

IMPORTANT NOTICE

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES OR TO ANY U.S. PERSON.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "**Offering Circular**") and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the Offering Circular is confidential and intended only for you and you agree you will not forward, reproduce or publish this electronic transmission or the Offering Circular to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE OFFERING CIRCULAR HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE U.S. THE SECURITIES DESCRIBED IN THE OFFERING CIRCULAR MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

The securities described in the Offering Circular constitute "alternative finance investment bonds" within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended). The Offering Circular is not being distributed to, and must not be passed on to, the general public in the United Kingdom. The distribution in the United Kingdom of the Offering Circular and any other marketing materials relating to the Trust Certificates is being addressed to, or directed at, only the following persons: (a) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"); (b) persons falling within any of the categories of persons described in Article 49 (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (c) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order (each a "**relevant person**"). Persons of any other description in the United Kingdom may not receive and should not act or rely on the Offering Circular or any other marketing materials in relation to the Trust Certificates.

Confirmation of your representation: By accessing the Offering Circular you confirm to Binghatti Holding Limited ("**Binghatti**"), to Binghatti Sukuk SPC Limited (in its capacities as issuer of the securities and as trustee for the holders of the securities, the "**Trustee**") and to each of Abu Dhabi Islamic Bank PJSC, Dubai Islamic Bank PJSC, Emirates NBD Bank PJSC, HSBC Bank plc and Mashreqbank PSC (acting through its Islamic Banking Division) (the "**Joint Global Co-ordinators**") and to each of Abu Dhabi Islamic Bank PJSC, Dubai Islamic Bank PJSC, Emirates NBD Bank PJSC, HSBC Bank plc, Mashreqbank PSC (acting through its Islamic Banking Division), Sharjah Islamic Bank PJSC and The National Bank of Ras Al Khaimah (P.S.C.) (the "**Joint Lead Managers**") that: (i) you understand and agree to the terms set out herein; (ii) you are a relevant person; (iii) you are not a U.S. person (within the meaning of Regulation S), or acting for the account or benefit of a U.S. person, and, to the extent that you purchase the securities described herein, you will be doing so pursuant to Regulation S, and that the electronic mail address that you have given is not located in the United States (including any state of the United States and the District

of Colombia), its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands); (iv) you are a person who is permitted under applicable law and regulation to receive the Offering Circular; (v) you consent to delivery of such Offering Circular and any supplements thereto by electronic transmission; (vi) you will not transmit the Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person; and (vii) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation, *Shari'a* or other economic considerations with respect to your decision to subscribe or purchase any of the securities.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Offering Circular to any other person. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

The Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such licensed Joint Lead Manager or such affiliate on behalf of Bingham, the Trustee or holders of the applicable securities in such jurisdiction.

Recipients of the Offering Circular who intend to subscribe for or purchase the securities described herein are reminded that any subscription or purchase may only be made on the basis of the information contained in the Offering Circular and/or supplement(s) to the Offering Circular (if any).

The distribution of the Offering Circular in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular comes are required by Bingham, the Trustee and the Joint Lead Managers to inform themselves about, and to observe, any such restrictions.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Bingham, the Trustee, the Joint Lead Managers, the Delegate or the Agents, nor any person who controls them, or any director, officer, employee or agent of them or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from Bingham, the Trustee and the Joint Lead Managers. Please ensure that your copy is complete. Any reply e-mail communications, including those you generate by using the "reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Each of the Joint Lead Managers are acting exclusively for Bingham and the Trustee and no one else in connection with any offer of the securities described in the Offering Circular. They will not regard any other person (whether or not a recipient of the Offering Circular) as their client in relation to any offer of the securities described in the Offering Circular and will not be responsible to anyone other than Bingham and the Trustee for providing the protections afforded to their clients nor for giving advice in relation to any offer of the securities described in the Offering Circular or any transaction or arrangement referred to herein.

OFFERING CIRCULAR



BINGHATTI SUKUK SPC LIMITED

(incorporated as a private company with limited liability in the Dubai International Financial Centre)

U.S.\$200,000,000 TRUST CERTIFICATES DUE 2027

(to be consolidated and form a single series with the existing U.S.\$300,000,000 Trust Certificates due 2027 issued on 29 February 2024)

The U.S.\$200,000,000 trust certificates due 2027 (the "**Trust Certificates**") of Binghatti Sukuk SPC Limited (in its capacities as issuer of the Trust Certificates and trustee for the Certificateholders (as defined below), the "**Trustee**") will be constituted by a supplemental declaration of trust (the "**Supplemental Declaration of Trust**") and, together with the Original Declaration of Trust (as defined herein), the "**Declaration of Trust**") dated 16 July 2024 (the "**Issue Date**") entered into between the Trustee, Binghatti Holding Limited ("**Binghatti**" or the "**Obligor**") and BNY Mellon Corporate Trustee Services Limited (as: (i) donee of certain powers; and (ii) as delegate of the Trustee, the "**Delegate**"). The Trust Certificates confer on the holders of the Trust Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from a *pro rata* ownership interest in the assets of a trust declared by the Trustee pursuant to the Declaration of Trust (the "**Trust**") over the Trust Assets (as defined herein) and the Trustee will hold such Trust Assets upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Trust Certificates held by each Certificateholder in accordance with the Declaration of Trust and the terms and conditions of the Trust Certificates (the "**Conditions**").

The Trust Certificates shall be consolidated and will form part of the same series as the currently outstanding U.S.\$300,000,000 trust certificates due 2027 of the Trustee issued on 29 February 2024 (the "**Original Trust Certificates**"). The Trust Certificates offered hereby will have the same terms (other than the issue date and the issue price) as those of the Original Trust Certificates and will be treated as a single class together with the Original Trust Certificates, including with respect to waivers, amendments, redemptions and offer to purchase, and will be fully fungible with the Original Trust Certificates.

Periodic Distribution Amounts (as defined in the Conditions) shall be payable subject to and in accordance with the Conditions on the outstanding face amount of the Trust Certificates from (and including) 29 February 2024 to (but excluding) 28 February 2027 (the "**Scheduled Dissolution Date**") at a rate of 9.625 per cent. per annum. The Trust Certificates shall be redeemed on the Scheduled Dissolution Date but the Trust Certificates may also be redeemed before the Scheduled Dissolution Date in certain circumstances described in Condition 11 (*Capital Distributions of Trust*).

The Trust Certificates will be limited recourse obligations of the Trustee. An investment in Trust Certificates involves certain risks. For a discussion of these risks, see "Risk Factors".

Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for the Trust Certificates to be admitted to the London Stock Exchange's International Securities Market (the "**ISM**"). The ISM is not a United Kingdom ("**UK**") regulated market for the purposes of Regulation (EU) No. 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") ("**UK MiFIR**").

The ISM is a market designated for professional investors. Trust Certificates admitted to trading on the ISM are not admitted to the Official List of the UK Financial Conduct Authority (the "FCA"). The London Stock Exchange has not approved or verified the contents of this Offering Circular.

This Offering Circular has been approved by the Dubai Financial Services Authority (the "**DFSA**") under the DFSA's Markets Rule 2.6 and is therefore an Approved Prospectus for the purposes of Article 14 of the DFSA's Markets Law 2012 (as amended). Application has also been made to the DFSA for the Trust Certificates to be admitted to the official list of securities (the "**DFSA Official List**") maintained by the DFSA and to Nasdaq Dubai for the Trust Certificates to be admitted to trading on Nasdaq Dubai.

References in this Offering Circular to Trust Certificates being "admitted to trading" (and all related references) shall, so far as the context permits, mean that such Trust Certificates have been: (a) admitted to trading on the ISM; and (b) admitted to trading on Nasdaq Dubai and have been admitted to the DFSA Official List.

The Trust Certificates will be delisted from the ISM, Nasdaq Dubai and/or any other stock exchange on which the Trust Certificates have been admitted to trading following the occurrence of a Tangibility Event (as defined herein). See Condition 11.4 (*Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)*).

The Trust Certificates will be issued in registered form in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

The Trust Certificates will initially be represented by a global certificate in registered form (the "**Global Trust Certificate**") deposited on or before the Issue Date with, and registered in the name of the nominee of, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Interests in the Global Trust Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Definitive Trust Certificates evidencing holdings of interests in the Trust Certificates will be issued in exchange for interests in the Global Trust Certificate only in certain limited circumstances described therein.

