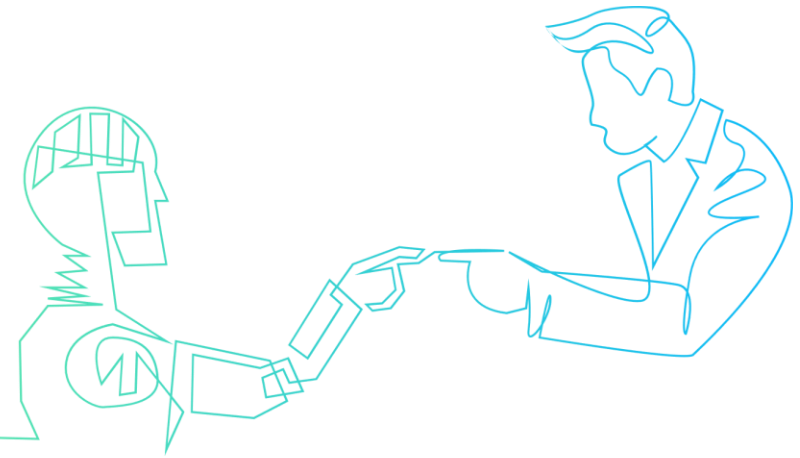
Previous projects implemented for electrical efficiency improvements have delivered significant savings in electrical consumption & thereby CO_2 emissions. Tabreed continues to focus on using historical data of its plants to enhance its operational efficiency & develop energy models for predicting energy efficiency of future plants. Tabreed continues to leverage "Big Data" analysis to provide more process insights and enhancements to the design & operation of its assets.

Tabreed developed an ambitious plan to reduce the water consumption by increasing the use of treated sewage effluents (TSE) in the cooling towers. Tabreed already utilizes TSE as cooling tower make-up sources is in few plants in Dubai. Consultation is in progress with various regulatory agencies & utility providers to explore implementation of similar projects in other plants as well.

Tabreed is actively pursuing integration of renewables such as solar energy to power it's DC Plants with an objective to construct a plant operating fully on renewable energy by 2025.

Overall, Tabreed's R&D initiatives in 2022 has developed a strong pipeline of ideas & projects that will be explored for testing & adaptation in the near future.



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National Central Cooling Company PJSC ("Tabreed")
Corporate Structure Chart as of 31 December 2022

International District Cooling

- 75% — **Tabreed Asia Central Cooling Company PTE** International finance corporation 25%
- 99.99% — **Tabreed India Private Limited** Tabreed Utilities & Metering Energy Investment LLC (0.1%)
- 99.99% — **Tabreed Infopark Cooling Private Limited** Sudheer Perla (1 share, nominee shareholder)
- 0.1% — **Tabreed Amaravati District Cooling Private Limited** Tabreed India Private Limited (99.99%)
- 99% — **Tabreed Infrastructure and Central Cooling Service** LLC (Tabreed Misr) Tabreed Energy Services LLC (1%)
- 100% — **Tabreed Capital Med for 50% Infrastructure and Central Cooling Services LLD**
- 60% — **Kattameya D5 Infrastructure and Central Cooling Services LLD** GasCool (40%)

Regional District Cooling

- *30.30% — **Saudi District Cooling Company also known as "Saudi Tabreed" (KSA)** ACWA Power (Vision Invest) (43.20%) ASMA Capital Partners (36.50%)

  *Reducing to 21.76% on formal completion of share issue to new shareholder, which subsequently completed in Q1 2023
- 95% — **Tabreed Holding WLL** Gulf Energy System Company LLC (5%)
- 99.83% — **Bahrain District Cooling Company BSC (c)** (Tabreed Bahrain) Abdulla Ahmed Isa Almannaei (0.17%)
- 60.54% — **Tabreed Oman SAOC** Ministry of Defense Pension Fund (10.090%) Diwan of Royal Court Pension Fund (5.045%) ISS Pension Fund (7.063%) PMA International Ltd. (9.186%) Pvt Projects Dvlpt Co. LLC (8.072%)
- 100% — **Tabreed Al Mouj SPC**
- 50% — **Cooltech water treatment LLC (cooltech Oman)** cool water energy Treatment LLC (50%)

Value Chain Business "VCB"

- 99.99% — **Gulf Energy System Company LLC (GES)** Khaled Abdulla Al Qubaisi (0.01%)
- 100% — **Tabreed Energy Investments Sole** Proprietorship LLC
- 51% — **SNC Lavalin Gulf Contractors LLC (SLGC)** SNC Lavalin International Inc. (49%)
- 65.2% — **Emirates Preinsulated Pipes Industries LLC** Al Namlah (20.5%)- Al Bitar (10.9%)- Jailem (3.4%)
- 99% — **Installation Integrity 2000 LLC** Gulf Energy System Co. LLC (20%)
- 10% — **Cooltech Energy Water Treatment LLC** Gulf Energy System Co. LLC (90%)
- 99% — **Cooltech Water Treatment LLC** Gulf Energy System Co. LLC (1%)
- 99% — **Cooltech Water Services LLC** Gulf Energy System Co. LLC (1%)
- 99% — **Tabreed Operation & Maintenance** Zones Cooling Stations Co. LLC (TOMCO) Gulf Energy System Co. LLC (1%)
- 99% — **Tabreed Utilities & Metering Energy** Investment Co. LLC TOMCO. LLC (1%)
- 99% — **Tabreed Energy Services LLC** CUMEI (1%)
- 99% — **Central Utilities & Metering Energy** Investment Co. LLC (CUMEI) TOMCO. LLC (1%)
  - 100% — **Tasleem Metering & Payment** Collection – Sole Proprietorship LLC

UAE District Cooling

- 99.99% — **Summit District Cooling Company LLC** Gulf Energy System LLC (0.01%)
- 60% — **National Central Cooling Company** Ras Al Khaimah LLC Gulf Energy System LLC (40%)
- 20% — **industrial City Cooling Company LLC** Abu Dhabi Investment Company (52.5%) Waha Capital PJSC (27.5%)
- 40% — **Sahara Cooling Limited (JAFZA)** Summit Global Management Co. VI B.V (30%) Electric and Power Development Corp. Ltd (30%)
- 51% — **Sahara Cooling & Air Conditioning LLC** Sahara Cooling Limited (Jebel Ali F.Z. Co.)
- 99% — **Tabreed Parks Investment LLC** TOMCO (1%)
- 80% — **Downtown DCP LLC** Emaar District Cooling LLC (EDC) (20%)
- 99% — **Saadiyat District Cooling LLC** Tabreed Energy Investment LLC (1%)
- 99% — **Saadiyat Cooling LLC** Tabreed Energy Investment LLC (1%)
- 99% — **District Utilities Energy Investment LLC** TOMCO (1%)
  - 100% — **S&T Cool District Cooling** CompanySole Proprietorship LL
- 99.6% — **Tabreed Al Maryah District Cooling** Investment LLC (TAMDCI) TOMCO (0.4%)
- 50% — **Business District Cooling Investment LLC** TAMDCI (50%)
  - 99.99% — **Al Wajeez Development Company** Pvt. JSC TAMDCI (0.1%)
- 75% — **Prime District Cooling LLC** International Capital Trading LLC (25%)
- 100% — **Tabreed Sustainable City Limited**

Consolidated in Tabreed's Accounts

Not Consolidated in Tabreed's Accounts

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Sustainability Report

This document comprises Tabreed's performance in 2022 across 32 recommended ESG metrics under the Dubai Financial Market ESG Reporting Guide. Tabreed will publish its complete Sustainability Report 2022, in accordance with the GRI Standards and in alignment with UN Sustainable Development Goals (SDGs) and GHG Protocol.