The Trust Certificates are expected to be assigned a rating of B+ by Fitch Ratings Limited (**Fitch**). Binghatti has been assigned a long-term rating of B+ with a positive outlook by Fitch. Fitch is established in the United Kingdom (**UK**) and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK CRA Regulation**). Fitch is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **EU CRA Regulation**). The rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited. Fitch Ratings Ireland Limited is established in the European Union and registered under the EU CRA Regulation. As such, Fitch Ratings Ireland Limited is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the EU CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Trust Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Trust Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The transaction structure relating to the Trust Certificates (as described in this Offering Circular) has been approved by the Internal Shari'a Supervisory Committee of Dubai Islamic Bank PJSC, the Internal Shari'a Supervision Committee of Emirates NBD Islamic and the Internal Shariah Supervision Committee of HSBC Bank Middle East Limited as, in their view, complying with *Shari'a* principles as applicable to, and interpreted by, them. Abu Dhabi Islamic Bank PJSC has also reviewed the transaction structure relating to the Trust Certificates and is satisfied that, in its view, it complies with *Shari'a* principles as applicable to, and interpreted by, it. Prospective Certificateholders should not rely on such approvals or assessments in deciding whether to make an investment in the Trust Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approvals or assessments referred to above, including the tradability of the Certificates in the secondary market, is in compliance with *Shari'a* principles (including, without limitation, their individual standards of compliance relating thereto). None of Binghatti, the Trustee, the Joint Lead Managers, the Delegate or any of the Agents makes any representation as to the *Shari'a* compliance of the Trust Certificates and/or any trading thereof (including, without limitation, any future trading of the Trust Certificates on any secondary market) and none of the Trustee, Binghatti, the Joint Lead Managers, the Delegate or any of the Agents shall be liable to any Certificateholder or any other person in respect thereof. Potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible and different *Shari'a* standards may be applied by different *Shari'a* boards.

JOINT GLOBAL CO-ORDINATORS

Abu Dhabi Islamic Bank

Dubai Islamic Bank PJSC

Emirates NBD Capital

HSBC

Mashreqbank psc
(acting through its Islamic Banking Division)

JOINT LEAD MANAGERS

Abu Dhabi Islamic Bank

Dubai Islamic Bank PJSC

Emirates NBD Capital

HSBC

Mashreqbank psc
(acting through its Islamic Banking Division)

Sharjah Islamic Bank PJSC

RAKBANK

The date of this Offering Circular is 12 July 2024.

IMPORTANT NOTICES

This Offering Circular complies with the requirements in Part 2 of the Markets Law (DIFC Law No. 1 of 2012) and Chapter 2 of the Markets Rules. The DFSA does not accept any responsibility for the content of the information included in this Offering Circular, including the accuracy or completeness of such information. The liability for the content of this Offering Circular lies with each of the Trustee and Bingham and other persons, such as experts, whose opinions are included in this Offering Circular with their consent. The DFSA has also not assessed the suitability of the Trust Certificates to which this Offering Circular relates to any particular investor or type of investor and has not determined whether they are *Shari'a* compliant. If you do not understand the contents of this Offering Circular or are unsure whether the Trust Certificates to which this Offering Circular relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Each of the Trustee and Bingham accepts responsibility for the information contained in this Offering Circular. Having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of the knowledge of each of the Trustee and Bingham, in accordance with the facts and does not omit anything likely to affect its import.

Any *Shari'a* non-compliant terminology or term used in this Offering Circular has been used to give the correct meaning to a particular definition or a clause and does not impact the *Shari'a* compliance nature of the Transaction Documents.

The information on the websites to which this Offering Circular refers does not form part of this Offering Circular and has not been scrutinised or approved by the FCA.

None of the Joint Lead Managers (each as specified under "*Overview of the Offering*"), the Agents (as defined in the "*Terms and Conditions of the Trust Certificates*") or the Delegate (as specified under "*Overview of the Offering*"), their respective affiliates or any of their respective directors, officers, advisers or agents have independently verified the information contained herein. Accordingly, none of the Joint Lead Managers, the Agents, the Delegate, their respective affiliates or any of their respective directors, officers, advisers or agents accepts any responsibility or liability for and makes no representation, warranty or undertaking, express or implied, as to: (a) the accuracy or completeness of the information contained in this Offering Circular; (b) any acts or omissions of the Trustee, Bingham or any other person in connection with this Offering Circular or the issue and offering of the Trust Certificates; or (c) any other information provided in connection with the Trustee, Bingham, the Trust Certificates or their distribution. Each Joint Lead Manager, Agent, the Delegate and their respective affiliates or any of their respective directors, officers, advisers or agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any other information provided by the Trustee or Bingham in connection with the Trust Certificates or their distribution.

None of the Joint Lead Managers will regard any actual or prospective holders of Trust Certificates (whether or not a recipient of this Offering Circular) as their client in relation to any offer of Trust Certificates described in this Offering Circular and will not be responsible to anyone other than Bingham and the Trustee for providing the protections afforded to their clients nor for giving advice in relation to any offer of Trust Certificates described in the Offering Circular or any transaction or arrangement referred to herein.

No person is or has been authorised by the Trustee or Bingham to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the issue or sale of the Trust Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by Bingham, the Trustee, the Delegate, the Joint Lead Managers or any Agent.

Neither this Offering Circular nor any other information supplied in connection with the Trust Certificates: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by Bingham, the Trustee, the Delegate, any Joint Lead Manager or any Agent that any recipient of this Offering Circular or any other information supplied in connection with the Trust Certificates should purchase any Trust Certificates. Each investor contemplating purchasing Trust Certificates should determine for itself the relevance of the information contained in this Offering Circular, make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Trustee and Bingham and its purchase of any Trust Certificates should be based

upon such investigation as it deems necessary. Neither this Offering Circular nor any other information supplied in connection with the issue of the Trust Certificates constitutes an offer or invitation by or on behalf of Binghatti, the Trustee, the Delegate, the Joint Lead Managers or the Agents to any person to subscribe for or to purchase any Trust Certificates. None of the Joint Lead Managers, the Agents or the Delegate undertakes to review the financial condition or affairs of the Trustee or Binghatti during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Trust Certificates of any information coming to the attention of any of the Joint Lead Managers, the Agents or the Delegate.

Neither the delivery of this Offering Circular nor the offer, issue, sale or delivery of the Trust Certificates shall, under any circumstances, imply that there has been no change in the affairs of the Trustee, Binghatti or Binghatti and its subsidiaries taken as a whole (the "**Group**") since the date hereof or that the information contained herein concerning the Trustee and/or Binghatti and/or the Group is correct as at any time subsequent to its date or that any other information supplied in connection with the offering of the Trust Certificates is correct as at any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Trustee, Binghatti or the Group during the life of the Trust Certificates or to advise any investor in the Trust Certificates of any information coming to their attention or that there has been no change in the affairs of any party mentioned herein since that date.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Trust Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Trust Certificates may be restricted by law in certain jurisdictions. Binghatti, the Trustee, the Delegate, the Joint Lead Managers and the Agents do not represent that this Offering Circular may be lawfully distributed, or that any Trust Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by Binghatti, the Trustee, the Delegate, the Joint Lead Managers or the Agents, which is intended to permit a public offering of any Trust Certificates or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Trust Certificates may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Trust Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Trust Certificates. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Trust Certificates in the United States, the UK, the Kingdom of Bahrain, the Sultanate of Oman, the Kingdom of Saudi Arabia, the State of Qatar (including the Qatar Financial Centre), the United Arab Emirates (the "**UAE**") (excluding the Dubai International Financial Centre (the "**DIFC**") and the Abu Dhabi Global Market (the "**ADGM**")), the DIFC, the ADGM, the State of Kuwait, Hong Kong, Singapore and Malaysia (see "*Subscription and Sale*").

No comment is made or advice given by Binghatti, the Trustee, the Delegate, the Joint Lead Managers or the Agents in respect of taxation or *Shari'a* matters relating to any Trust Certificates or the legality of the purchase of Trust Certificates by an investor under applicable or similar laws.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER, BUSINESS ADVISER AND SHARI'A ADVISER AS TO TAX, LEGAL, BUSINESS, SHARI'A AND RELATED MATTERS CONCERNING THE PURCHASE OF TRUST CERTIFICATES.

The Trust Certificates are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Trust Certificates which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Trust Certificates will perform under changing conditions, the resulting effects on the value of such Trust Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

The Trust Certificates may not be a suitable investment for all investors. Generally, investment in emerging markets such as the UAE is only suitable for sophisticated investors who fully appreciate the significance

of the risks involved in, and are familiar with, investing in emerging markets. Each potential investor in Trust Certificates must determine the suitability of an investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Trust Certificates and the complex structure thereof, the merits and risks of investing in the Trust Certificates and the information contained in this Offering Circular or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Trust Certificates and the impact the Trust Certificates will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Trust Certificates, including where the currency of payment is different from the potential investor's currency;
- understands thoroughly the terms of the Trust Certificates and is familiar with the behaviour of any relevant indices and financial markets;
- is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks; and
- is able to evaluate the compliance of the Trust Certificates with *Shari'a* principles (including, without limitation, their individual standards of compliance relating thereto).

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) the Trust Certificates are legal investments for it; (2) the Trust Certificates can be used as collateral for various types of financing; and (3) other restrictions apply to its purchase or pledge of any Trust Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Trust Certificates under any applicable risk-based capital or similar rules.

None of the Trustee, Binghatti, the Joint Lead Managers, the Delegate or any Agent makes any representation to any investor in the Trust Certificates regarding the legality of its investment under any applicable laws. Any investor in the Trust Certificates should be able to bear the economic risk of an investment in the Trust Certificates for an indefinite period of time.

UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Trust Certificates has led to the conclusion that: (a) the target market for the Trust Certificates is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in UK MiFIR; and (b) all channels for distribution of the Trust Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Trust Certificates (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Trust Certificates (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

VOLCKER RULE

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from: (a) engaging in proprietary trading; (b) acquiring or retaining an ownership interest in or sponsoring a "covered fund"; and (c) entering into certain

relationships with "covered funds". The general effects of the Volcker Rule remain uncertain; any prospective investor in the Trust Certificates and any entity that is a "banking entity" as defined under the Volcker Rule which is considering an investment in the Trust Certificates should consult its own legal advisers and consider the potential impact of the Volcker Rule in respect of such investment. If investment by "banking entities" in the Trust Certificates is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Trust Certificates. No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Trust Certificates, and accordingly none of Bingham, the Trustee, the Joint Lead Managers, the Delegate or the Agents, or any of their respective affiliates makes any representation regarding: (i) the status of the Trustee under the Volcker Rule (including whether it is a "covered fund" for their purposes); or (ii) the ability of any purchaser to acquire or hold the Trust Certificates, now or at any time in the future.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Trust Certificates issued in connection with this Offering Circular and related offering documents may only be offered in registered form to existing accountholders and accredited investors (each as defined by the Central Bank of Bahrain (the "**CBB**")) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or any equivalent amount in any other currency or such other amount as the CBB may determine.

This Offering Circular does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Offering Circular and any related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Trust Certificates may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Offering Circular or any related offering documents and it has not in any way considered the merits of the Trust Certificates to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Circular. No offer of Trust Certificates will be made to the public in the Kingdom of Bahrain and this Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE SULTANATE OF OMAN

The information contained in this Offering Circular does not constitute a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of the Sultanate of Oman (Royal Decree 18/19, as amended) (the "**Commercial Companies Law**") or Article 3 of the Capital Market Law of the Sultanate of Oman (Royal Decree 80/98, as amended) nor does it constitute a sukuk offering pursuant to the Sukuk Regulation issued by the Oman Capital Market Authority (CMA Decision 3/2016). This Offering Circular will only be made available to investors in the Sultanate of Oman in accordance with Article 139 of the Executive Regulations of the Capital Market Law (CMA Decision 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licensed by the Oman Capital Market Authority to market non-Omani securities in the Sultanate of Oman.

This Offering Circular has not been (and will not be) filed with the Capital Market Authority of the Sultanate of Oman (except in accordance with Article 139 of the Executive Regulations), the Central Bank of Oman or any other regulatory authority in the Sultanate of Oman and neither the Oman Capital Market Authority nor the Central Bank of Oman assumes responsibility for the accuracy and adequacy of the statements and information contained in this Offering Circular and shall not have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

KINGDOM OF SAUDI ARABIA NOTICE

This Offering Circular may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Circular. Prospective purchasers of the Trust Certificates offered hereby should conduct their own due diligence on the accuracy of the information relating to the Trust Certificates. If you do not understand the contents of this Offering Circular, you should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF THE STATE OF QATAR (INCLUDING THE QATAR FINANCIAL CENTRE)

The Trust Certificates will not be offered or sold at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Offering Circular has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in the State of Qatar (including the Qatar Financial Centre). The Trust Certificates are not and will not be traded on the Qatar Stock Exchange. The Trust Certificates and interests therein will not be offered to investors domiciled or resident in the State of Qatar (including the Qatar Financial Centre) and do not constitute debt financing in the State of Qatar (including the Qatar Financial Centre) under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar (including the Qatar Financial Centre).

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

In order to constitute "alternative finance investment bonds" ("**AFIBs**") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544), as amended, the Trust Certificates will need to satisfy (amongst other requirements) one of the conditions mentioned in paragraph (2)(f) of that Article, which includes that, if such Trust Certificates are issued after 31 December 2020, they will need to be admitted to trading on a recognised investment exchange or a UK trading venue or admitted to the official list of the FCA. Any Trust Certificates which do not constitute AFIBs will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended) (the "**FSMA**") which has not been authorised, recognised or otherwise approved by the FCA. Accordingly, this Offering Circular is not being distributed to, and must not be passed on to, the general public in the UK.

The distribution in the UK of this Offering Circular and any other marketing materials relating to the Trust Certificates is being addressed to, or directed at: (a) if the distribution (whether or not the Trust Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"); (ii) persons falling within any of the categories of persons described in Article 49 of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (b) if the Trust Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"); (ii) persons falling within any of the categories of person described in Article 22 of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. Persons of any other description in the UK may not receive and should not act or rely on this Offering Circular or any other marketing materials in relation to the Trust Certificates.

Prospective investors in the UK in any Trust Certificates are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in such Trust Certificates and that compensation will not be available under the UK Financial Services Compensation Scheme.

Any prospective investor intending to invest in any investment described in this Offering Circular should consult its professional adviser and ensure that it fully understands all the risks associated with making such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION: Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA"), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Trust Certificates are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

STABILISATION

IN CONNECTION WITH THE ISSUE OF THE TRUST CERTIFICATES, THE STABILISATION MANAGER (OR ANY PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE TRUST CERTIFICATES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE ISSUE DATE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE TRUST CERTIFICATES. ANY STABILISATION ACTION MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Historical financial statements

The historical financial statements relating to the Group and included in this Offering Circular are:

- the audited consolidated financial statements as at and for the year ended 31 December 2023, including comparative financial information as at and for the year ended 31 December 2022 (the "**2023 Financial Statements**"); and
- the reissued audited consolidated financial statements as at and for the year ended 31 December 2022, including restated comparative financial information as at and for the year ended 31 December 2021 (the "**2022 Financial Statements**").

The 2023 Financial Statements and the 2022 Financial Statements are together referred to herein as the "**Financial Statements**".

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and the applicable provisions of DIFC Law No. 5 of 2018 (as amended) (the Companies Law). The Financial Statements have been audited in accordance with International Standards on Auditing (ISAs) by EY, who have issued unqualified reports on the Financial Statements.

Unless indicated otherwise in this Offering Circular, the financial information of the Group as at and for the year ended 31 December 2022 has been extracted from the reclassified comparative information as at and for the year ended 31 December 2022 contained in the 2023 Financial Statements. Certain comparative information in the consolidated statement of financial position of the Group as at 31 December 2022 contained in the 2023 Financial Statements, particularly, property, plant and equipment and investment property, have been reclassified in order to conform to the presentation for the year ended 31 December 2023. Specifically, properties previously classified as investment property in the 2022 Financial Statements have been reclassified and reported as property, plant and equipment in the comparative information for the year 2022 in the 2023 Financial Statements. These reclassifications do not affect previously reported

profit or shareholder's equity in the 2022 Financial Statements. See note 28 to the 2023 Financial Statements for further information.

The Group has reissued its consolidated financial statements as at and for the year ended 31 December 2022 in order to effect certain adjustments and reclassifications. The audit report on the 2022 Financial Statements includes an *Emphasis of Matter* paragraph which draws attention to note 1.2 and note 29 to the 2022 Financial Statements which, in turn, describe that subsequent to the approval of the previously issued consolidated financial statements on 28 August 2023, the board of directors and management of Binghatti withdrew the consolidated financial statements for the year ended 31 December 2022 and have reissued the consolidated financial statements for that year. The Group conducted an internal review and identified certain consolidation adjustments related to elimination of the intercompany cost of sales and recognition of development properties that were not included in the previously issued consolidated financial statements as at and for the year ended 31 December 2022. Further, there were certain properties treated as investment properties which should have been classified as development properties in the years ended 31 December 2022 and 2021. The impact of these and other adjustments and reclassification have been included in the reissued consolidated financial statements, as further explained in note 29 to the 2022 Financial Statements. This has resulted in an update in the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the notes to the consolidated financial statements for the years ended 31 December 2022 and 31 December 2021. In addition, note 28 to the 2022 Financial Statements has been updated to account for events subsequent to the approval of the previously issued consolidated financial statements on 28 August 2023. Consequently, the previously issued consolidated financial statements of the Group for the year ended 31 December 2022 dated 28 August 2023 have been withdrawn and replaced by the 2022 Financial Statements. See note 29 to the 2022 Financial Statements for further information.