Environmental	Indicators	Sub-Indicators	Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
E1. GHG Emissions	E1.1) Total amount in CO2 equivalents, for Scope 1	GHG Emissions Scope 1	Tons of CO2e	1,128,543.46	33,609.87	GRI 305 - Emissions 2016	SDG 13 - Climate Action
	E1.2) Total amount in CO2 equivalents, for Scope 2	GHG Emissions Scope 2	Tons of CO2e		1,201,313.34		
E2. Emissions Intensity	E2. 1) Total GHG emissions per output scaling factor	Total GHG Emissions/ Refrigeration ton-hour production	Kg CO2e/Ton-Hr Refrigeration Produced	0.53	0.55	GRI 305 - Emissions 2016	SDG 13 - Climate Action
	E2. 2) Total non-GHG emissions per output scaling factor	Total non-GHG Emissions/ Production Units	-	Not Available	Not Available		
E3. Energy Usage	E3. 1) Total amount of energy directly consumed	Petrol used for on-road vehicles owned or leased by the company	Litres	947,517	805,014.04	GRI 302 - Energy 2016	SDG 12 - Responsible Consumption and Production
		Natural Gas consumption from gas turbines	m3	11,875,777	10,607,238		
	E3. 2) Total amount of energy indirectly consumed	Electricity Consumption - Purchased from a Third-Party (i.e. National Utility Company)	kWh	1,794,815,096	1,909,345,484		

Environmental	Indicators	Sub-Indicators	Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
E4. Energy Intensity	E4) Total direct energy usage per output scaling factor	Total Energy Consumption/Refrigeration ton hour production	MJ/Ton-Hr Refrigeration Produced	3.33	3.35	GRI 302 - Energy 2016	SDG 12 - Responsible Consumption and Production
E5. Energy Mix	E5) Percentage: Energy usage by generation type	Natural Gas	%	2%	2%	GRI 302 - Energy 2016	SDG 7 - Affordable and Clean Energy
E6. Water Usage	E6.1) Total amount of water consumed	Utility Water Consumption - Purchased from a Third-Party (i.e. National Utility Company)	m3	15,650,392	16,495,096	GRI 303- Water and Effluents 2018	SDG 6 - Clean Water and Sanitation
	E6.2) Total amount of water reclaimed	Industrial or municipal wastewater that is recycled and reused at the company	m3	2,601,390	2,607,143		

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Environmental	Indicators	Sub-Indicators	Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
E7. Environmental Operations	E7.1) Does your company follow a formal Environmental Policy?		Yes/No	Yes, Tabreed has developed its own **Integrated Management System (IMS) Policy**. Health, safety, **environment**, quality and energy compliance are a cornerstone of our operations and an integral part of business planning and strategic goal setting. Please refer IMS Policy in **Annex 1**	Yes, Tabreed has developed its own Integrated Management System (IMS) Policy. Health, safety, environment, quality and energy compliance are a cornerstone of our operations and an integral part of business planning and strategic goal setting. Please refer IMS Policy in **Annex 1**	GRI 103: Management Approach 2016	SDG 13: Climate Action
	E7.2) Does your company follow specific Waste, Water, Energy, and/ or Recycling policies?		Yes/No	Yes. In Tabreed's **IMS Policy**, we commit to sustainably making efficient use of energy and conserving natural resources, reducing cost, preventing environmental pollution and encouraging reduction, reuse and recycling of waste. Please refer IMS Policy in **Annex 1**	Yes. In Tabreed's IMS Policy, we commit to sustainably making efficient use of energy and conserving natural resources, reducing cost, preventing environmental pollution and encouraging reduction, reuse and recycling of waste. Please refer IMS Policy in **Annex 1**		