Unless indicated otherwise in this Offering Circular, the financial information of the Group as at and for the year ended 31 December 2021 has been restated and extracted from the 2022 Financial Statements. The Financial Statements should be read in conjunction with the respective notes thereto.

The Group's financial year ends on 31 December and references in this Offering Circular to "2023", "2022", and "2021" are to the 12-month period ending on 31 December in each such year.

Binghatti's functional currency is UAE dirham, and the Group publishes its financial statements in UAE dirham.

Certain unaudited information

Certain financial information in this Offering Circular contained in "*Selected Financial Information – Selected Alternative Performance Measures*" is unaudited financial information which has been extracted without material adjustment from the accounting records of the Group which form the underlying basis of the Financial Statements. This information also constitutes alternative performance measures for the purposes of the ESMA Guidelines on Alternative Performance Measures ("**APMs**"). None of this financial information is subject to any audit or review by independent auditors.

The Group's APMs included in this Offering Circular are EBITDA, gross profit margin, net profit margin, gearing ratio, debt/EBITDA, interest cover and working capital ratio, which are not measures of financial performance under IFRS. The Group believes that the presentation of these APMs is helpful to investors because these and other similar measures are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity. However, these APMs should not be considered in isolation or as a substitute for gross profit, cash flow from operating activities or other financial measures of the Group's results of operations or liquidity computed in accordance with IFRS. Other companies, including those in the Group's industry, may calculate these APMs differently from the Group. As all companies do not calculate these APMs in the same manner, the Group's presentation of these APMs may not be comparable to other similarly titled measures of other companies. See further "*Selected Financial Information – Selected Alternative Performance Measures*".

Presentation of Other Information

Currencies

Unless otherwise indicated, in this Offering Circular, all references to:

- "UAE dirham" and "AED" are to the lawful currency of the United Arab Emirates; and
- "U.S. dollars" and "U.S.\$" are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this Offering Circular has been expressed in UAE dirham.

The UAE dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the UAE dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00.

Third party data

This Offering Circular contains information regarding the Group's business and the industry in which it operates and competes, which the Group has obtained from third party sources. Where third party information has been used in this Offering Circular, the source of such information has been identified.

Statistical information relating to the UAE included in this Offering Circular has been derived from official public sources, including Dubai's Department of Economy and Tourism, the Dubai Land Department ("**DLD**") and the International Monetary Fund (the "**IMF**"). All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different definitions and cut-off times. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Group to investors who have purchased the Trust Certificates. Each of the Trustee and Bingham confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Dubai's Department of Economy, DLD and the IMF, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Where information has not been independently sourced, it is the Group's own information.

No incorporation of website information

The Issuer's website is www.binghatti.com. The information on this website or any other website mentioned in this Offering Circular or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Offering Circular, and investors should not rely on it.

Definitions

In this Offering Circular:

- "**Binghatti**" refers to Binghatti Holding Limited;
- "**Dubai**" means the Emirate of Dubai;
- "**GCC**" means the Gulf Cooperation Council (comprising the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the State of Kuwait, the State of Qatar, the Sultanate of Oman and the UAE);
- "**Group**" refers to Binghatti Holding Limited and its consolidated subsidiaries (taken as a whole); and
- "**MENA region**" means the region comprising the Middle East and North Africa.

Rounding

Certain financial statement data in this Offering Circular has been expressed in thousands, millions or billions of AED. As a result of such rounding, the totals of financial statement data presented in tables in this Offering Circular may vary slightly from the arithmetic totals of such data. Where used in tables, the figure "0" means that the data for the relevant item has been rounded to zero and the symbol "—" means

that there is no data in respect of the relevant item. In addition, all percentage data in this Offering Circular has been rounded to one decimal place, with 0.050 being round up.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Offering Circular may be deemed to be forward looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "seeks", "estimate", "project", "will", "would", "may", "could", "continue", "should" and similar expressions are intended to identify forward looking statements. All statements other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding the financial position of the Group, or the business strategy, management plans and objectives for future operations of the Group, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*" and "*Description of the Group's Business*" and other sections of this Offering Circular. Binghatti has based these forward-looking statements on the current view of its management with respect to future events and financial performance. These forward-looking statements are based on numerous assumptions regarding Binghatti's present, and future, business strategies and the environment in which Binghatti expects to operate in the future. Important factors that could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements are discussed under "*Risk Factors*".

Forward-looking statements speak only as at the date of this Offering Circular and, without prejudice to any requirements under applicable laws and regulations, the Trustee and Binghatti expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements in this Offering Circular to reflect any change in the expectations of the Trustee or Binghatti or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, the Trustee and Binghatti cannot assure potential investors that projected results or events will be achieved and the Trustee and Binghatti caution potential investors not to place undue reliance on these statements.

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OVERVIEW OF THE OFFERING

Words and expressions defined in the "*Terms and Conditions of the Trust Certificates*" (the "**Conditions**") and elsewhere in this Offering Circular shall have the same meanings in this overview.

Description of the Trust Certificates	<p>U.S.\$200,000,000 Trust Certificates due 2027.</p> <p>The Trust Certificates shall be consolidated on 25 August 2024 and will form part of the same series as the currently outstanding U.S.\$300,000,000 trust certificates due 2027 of the Trustee issued on 29 February 2024.</p> <p>The Trust Certificates will have the same terms (other than the issue date and the issue price) as those of the Original Trust Certificates and will be treated as a single class together with the Original Trust Certificates, including with respect to waivers, amendments, redemptions and offer to purchase, and will be fully fungible with the Original Trust Certificates.</p>
Trustee	<p>Binghatti Sukuk SPC Limited, a private company with limited liability incorporated in the DIFC under the Companies Law No. 5 of 2018 (as amended). The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents (as defined below) to which it is a party.</p>
Ownership of the Trustee	<p>The issued share capital of the Trustee is comprised of 100 ordinary shares of U.S.\$1.00 par value each. All of the issued shares are fully paid and are held by MaplesFS Limited as share trustee (in such capacity, the "Share Trustee") under the terms of a share declaration of trust dated 11 December 2023 (the "Share Declaration of Trust"). See "<i>Description of the Trustee</i>".</p>
Administration of the Trustee	<p>The affairs of the Trustee are managed by Maples Fund Services (Middle East) Limited (the "Trustee Administrator"), who will provide, amongst other things, corporate administrative services and director services pursuant to the corporate services agreement dated 1 November 2023 and made between, <i>inter alia</i>, the Trustee and the Trustee Administrator (the "Corporate Services Agreement").</p>
Trustee's Legal Entity Identifier (LEI)	<p>254900Q5ANAJ5RI08U80.</p>
Obligor	<p>Binghatti Holding Limited.</p>
Joint Global Co-ordinators	<p>Abu Dhabi Islamic Bank PJSC, Dubai Islamic Bank PJSC, Emirates NBD Bank PJSC, HSBC Bank plc and Mashreqbank PSC (acting through its Islamic Banking Division).</p>
Joint Lead Managers	<p>Abu Dhabi Islamic Bank PJSC, Dubai Islamic Bank PJSC, Emirates NBD Bank PJSC, HSBC Bank plc, Mashreqbank PSC (acting through its Islamic Banking Division), Sharjah Islamic Bank PJSC and RAKBANK.</p>
Delegate	<p>BNY Mellon Corporate Trustee Services Limited.</p>
Principal Paying Agent	<p>The Bank of New York Mellon, London Branch.</p>
Registrar and Transfer Agent	<p>The Bank of New York Mellon SA/NV, Dublin Branch.</p>

Risk Factors	There are certain factors that may affect the Trustee's ability to fulfil its obligations under the Trust Certificates and the Transaction Documents to which it is a party and Binghatti's ability to fulfil its obligations under the Transaction Documents to which it is a party. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Trust Certificates. These risks may ultimately impact the Certificateholders' ability to receive payment under the Trust Certificates. See " <i>Risk Factors</i> ".
Issue Date	16 July 2024
Issue Price	101.25 per cent. of the aggregate face amount of the Trust Certificates.
Additional Amounts:	Purchasers of the Trust Certificates will be required to pay additional amounts totalling U.S.\$7,326,000.00 (i.e. U.S.\$36.63 per U.S.\$1,000 in aggregate face amount of the Trust Certificates) in respect of the period from (and including) 29 February 2024 to (but excluding) the Issue Date (the " Additional Amounts ").
Denomination of Trust Certificates	The Trust Certificates will be issued in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Periodic Distribution Dates	28 February and 28 August in each year, commencing on 28 August 2024.
Periodic Distribution Amount	Profit shall be payable in arrear in respect of the Trust Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending immediately before that date, as calculated in accordance with Condition 8 (<i>Periodic Distribution Provisions</i>).
Scheduled Dissolution Date	Unless the Trust Certificates are previously redeemed or purchased and cancelled, the Trust Certificates will be redeemed on 28 February 2027.
Form of Trust Certificates	<p>The Trust Certificates will be issued in registered form only as described in "<i>Global Trust Certificate</i>". The Trust Certificates will be represented on issue by ownership interests in a Global Trust Certificate which will be deposited with, and registered in the name of a nominee of, a common depository for Euroclear and Clearstream, Luxembourg. Ownership interests in the Global Trust Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Definitive Trust Certificates evidencing holdings of interests in the Trust Certificates will be issued in exchange for interests in the Global Trust Certificate only in limited circumstances described under "<i>Global Trust Certificate</i>".</p> <p>Certificateholders must hold their interest in the Global Trust Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg. Transfers within and between each of Euroclear or Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.</p>

Status of the Trust Certificates	Each Trust Certificate evidences an undivided ownership interest of the Certificateholders in the Trust Assets subject to the terms of the Declaration of Trust and the Conditions, and is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee. Each Trust Certificate will rank <i>pari passu</i> , without any preference or priority, with all other Trust Certificates.
Trustee Covenants	The Trustee has agreed to certain restrictive covenants. See Condition 7 (<i>Trustee Covenants</i>).
Obligor Covenants	Binghatti has agreed to certain covenants, including a negative pledge. See Condition 5 (<i>Covenants</i>).
Dissolution Events	Upon the occurrence of any Dissolution Event, the Trust Certificates may be redeemed on the Dissolution Event Dissolution Date at the Dissolution Event Amount. See Condition 15 (<i>Dissolution Events</i>).
Early Dissolution for Tax Reasons	Where the Trustee has or will become obliged to pay any additional amounts in respect of the Trust Certificates pursuant to Condition 13 (<i>Taxation</i>) or Binghatti has or will become obliged to pay any additional amounts in respect of amounts payable pursuant to any Transaction Document to which it is a party as a result of a change in the laws of a Relevant Jurisdiction and where such obligation cannot be avoided by the Trustee or Binghatti, as applicable, taking reasonable measures available to it, the Trustee shall, upon receipt of an exercise notice from Binghatti pursuant to the Sale and Substitution Undertaking, redeem the Trust Certificates in whole but not in part at the Tax Event Dissolution Amount on the relevant Dissolution Date in accordance with Condition 11.2 (<i>Early Dissolution for Tax Reasons</i>).
Partial Loss Event	<p>If a Partial Loss Event shall occur with respect to any of the Lease Assets and provided that: (a) the Lease Assets have not been replaced pursuant to the Servicing Agency Agreement, and a notice of termination of the lease on the 61st day after the Partial Loss Event Date (a "Partial Loss Lease Termination Notice") has been delivered by the Lessee to the Lessor within a period of 30 days after the Partial Loss Event Date; or (b) the Lease Assets have not been replaced pursuant to the Servicing Agency Agreement, without prejudice to any right or remedy that the Lessor may have under any Transaction Document or by law, the Lease shall automatically terminate on the 61st day after the Partial Loss Event Date and further rental payments shall cease to be due under the Lease Agreement on such 61st day after the Partial Loss Event Date in accordance with the Lease Agreement and the Lessor will be entitled to all proceeds of the insurances payable as a result of the Partial Loss Event. The termination of the Lease on the 61st day after the Partial Loss Event Date as a result of either of the circumstances described in (a) or (b) above shall constitute a Binghatti Event as defined in Condition 15 (<i>Dissolution Events</i>).</p> <p>If as a result of the occurrence of a Partial Loss Event the ratio of (a) the Value of the Lease Assets (which for this purpose shall exclude any Impaired Lease Assets) to (b) the aggregate of the Value of the Lease Assets and the outstanding Deferred Sale Price at such time, falls below 33 per cent., and from the</p>

date of the Trading Notice and until any further notice from the Trustee stating otherwise, in consultation with the Shari'a Adviser, the Trust Certificates should be tradable only in accordance with the Shari'a principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

Dissolution following a Total Loss Event

If a Total Loss Event (as defined herein) occurs, the lease shall automatically terminate on the date of occurrence of the Total Loss Event in accordance with the Lease Agreement and the Trustee shall redeem the Trust Certificates on the 61st day after the occurrence of such Total Loss Event (being the Total Loss Event Dissolution Date) in accordance with Condition 11.3 (*Dissolution following a Total Loss Event*).

If the Lease Assets are replaced by the 60th day following such Total Loss Event in accordance with the Servicing Agency Agreement, the Lessee will irrevocably grant to the Lessor the right, and the Lessor may exercise the right granted by the Lessee to require the Lessee to enter into a Lease Assets Amendment Agreement with the Lessor and the Delegate on the date of such replacement in order to reflect such replacement.

Profit shall cease to accrue under the Trust Certificates following the occurrence of a Total Loss Event, and shall only resume if the Lease Assets are replaced pursuant to a Lease Assets Amendment Agreement, on the Replacement Lease Assets Date. The amount of profit payable on the first Periodic Distribution Date following the acquisition of the Replacement Lease Assets shall be increased to include the amount of profit that would have accrued prior to the Replacement Lease Assets Date had such Total Loss Event not occurred.

Upon the occurrence of a Total Loss Event and from the date of the Trading Notice and until any further notice from the Trustee stating otherwise, in consultation with the *Shari'a* Adviser, the Trust Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

Tangibility Event Put Right

If a Tangibility Event occurs, Certificateholders may, in the circumstances set out in Condition 11.4 (*Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)*) elect to redeem their Trust Certificates on any Tangibility Event Dissolution Date at the Tangibility Event Dissolution Amount by delivering a Tangibility Event Agent Notice within the Tangibility Event Period, subject to and in accordance with Condition 11.4 (*Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)*).

Following the occurrence of a Tangibility Event, as determined in consultation with the *Shari'a* Adviser, the Trust Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

On the date falling 15 days following the Tangibility Event Dissolution Date, the Trust Certificates will be delisted from

any stock exchange (if any) on which the Trust Certificates have been admitted to trading.

Change of Control Put Right

Upon the occurrence of a Change of Control and provided that a Change of Control Trustee Notice has been received by the Trustee in accordance with Condition 11.5 (*Dissolution at the Option of the Certificateholders (Change of Control Put Right)*), Certificateholders may elect to redeem their Trust Certificates on the Change of Control Dissolution Date at the Change of Control Dissolution Amount in accordance with Condition 11.5 (*Dissolution at the Option of the Certificateholders (Change of Control Put Right)*).

A "**Change of Control**" shall occur if at any time any person other than Dr. Hussain Ghati Al Jbori or his lineal descendants acquires, directly or indirectly, more than 50 per cent. of the issued share capital of Binghatti.

Clean Up Call Right

If 75 per cent. or more of the aggregate face amount of the Trust Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 11 (*Capital Distributions of Trust*) or Condition 12 (*Purchase and Cancellation of Trust Certificates*), the Trustee shall, upon receipt of an exercise notice from Binghatti in accordance with the Sale and Substitution Undertaking, redeem the Trust Certificates in whole but not in part, at the Clean Up Dissolution Amount on the Clean Up Dissolution Date, subject to and in accordance with Condition 11.6 (*Dissolution at the Option of Binghatti (Clean Up Call Right)*).

Substitution of Lease Assets

Pursuant to the Sale and Substitution Undertaking, Binghatti may, at any time, exercise its right to require the Trustee to substitute on any Substitution Date some or all of the Lease Assets with New Lease Assets (as specified in the relevant Substitution Notice, and each as defined in the Sale and Substitution Undertaking) having a value which is equal to or greater than the value of the relevant Lease Assets being substituted.

Taxation

All payments in respect of the Trust Certificates shall be made in U.S. dollars without set-off or counterclaim of any kind and free and clear of, and without withholding or deduction for, any Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within the Relevant Jurisdiction, unless the withholding or deduction is required by law. In that event, the Trustee shall, save in the limited circumstances provided in Condition 13 (*Taxation*), be required to pay such additional amounts as will result in the receipt by the Certificateholders of such amounts as would have been received by them, had no such withholding or deduction been required.

All payments by Binghatti (in any capacity) under the Transaction Documents to which it is a party shall be made in U.S. dollars without set-off or counterclaim of any kind and free and clear of, and without any deduction or withholding for, any Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction or any authority therein or thereof having power to tax, unless the withholding or deduction is required by law. In that event, Binghatti shall pay such

additional amounts as will result in the receipt by the Trustee or the Delegate (as applicable) of such amounts as would have been received by it had no such deduction or withholding been required.