Environmental	Indicators	Sub-Indicators	Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
E7. Environmental Operations	E7.3) Does your company use a recognized Energy Management System?		Yes/No	Yes, Tabreed is certified under **ISO 50001:2018** Energy Management System, which is applicable to the management of district cooling activities and services & all energy consumed by us. In addition to this, Tabreed has laid down its commitments in **IMS Policy** towards reduction in energy consumption, improvements in energy performance and procurement of energy-efficient products and services. Please refer IMS Policy in **Annex 1** and ISO 50001:2018 certification in **Annex 2**	Yes, Tabreed is certified under ISO 50001:2018 Energy Management System, which is applicable to the management of district cooling activities and services & all energy consumed by us. In addition to this, Tabreed has laid down its commitments in IMS Policy towards reduction in energy consumption, improvements in energy performance and procurement of energy-efficient products and services. Please refer IMS Policy in **Annex 1** and ISO 50001:2018 certification in **Annex 2**	GRI 103: Management Approach 2016	SDG 13: Climate Action

Environmental	Indicators	Sub-Indicators	Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
E8. Environmental Oversight	E8) Does your Board/Management Team oversee and/or manage climate-related risks?		Yes/No	Yes, all ESG related matters including **climate-related risks** are overseen by the Tabreed Management Team (CEO, COO, CFO, CDO and CLC). The management has also created a separate **ESG Committee** to review and report ESG requirements to the Tabreed Management Team.	Yes, all ESG related matters including climate-related risks are overseen by the Tabreed Management Team (CEO, COO, CFO, CDO and CLC). The management has also created a separate ESG Committee to review and report ESG requirements to the Tabreed Management Team.	GRI 102: General Disclosures 2016	SDG 13: Climate Action
E9. Environmental Oversight	E9) Does your Board/Management Team oversee and/or manage other sustainability issues? If **Yes**, please share the policy/supporting document		Yes/No	Yes, all ESG related matters are overseen by the Tabreed Management Team (CEO, COO, CFO, CDO and CLC). The **ESG Committee** reviews and reports the **sustainability issues** to the Tabreed Management Team.	Yes, all ESG related matters are overseen by the Tabreed Management Team (CEO, COO, CFO, CDO and CLC). The ESG Committee reviews and reports the sustainability issues to the Tabreed Management Team.		

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E9. Climate Risk Mitigation	E10) Total amount invested, annually, in climate-related infrastructure, resilience, and product development	Describe the allocation of the funds for respective initiatives	Descriptive	Tabreed invested **77%** of the company revenue towards climate risk mitigation in 2021. These investments include growth capex, construction/expansion capex and efficiency enhancement capex that are core to the district cooling sector.	Tabreed invested 7.19% of the company revenue towards climate risk mitigation in 2022.. These investments include investment related to additional share subscription in Saudi Tabreed, Construction and Expansion capex for new connections and, Efficiency Enhancement capex focused on cost optimization by the installation of variable frequency drives, plant automation and fills replacement.		SDG 13: Climate Action

Social Disclosure	Indicators	Sub-Indicators	Measurement Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
S1. CEO Pay Ratio	S1.1) Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation		i.e. 1:1 or 1:1.8 or 1:7.5	This disclosure is part of our standalone annual **Corporate Governance Report**, which we submit to the Securities and Commodities Authority (SCA), UAE.	1:0.672	GRI 102: General Disclosures 2016	SDG 10: Reduced Inequalities
	S1.2) Does your company report this metric in regulatory filings?		Yes/No				
S2. Gender Pay Ratio	Ratio: Median male compensation to median female compensation		i.e. 1:1 or 1:1.8 or 1:7.5	1:3.26	1:3.05	GRI 405: Diversity and Equal Opportunity 2016	SDG 5: Gender Equality
S3. Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees	Turnover Rate of Full-Time employees	%	7%	3%	GRI 401: Employment 2016	SDG 8: Decent Work and Economic Growth
	S3.2) Percentage: Year-over-year change for part-time employees	Turnover Rate of Part-Time employees	%	0%	None		
	S3.3) Percentage: Year-over-year change for contractors/consultants	Turnover Rate of contractors/consultants employees	%	42%	12%		