Certificateholder Meetings

A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 19 (*Meetings of Certificateholders; Modification*).

Transaction Documents

The "**Transaction Documents**" are the Declaration of Trust, any Supplemental Declaration of Trust, the Agency Agreement, the Purchase Agreement, any Supplemental Purchase Agreement, the Lease Agreement, the Servicing Agency Agreement, the Sale and Substitution Undertaking, the Purchase Undertaking, any Sale Agreement, any Declaration of Commingling of Assets, any Lease Assets Amendment Agreement and the Murabaha Agreement (including any documents, purchase orders and letters of offer and acceptance delivered or entered into as contemplated by the Murabaha Agreement).

Governing Law and Dispute Resolution

The Trust Certificates shall be governed by, and construed in accordance with, English law.

Each Transaction Document (other than the Purchase Agreement, any Supplemental Purchase Agreement, the Lease Agreement, any Lease Assets Amendment Agreement and any Sale Agreement), and any non-contractual obligations arising out of or in connection with any such Transaction Document, shall be governed by, and construed in accordance with, English law. In respect of any dispute under any such Transaction Document to which it is a party, Binghatti has agreed to arbitration in London under the rules of arbitration of the London Court of International Arbitration (the "**LCIA**") (with the seat in London). Binghatti has also agreed to submit to the exclusive jurisdiction of the courts of England or the DIFC at the option of the Trustee or the Delegate (as the case may be), in respect of any dispute under the Transaction Documents (other than the Purchase Agreement, any Supplemental Purchase Agreement, the Lease Agreement, any Lease Assets Amendment Agreement and any Sale Agreement), subject to the right of the Trustee or the Delegate (as the case may be) to require any dispute to be resolved by any other court of competent jurisdiction.

The Purchase Agreement, any Supplemental Purchase Agreement, the Lease Agreement, any Lease Assets Amendment Agreement and each Sale Agreement will be governed by the laws of the Emirate of Dubai and, to the extent applicable in the Emirate of Dubai, the federal laws of the UAE, and will be subject to the exclusive jurisdiction of the Dubai courts, subject to the right of the Trustee or the Delegate (as the case may be) to require any dispute to be resolved by any other court of competent jurisdiction.

Waiver of Immunity

Binghatti has agreed in the Transaction Documents to which it is a party that to the extent that it may claim, in any jurisdiction, for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may

be attributed in any jurisdiction to it or its assets or revenues, it shall not claim and irrevocably and unconditionally waives such immunity to the fullest extent permitted by the laws of such jurisdiction in relation to any proceedings or disputes.

Limited Recourse

Each Trust Certificate represents solely an undivided ownership interest in the Trust Assets. No payment of any amount whatsoever shall be made in respect of the Trust Certificates except to the extent that funds for that purpose are available for the Trust Assets. See Condition 4.2 (*Limited Recourse*).

Admission to Trading

Application has been made to the London Stock Exchange for the Trust Certificates to be admitted to the ISM with effect from the Issue Date.

The ISM is not a UK regulated market for the purposes of UK MiFIR. The ISM is a market designated for professional investors. Trust Certificates admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Offering Circular.

Application has also been made to Nasdaq Dubai for the Trust Certificates to be admitted to trading on Nasdaq Dubai and to the DFSA for the Trust Certificates to be admitted to the DFSA Official List.

Ratings

Upon issue, the Trust Certificates are expected to be assigned a rating of B+ by Fitch.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Selling Restrictions

There are restrictions on the distribution of this Offering Circular and the offer or sale of Trust Certificates in the United States, the UK, the Kingdom of Bahrain, the Sultanate of Oman, the Kingdom of Saudi Arabia, the State of Qatar (including the Qatar Financial Centre), the UAE (excluding the DIFC and the ADGM), the DIFC, the ADGM, the State of Kuwait, Hong Kong, Singapore and Malaysia. See "*Subscription and Sale*".

Use of Proceeds

The net proceeds of the Trust Certificates will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents on the relevant Issue Date in the following proportion: (a) not less than 55 per cent. of the aggregate face amount of the Trust Certificates towards the purchase from Bingham Properties Investments Limited of all of its rights, title, interests, benefits and entitlements in, to and under the Assets pursuant to the Supplemental Purchase Agreement; and (b) the remaining (being not more than 45 per cent. of the aggregate face amount of the Trust Certificates) towards the purchase of commodities to be subsequently sold to Bingham pursuant to the Murabaha Agreement.

The proceeds received by Bingham in consideration for the transactions entered into with the Trustee as set out above (comprising, for the avoidance of doubt, the Asset Purchase Price payable pursuant to the Supplemental Purchase Agreement and an amount equal to the Commodity Purchase Price payable to Bingham pursuant to the potential on-sale of

commodities) will be applied by Binghatti for its general corporate purposes .

RISK FACTORS

An investment in the Trust Certificates involves risks. Accordingly, prospective investors should carefully consider, amongst other things, the risks described below, as well as the detailed information set out elsewhere in this Offering Circular, and reach their own views before making an investment decision. The risks and uncertainties described below are not the only risks and uncertainties related to the Trustee, Bingham and the Trust Certificates. Additional risks and uncertainties not presently known, or currently believed to be immaterial, could also impair the Trustee's ability to make payments on the Trust Certificates. If any of the following risks actually materialise, the financial condition and prospects of the Trustee and/or Bingham could be materially adversely affected. If that were to happen, the trading price of the Trust Certificates could decline, and investors may lose all or part of their investment. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision. Words and expression defined elsewhere in this Offering Circular (including in the Terms and Conditions) shall have the same meanings in this section.

Risk Factors Relating to the Trustee

The Trustee has limited operating history and no material assets and will depend on receipt of payments from Bingham to make payments to Certificateholders

The Trustee was incorporated under the laws of the DIFC on 1 November 2023 as a private company with limited liability. The Trustee has not and will not engage in any business activity other than the issuance of the Trust Certificates, the acquisition of Trust Assets as described herein, acting in the capacity as Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the Transaction Documents. Because the Trustee is a DIFC company, it may not be possible for Certificateholders to effect service of process on it outside the DIFC.

The Trustee's only material assets, which will be held on trust for and on behalf of Certificateholders, will be the Trust Assets, including the obligation of Bingham to make payments to the Trustee under the Transaction Documents to which it is a party. Therefore, the Trustee is subject to all the risks to which Bingham is subject to the extent that such risks could limit Bingham's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents.

The ability of the Trustee to pay amounts due on Trust Certificates will therefore be dependent upon receipt by the Trustee from Bingham of amounts to be paid pursuant to the Transaction Documents (which may not be sufficient to meet all claims under the Trust Certificates and the Transaction Documents). As a result, the Trustee is subject to all the risks to which the Group and its business are subject, as described below, to the extent such risks could limit Bingham's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents to which it is a party.

Recourse to the Trustee in respect of the Trust Certificates is limited to the Trust Assets (see further "*Risk Factors – Risk Factors Relating to the Trust Certificates – The Trust Certificates are limited recourse obligations*").

Risk Factors Relating to the Group's Business

All of the Group's operations are located in Dubai and the Group's financial performance is therefore dependent on economic and political conditions in Dubai, the UAE and the surrounding regions

All of the Group's operations, including its completed and under development projects, are located in Dubai. Consequently, the Group's business, results of operations and financial condition could be adversely affected by changes in economic, political or social conditions in Dubai, the UAE and the surrounding regions. The UAE, as well as many of the GCC countries from which the Group sources its customers, depend in particular on revenue from oil and oil products, the prices of which have generally been volatile historically (see further "*Risk Factors – Risk Factors Relating to the UAE, the MENA Region and Emerging Markets – The GCC economies are dependent on the price of oil, which has been volatile*"). In addition, the economies of Dubai and the UAE are heavily dependent upon expatriate workers, who have also historically constituted a significant portion of the Group's customers.