Social Disclosure	Indicators	Sub-Indicators		Measurement Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
S4. Gender Diversity		Total Employees		Total Count	888	932	GRI 401: Employment 2016	SDG 8: Decent Work and Economic Growth
	S4.1) Percentage: Total enterprise headcount held by men and women	Total Employees	Male	%	93%	92%	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 405: Diversity and Equal Opportunity 2016	SDG 5: Gender Equality
			Female	%	7%	8%		
	S4.2) Percentage: Entry- and mid-level positions held by men and women	Entry Level	Male	%	60%	57%		
			Female	%	1%	1%		
		Mid Level	Male	%	24%	27%		
			Female	%	5%	5%		
	S4.3) Percentage: Senior- and executive- level positions held by men and women	Senior Level	Male	%	8%	8%		
			Female	%	1%	1%		
		Executives	Male	%	1%	1%		
			Female	%	0%	0%		
S5. Temporary Worker Ratio	S5.1) Percentage: Total enterprise headcount held by part-time employees			%	0%	None	GRI 102: General Disclosures 2016	
	S5.2) Percentage: Total enterprise headcount held by contractors and/or consultants			%	5%	10%		

Social Disclosure	Indicators	Sub-Indicators	Measurement Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
S6. Non-Discrimination	S6) Does your company follow a sexual harassment and/or non-discrimination policy?		Yes/No	Yes. Please refer Sexual Harassment Policy in Annex 3	Yes. Please refer Sexual Harassment Policy in Annex 3	GRI 103: Management Approach 2016	SDG 10: Reduced Inequalities
S7. Injury Rate	S7) Percentage: Frequency of injury events relative to total workforce time		LTIFR per Million worked hours	0	0	GRI 403: Occupational Health and Safety 2018	SDG 3: Good Health and Well-being
S8. Global Health & Safety	S8) Does your company follow an occupational health and/or global health & safety policy?		Yes/No	Tabreed's **IMS Policy** ensures in providing safe and healthy working conditions to its employees, while complying with health and safety regulations, standards and industry best practices. Please refer IMS Policy in Annex 1	Yes. Please refer IMS Policy in Annex 1	GRI 103: Management Approach 2016	SDG 3: Good Health and Well-being

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S9. Child & Forced Labour	S9.1) Does your company follow a child and/or forced labour policy? If Yes, please provide the policy document		Yes/No	A policy has been drafted and is currently undergoing final approvals prior to roll out.	Tabreed launched Human Rights Policy in 2022, which acts in accordance with International Labour Organization (ILO): - Convention No.138 on Minimum Age and Convention No. 182 on the Worst Forms of Child Labour. - Conventions No. 29 and No. 105 on Abolition of Forced Labour. Please refer Human Rights Policy in **Annex 4**	GRI 103: Management Approach 2016	SDG 8: Decent Work and Economic Growth
	S9.2) If yes, does your child and/or forced labour policy also cover suppliers and vendors?		Yes/No	The policy to cover suppliers and vendors is not yet in force.	As part of Tabreed's Human Rights Policy, its employees, contractors and suppliers are expected to comply with the policy and any other measures put in place to protect or promote human rights compliance.		

Social Disclosure	Indicators	Sub-Indicators	Measurement Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
S10. Human Rights	S10.1) Does your company follow a human rights policy?		Yes/No	A policy has been drafted and is currently undergoing final approvals prior to roll out.	Yes, Tabreed launched a standalone Human Rights Policy in 2022. The policy is also part of Tabreed's Ethical Framework that provides an overview of how Tabreed conducts its business, detailing its corporate values, code of conduct and corporate structure. Please refer Ethical Framework in **Annex 5**	GRI 103: Management Approach 2016	SDG 10: Reduced Inequalities
	S10.2) If Yes, does your human rights policy also cover suppliers and vendors?		Yes/No	The policy to cover suppliers and vendors is not yet in force. However, the existing **Supplier Code of Conduct** includes a clause on **Labour and Human Rights.** Please refer Supplier Code of Conduct in **Annex 4**	As part of Tabreed's Human Rights Policy, its employees, contractors and suppliers are expected to comply with the policy and any other measures put in place to protect or promote human rights compliance. Please refer Supplier Code of Conduct in **Annex 6**		