Economic conditions in Dubai, the UAE and the surrounding regions could also be affected by one-off factors. For instance, the macroeconomic environment (both globally and within the UAE) was materially adversely affected in 2020 by the novel coronavirus disease, COVID-19, which was first identified in China

in late 2019. The virus spread rapidly, infecting people and causing a substantial number of deaths around the world leading the World Health Organisation to declare the outbreak a global pandemic on 11 March 2020 (the "**COVID-19 pandemic**"). The measures aimed at mitigating the further spread of the COVID-19 pandemic, such as restrictions on travel, imposition of quarantines, prolonged closures of stores and workplaces, social distancing measures and other restrictions, had a significant adverse effect on the global economy and international financial markets. The COVID-19 pandemic and such related restrictions materially adversely effected the economies of Dubai and the UAE in general and the real estate sector in particular. According to the IMF, the UAE's real gross domestic product ("**GDP**") declined by 5.0 per cent. in 2020. According to the DLD, in the year ended 31 December 2020, sales of apartments, villas and commercial properties decreased by 12.2 per cent., 6.7 per cent. and 27.8 per cent., respectively, as compared with the year ended 31 December 2019, which, in turn, resulted in decrease of average real estate prices in Dubai and lower expected sales rates and sales prices. The COVID-19 pandemic also impacted Dubai as a tourist and business destination. According to Dubai's Department of Economy and Tourism, Dubai encountered a drastic decrease of international visitors from 16.73 million in 2019 to 7.28 million in 2021. In addition, the COVID-19-related lockdown imposed in April and May 2020 resulted in an immediate shift to working from home, slowing site activity due to the inability of contractor teams to move between emirates and obstructions in the supply chain for building materials, which, in turn, negatively impacted the completion pace of the Group's projects.

The UAE and many other countries have re-opened and gradually lifted COVID-19 related restrictions and growth has slightly recovered, with real GDP growth of 3.9 per cent. in 2021, 7.9 per cent. in 2022, (estimated) 3.4 per cent. in 2023 and is expected to increase by 4.0 in 2024 (*source*: IMF World Economic Outlook October 2023). However, there can be no assurance that economic growth or performance in Dubai or the UAE, in general, will be sustained. Similarly, although Dubai recorded over 13.9 million international visitors in 2023 (*source*: Dubai's Department of Economy and Tourism) indicating that the tourism industry in Dubai has recovered and reached pre-COVID 19 pandemic levels (with Dubai having recorded 13.5 million international visitors in 2019), there can be no assurance that the trend of recovery in tourism industry will be sustained.

A downturn in general economic conditions, rising cost of living in Dubai, loss of jobs, a decline in the expansion of the expatriate population in the region, new more transmissible and/or virulent variants of COVID-19 that result in restrictive measures, stricter visa regulations or other factors that result in a decline in business activities and a decrease in household income resulting in lower consumer spending and may impact the desirability of Dubai as a tourist, business or residential destination. This may result in a significant decrease in demand in Dubai's property sector, delays in completion and/or a decrease in the valuation of the Group's projects which, in turn, may have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

The property and construction markets in the UAE may also be affected by other macroeconomic factors that are beyond the Group's control and impact the real estate market conditions generally as well as the wealth of the Group's customers, such as prices of raw materials for construction, energy costs, consumer spending and deployment of disposable income, alternative investment opportunities and returns, interest/profit rates, inflation rates, real estate taxes, and the availability and cost of financing including mortgages (see also "*Risk Factors – Risk Factors Relating to the UAE, the MENA Region and Emerging Markets*").

There can be no assurance that the current demand and pricing levels for real estate will persist. If the economies of Dubai or the UAE suffer another decline, or if government intervention fails to support or otherwise restricts or limits the economic growth of the expatriate or general real estate investment community in Dubai or the UAE, the Group's business, financial condition and results of operations could be materially adversely affected and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

The concentration of the Group's property portfolio exposes it to fluctuations in demand for residential real estate in Dubai and the UAE

All of the Group's developed property and property under development is residential and located in Dubai. As an increasing number of real estate developments are launched and reach completion in Dubai and the UAE, the number of residential properties available in these markets may exceed the demand for such properties, leading to saturation. If the property market were to become saturated, or demand for residential properties were to decline or to be lower than expected, the Group might have to sell its properties at

reduced prices, or at a loss, or may not be able to sell them at all. Furthermore, the Group is also expanding into the luxury and uber-luxury property development market. In 2023 and 2024, Binghatti launched premium branded projects in collaboration with three luxury brands, Jacob & Co., Bugatti and Mercedes Benz, which is expected to drive growth in the coming years. Although these projects are expected to significantly boost the Group's EBITDA margins, Bugatti Residence by Binghatti and Burj Binghatti Jacob & Co. together comprise approximately 70 per cent. of the Group's aggregate estimated project value of projects under development as 31 December 2023. Any decline in the demand for luxury and uber-luxury properties in Dubai may therefore have a material adverse effect on the Group's business, financial condition and results of operations. Such projects may also be subject to lower pre-sales at launch due to the nature of the high-end luxury property market and may therefore impact the Group's pre-sales revenue in the short-term.

In addition, a significant portion of the Group's customers purchase residential properties as investments, generally with a view to selling them for profit or leasing them for rental income. Any perceived or actual oversupply of residential properties in Dubai and/or the UAE for sale may result in potential customers experiencing difficulty selling properties purchased from the Group, either for an expected profit or at all, and may cause rental rates to decline. This could result in a decrease in demand for the Group's properties from customers who expect to receive revenue from the part- or full-time rental of their properties. The foregoing factors may also affect the Group's sales backlog (determined as the value of units that have been sold but not yet recognised as revenue under IFRS) since there can be no assurance that the Group's sales backlog will be realised. As at 31 December 2023, the Group's sales backlog was AED 3,416 million.

Any adverse change in demand for residential units in Dubai and/or the UAE for the foregoing reasons or otherwise could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

The continued success of the Group's business is dependent in part upon the wealth of domestic and international property purchasers and investors

The Group's business is highly dependent on levels of disposable income and disposable capital of high net worth and other affluent individuals and investors in the UAE and in various international jurisdictions, including from China, India and certain GCC countries (see also "*Description of the Group's Business – Customers*"). Since many of these individuals and investors operate in the global financial markets, their levels of wealth depend, to some extent, on the performance of the international property, financial and consumer markets. In addition, the disposable income levels of such individuals and investors are affected by factors in their home countries, such as the availability to them of financing and mortgages as well as general interest/profit rates, inflation and tax rates. For instance, as set out above, the COVID-19 pandemic had a material adverse effect on levels of disposable income and wealth of individuals world-wide and therefore also on demand for properties in the Dubai market. The Group expects that demand for its properties will continue to depend, to some extent, on the condition of the global markets. Accordingly, any financial crises or economic downturns in such jurisdictions or internationally could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group faces competition in property development

The property market in Dubai is competitive despite increasingly strict regulation of the real estate sector creating barriers to entry to the market. The Group faces competition for the development of real estate from numerous other property developers operating in the UAE (see also "*Description of the Group's Business – Competition*"). Competition may affect the Group's ability to sell the residential units in its projects at expected prices, if at all. The Group's competitors may lower their pricing for comparable developments, which could result in downward pricing pressure.

Certain of the Group's competitors are supported in differing degrees by the governments of various emirates in the UAE that, compared to the Group, have had and may continue to have:

- preferential access to land at little or no cost;
- preferential access to land in prime locations;
- easier access to financing for projects; and/or

- access to governmental support during economic downturns,

(see also "*Risk Factors – Risk Factors Relating to the Group's Business – The success of the Group's business depends on its ability to locate and acquire land suitable for development at attractive prices as well as certainty in legal status of such land*").

The Group also faces the risk that competitors may anticipate and capitalise on certain potential investment opportunities in advance of the Group doing so. Increased competition may also increase the Group's costs of financing and/or materials as well as adversely impact the Group's access to land at attractive prices, or at all. Many of the Group's competitors have greater financial, technical, marketing or other resources, including in some cases significant land banks, and greater geographical diversity in their operations and, therefore, may be able to withstand increased costs, price competition and volatility more successfully. Property developers may also consolidate to achieve economies of scale. If consolidation in the UAE real estate markets were to occur, there is a risk that the Group would have to operate in a more competitive marketplace and against larger competitors.

The Group may also face challenges in managing its growth and establishing a strong position in the Dubai and UAE residential real estate markets (see further "*Risk Factors – Risk Factors Relating to the Group's Business – The Group's growth may be challenged*"). While the Group's projects cover a wide range of residential property options, including mid-end, luxury and uber-luxury apartments, with a variety of amenities, there can be no assurance that they will remain attractive to prospective customers. In particular, the attractiveness of the Group's mid-end apartments to prospective purchasers could decrease due to the existence of better facilities elsewhere in Dubai and/or the UAE.

Any oversupply or increase in competition in the Group's market could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group's growth may be challenged

Since 2008, the Group had completed and fully sold 34 projects (comprising 6,851 units) and had another 14 projects (comprising 5,283 units) under development as at 31 December 2023. These projects under development are expected to be completed by 2026.