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Social Disclosure	Indicators	Sub-Indicators	Measurement Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
S11. Nationalisation	S11.1) Percentage of national employees	Total Corporate Employees	%	43%	41%		SDG 8: Decent Work and Economic Growth
		Entry Level	%	4%	5%		
		Mid Level	%	24%	23%		
		Senior Level	%	11%	10%		
		Executives	%	3%	3%		
	S11.2) Direct and indirect local job creation	Direct Hire	Total Count	63	72		
		Indirect Hire	Total Count	0	0		
S12. Community Investment	S12) Amount invested in the community (CSR), as a percentage of company revenues.	Describe the allocation of the funds for respective initiatives	%	Tabreed invested **0.05%** of the company revenue towards the community in 2021. This includes our contribution towards Nefsy portal, SAAED Association for Prevention of Traffic Crashers, UNEP, Renante Malong, Bin Hassen Mohamad Naushad and Arnel Bata-anon Artus.	Tabreed invested **0.003%** of the company revenue towards the community in 2021. This includes our contribution towards SAAED and Al-Tariq Center for Rehabilitation and Autism.		SDG 8: Decent Work and Economic Growth

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G1. Board Diversity	G1.1) Percentage: Total board seats occupied by men & women	Men	%	89%	89%	GRI 405: Diversity and Equal Opportunity	SDG 10: Reduced Inequalities
		Women	%	11%	11%		
	G1.2) Percentage: Committee chairs occupied by men & women	Men	%	82%	100%		
		Women	%	18%	0		
G2.2) Percentage: Total board seats occupied by independent board members	G2.1) Does the company prohibit the CEO from serving as board chair?		Yes/No	Yes	Yes	GRI 102: General Disclosures 2016	
	G2.2) Percentage: Total board seats occupied by independent board members		%	89%	89%		

Governance Disclosure	Indicators	Sub-Indicators	Measurement Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
G3. Incentivized Pay	G3.1) Are executives formally incentivized to perform on sustainability? If Yes, please provide any supporting documents		Yes/No	Yes, Executives' performance is managed by the Board through a Balanced scorecard that includes ESG factors and targets, alongside financial and commercial targets. The scorecard is agreed with the Nomination & Remuneration Committee, and performance against the targets is reviewed by the Board on a quarterly basis.	Yes, Executives' performance is consistently managed by the Board through a Balanced scorecard that includes ESG factors and targets, alongside financial and commercial targets. The scorecard is agreed with the Nomination & Remuneration Committee, and performance against the targets is reviewed by the Board on a quarterly basis.	GRI 102: General Disclosures 2016	
G4. Collective Bargaining	G4.1) Percentage: Total enterprise headcount covered by collective bargaining agreement(s) *Applicable to companies operating in countries in which collective bargaining is applicable by law		%	Collective bargaining is not permitted within the UAE.	Collective bargaining is not permitted within the UAE.	GRI 102: General Disclosures 2016	SDG 10: Reduced Inequalities
G5. Supplier Code of Conduct	G5.1) Are your vendors or suppliers required to follow a Code of Conduct?		Yes/No	Yes. Tabreed's **Supplier Code of Conduct** is attached. Please refer **Annex 4**	Yes. Tabreed's Supplier Code of Conduct is attached. Please refer Supplier Code of Conduct in **Annex 6**		

Governance Disclosure	Indicators	Sub-Indicators	Measurement Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
G5. Supplier Code of Conduct	G5.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?		%	The Supplier's Code of Conduct is currently shared with suppliers but not formally certified against. We are **currently updating the supplier registration process** to be run via SAP, at which point it will be a requirement to commit to compliance.	The Supplier Code of Conduct is part of the Supplier Registration Process. Every supplier must download and commit to complying with it at the time of registration. Without this, they are not allowed to be registered and be issued any works for Tabreed.	GRI 102: General Disclosures 2016 GRI 103: Management Approach 2016	SDG 12: Responsible Consumption and Production
G6. Ethics & Anti-corruption	G6.1) Does your company follow an Ethics and/or Prevention of Corruption policy?		Yes/No	Tabreed's **Employee Code of Conduct (Annex 5)** deals with ethics and prevention of corruption, while **Market Conduct & Securities Trading Policy (Annex 6)** deals with share trading. A draft Ethics policy is currently in draft version and we are seeking approval from the management.	Tabreed's Employee Code of Conduct **(Annex 7)** deals with ethics and prevention of corruption, while Market Conduct & Securities Trading Policy **(Annex 8)** deals with share trading. An Ethical Framework Policy **(Annex 5)** has been approved by the Board.	GRI 102: General Disclosures 2016 GRI 103: Management Approach 2016	SDG 16: Peace, Justice and Strong Institutions

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G6. Ethics & Anti-corruption	G6.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?		%	2021 Annual Declarations against Code of Conduct was completed by **92%** of Tabreed employees with no relevant issues of live concern identified. Please refer to the summary of 2021. The 2022 Annual Declarations process will be launched in February 2022 to be completed in March 2022.	2022 Annual Declarations against Code of Conduct was completed by 100% of Tabreed employees with no relevant issues of live concern identified. The 2023 Annual Declarations process will be launched in April 2023 to be completed in May 2023.	GRI 102: General Disclosures 2016 GRI 103: Management Approach 2016	SDG 16: Peace, Justice and Strong Institutions
G7. Data Privacy	G7.1) Does your company follow a Data Privacy policy?		Yes/No	Yes. Please refer to Tabreed's Data Privacy policy available on our customer website. https://tasleem.ae/website-terms-conditions/	Yes, Tabreed is developing a set of documentation with Deloitte's support to be compliant with the Data Privacy Law and manage all the data privacy aspects across the organisation and through each department.	GRI 103: Management Approach 2016	

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G7. Data Privacy	G7.2) Has your company taken steps to comply with GDPR rules?		Yes/No	GDPR is **not applicable** to Tabreed's business but **new UAE Data Rules were introduced in December 2021** and the company is working towards compliance in 2022 within the legislative grace period.	This is work in process, supplemented by Tabree's efforts for Data Privacy Law with Deloitte.	GRI 103: Management Approach 2016	
G8. Sustainability Reporting	G8.1) Does your company publish a sustainability report?		Yes/No	Yes. The ESG Report 2021 due to be published in 2022 is Tabreed's second sustainability report.	Yes. The Sustainability Report 2022 due to be published in 2023 is Tabreed's third sustainability report.	G8.1) Does your company publish a sustainability report?	
	G8.2) Is sustainability data included in your regulatory filings?		Yes/No	Yes. Tabreed submits the annual ESG Report to Securities and Commodities Authority (SCA). The report encompasses the sustainability disclosures across our operations and processes.	Yes. Tabreed will submit Sustainability Report 2022 to Securities and Commodities Authority (SCA) encompassing its sustainability performance across operations and processes.	G8.2) Is sustainability data included in your regulatory filings?	

Governance Disclosure	Indicators	Sub-Indicators	Measurement Unit/Type of Answer	Tabreed 2021 Data	Tabreed 2022 Data	Corresponding GRI Standards	SDGs
G9. Disclosure Practises	G9.1) Does your company provide reporting frameworks?		Yes/No	Yes, Tabreed's ESG Report is in compliance with SCA regulations. The report is also in reference with the GRI Standards and corresponds to specific SDGs alignments.	Yes, Tabreed's Sustainability Report is in compliance with SCA regulations. The report is being developed in accordance with GRI Standards and aligns with specific SDGs relevant to its operations and processes.		
	G9.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)?		Yes/No	Yes, Tabreed's sustainability efforts in various areas across different departments contribute to SDG 1, 3-13, 16, 17.	Yes, Tabreed's sustainability efforts in various areas across different departments contribute to SDG 1, 3-13, 16, 17.		

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G9. Disclosure Practises	G9.3) Does your company set targets and report progress on the UN SDGs?		Yes/No	Yes, Tabreed's existing projects are in-line with the growing demand in the market for contributing to the UN SDGs. Some of our key projects include, **Treated Sewage Effluent (TSE)** for recycling sewage water, which would otherwise be discharged into the environment to replace potable water. **Thermal energy storage (TES)** systems enhance Tabreed's ability to manage peaks in district cooling demand and bridge the gap between energy supply and demand. Tabreed is consistently involved in determining the areas to improve on and find innovative methods/technologies through its **Research & Development** department.	Yes, Tabreed's existing projects are in-line with the growing demand in the market for contributing to the UN SDGs. Some of our key projects include, Treated Sewage Effluent (TSE) for recycling sewage water, which would otherwise be discharged into the environment to replace potable water. Thermal energy storage (TES) systems enhance Tabreed's ability to manage peaks in district cooling demand and bridge the gap between energy supply and demand. Tabreed is consistently involved in determining the areas to improve on and find innovative methods/technologies through its Research & Development department.		

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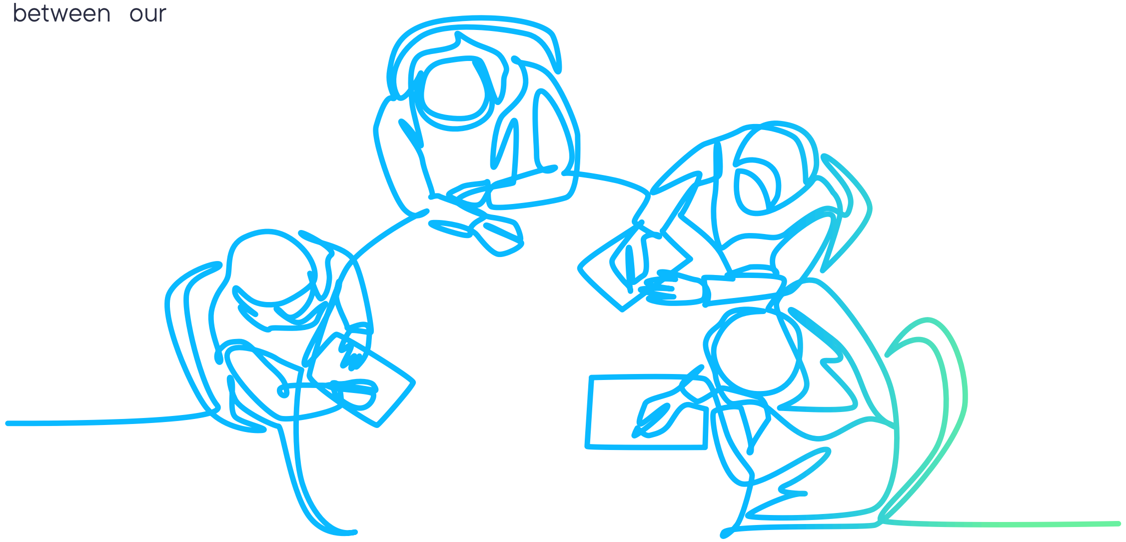
G10. External Assurance	Are your sustainability disclosures assured or validated by a third-party?		Yes/No	Tabreed has chosen NOT to seek external assurance for the ESG Report 2021. However, we have followed an internal assurance process.	Tabreed does not seek external assurance for Sustainability Report, but ensures an internal assurance process.	GRI 102: General Disclosures 2016	

NOTE: We have applied GRI Standards' rule of 'Restatements of information' for the following data,

- Water usage and natural gas consumption for minor errors made in the previous reporting period.
- Energy intensity and emissions intensity in terms of change in the measurement methodologies and usage of units to ensure readability, more accuracy, consistency and comparability of information between our reporting year of 2021 and 2022.



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