The Group's growth has been supported by significant growth in the Dubai real estate market. According to data published by the DLD, there was a 40.0 per cent. increase in the volume of residential sale transactions in Dubai from 1 January 2023 to 31 October 2023 compared to the same period in 2022 and a 56.2 per cent. increase in the value of such transactions. Similarly, there was a 61.9 per cent. increase in the volume of residential sale transactions in Dubai in 2022 compared to 2021 and a 78.1 per cent. increase in the value of such transactions. There can be no assurance that the current demand and pricing levels for residential real estate in Dubai will persist (see further "*Risk Factors – Risk Factors Relating to the Group's Business – All of the Group's operations are located in Dubai and the Group's financial performance is therefore dependent on economic and political conditions in Dubai, the UAE and the surrounding regions*").

Furthermore, management of such projected growth in operations requires, among other things, the Group's continued application of stringent control over financial systems and operations, the continued development of management controls, the hiring and training of new personnel and continued access to funds to finance the growth. It also may increase costs, including the cost of recruiting, training and retaining a sufficient number of professionals and the cost of compliance arising from exposure to additional activities and jurisdictions. These challenges will increase as the Group launches additional projects in the future. As the Group expands its operations, it may also become subject to legal uncertainties or regulations to which it is not currently subject or from which it is currently exempt, which may lead to greater exposure to risk or higher compliance costs. There can be no assurance that the Group's existing systems and resources will be adequate to support the growth of its operations. If the Group is unable to manage its growth adequately, this could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group requires significant capital expenditure and relies on cash from off-plan sales and external financing to fund construction

The Group finances its projects, which require a significant amount of capital expenditure at the start of the construction process, principally through borrowings/financing facilities and internally generated cash flows that result primarily from the pre-sale of residential units at the under-construction stage. The Group may also require financing to fund land acquisitions, initial project development costs and capital expenditures and to support the ongoing development and future growth of its project portfolio.

In Dubai, purchasers pay purchase price instalments for such pre-sales directly into a discrete escrow account with a bank approved by the Dubai Land Department – RERA (Dubai Real Estate Regulatory Agency) ("**RERA**") pursuant to an escrow law. An escrow agent, also approved by RERA, determines when a developer is permitted to make withdrawals from the escrow account to pay consultants and contractors for the project (such withdrawals are usually permitted in stages as specified construction milestones are completed). The developer is also permitted to use five per cent. of the escrow funds for "soft costs" such as advertising and sales costs. If there are insufficient escrow funds, RERA may require the developer to top up the escrow account. Subject to the requirement to retain certain funds for remedial works for one year following the date of receipt of the completion certificate issued by the DLD to the developer, the remainder of the escrow funds (after previous permitted withdrawals) are released to the developer only upon completion of the project or, in certain circumstances, before completion where certain requirements are satisfied and RERA approval is obtained. As a result, unless the Group has received permission from RERA to withdraw excess funds from the relevant escrow account, it is not able to meet its capital expenditure requirements using funds raised from the sale of Dubai property development projects until such projects are completed.

If, due to a worsening economic outlook, falling property prices or otherwise, the Group suffers a decline in its level of pre-sales or experiences a significant number of cancellations, the Group may have to seek additional external financing.

The Group's ability to obtain external financing and the cost of such financing are dependent on numerous factors and there can be no assurance that additional financing, either on a short-term or long-term basis, will be available or, if available, that the Group will be able to obtain such financing on favourable terms. The Group may also be required to provide security over its assets to obtain any such financing and/or agree to contractual limitations on the operations of its business (see also "*Risk Factors – Risk Factors Relating to the Group's Business – The terms of the Group's current and any future financings may restrict it from entering into certain transactions and/or limit its ability to respond to changing market conditions*"). An inability to obtain additional financing on terms favourable to the Group or at all could result in defaults on existing contracts, construction delays and damage to the Group's reputation as a reliable contractual counterparty.

If the Group is unable to meet its capital expenditure requirements through off-plan sale and/or external financing, it may be required to forgo other property development opportunities and/or be forced to postpone or cancel projects which could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group's projects may be delayed, suspended, terminated or materially changed in scope, resulting in delayed recognition of revenue

There are a number of construction, financing, operating and other risks associated with property development. The Group recognises revenue from its projects on the basis of the percentage of completion of the construction process. Material delays in the construction process will, consequently, delay payments due from customers, as well as the revenue the Group is able to recognise. While the Group experiences construction delays in the ordinary course of business and, save in the case of the delays caused by COVID-19, such delays have generally been made up in subsequent stages of a project, delays can have a significant impact on the associated timing of revenue recognition, which could lead to potentially significant fluctuations in the Group's financial results. This is particularly true with respect to high value projects where even a small delay in construction progress can result in delays in large amounts of revenue being recognised. The time taken and the costs involved to complete construction can be adversely affected by many factors, including:

- delays in obtaining all, or refusals of any, necessary zoning, land use, building, development, occupancy and other required governmental permits, licences, approvals and authorisations (including due to new regulatory frameworks);
- unforeseen engineering, environmental or geological problems;
- the Group's inability to obtain necessary financing arrangements on acceptable terms, or at all, and otherwise fund construction and capital improvements and provide any necessary performance guarantees;
- inadequate supporting infrastructure, including as a result of failure by third parties to provide utilities and transportation and other links that are necessary or desirable for the successful operation of a project;
- design or construction defects and otherwise failing to complete projects according to design specification;
- shortages of, or defective, materials and/or equipment, labour shortages, shortages of other necessary supplies and/or disputes with suppliers;
- increases in the cost of construction materials (for example, raw materials such as steel and other commodities common in the construction industry (the cost of which increased during the COVID-19 pandemic as a result of logistical issues being experienced worldwide)), energy (the cost of which has also increased recently, particularly as a result of the Russia-Ukraine conflict), building equipment (including, in particular, cranes), labour and/or other necessary supplies (due to rising commodity prices or inflation or otherwise);
- shortages of project managers and construction specialists to ensure that planned projects are delivered both on time and on budget;
- strikes and work stoppages or other labour disputes or disturbances affecting the Group's projects;
- failure to meet agreed timetables, in particular with respect to more complex or technically challenging developments (for example, due to the scale, height or complex design of a development);
- adverse weather conditions, natural disasters, pandemics (such as COVID-19), accidents, *force majeure* events and/or changes in governmental priorities;
- increases in the supply of properties from competitors; and
- changes in demand trends due to, among other things, a shift in buyer preferences, a downturn in the economy, a change in the surrounding environment of the project, including the location or operation of transportation hubs or population density or otherwise.

Any of these factors could give rise to delays in the completion of construction and/or result in construction costs exceeding budgeted amounts. Projects subject to delays or cost overruns may take longer or fail to generate the revenue, cash flow and profit margins that were originally anticipated. In addition, the targeted return on the investment in the project may not be realised. There can be no assurance that the revenue that the Group is able to generate from its projects will be sufficient to cover the associated construction costs.

Moreover, the Group's business model is based on selling a significant number of its residential units off-plan. If a project with pre-sale commitments from customers is delayed or cancelled, customers may bring civil claims against the Group. Even where customers have no contractual right to terminate their contract with the Group and/or to demand repayment of monies paid, a customer may seek to claim reimbursement from the Group together with interest if the Group fails to deliver a residential unit. In addition, the Group's projects include amenities and conveniences such as swimming pools, gym areas, retail areas and parks. If substantial parts of these amenities are delayed, cancelled or changed, customers who have acquired residential units in affected developments may not be able to enjoy the services or the overall environment which they may have expected when the project was originally launched. Delays in completion or cancellation of all or a portion of a project could also adversely affect the Group's reputation and ability to attract future customers. Furthermore, any difference in the quality of construction from project to project

could adversely affect the Group's brand. If a significant number of customers encounter workmanship or structural defects and these are not rectified in a timely and satisfactory manner, the Group's reputation may be adversely affected.

Any of the foregoing factors could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group has experienced and may continue to experience contract prices that exceed its original budgets which may affect the profitability of its developments

Bingham's contracts set out the specific scope of work to be completed, the timeline for completion, and the agreed-upon cost in respect of the Group's projects (see further "*Description of the Group's Business – Project Implementation Process*"). However, external factors such as inflationary pressure and raw material scarcity can potentially disrupt the project's progress and timeline despite such a fixed-price contract.

There have been significant increases in commodity and other prices driven by both supply chain disruptions caused by the COVID-19 pandemic and increased international uncertainty driven by Russia's invasion of Ukraine in February 2022 and Houthi attacks in and around the Red Sea during 2023 and 2024. For example, freight costs continue to increase which has driven up the prices of imported materials and equipment, higher gas supply and other raw material prices have resulted in increased prices of finished materials, a limited number of precast contractors has resulted in higher prices for precast elements and copper and steel prices continue to rise which is driving up the price of related construction materials and finished equipment. Particularly if prices remain high for an extended time and the Group is unable to pass on these increases in full to its customers, this is likely to adversely affect the Group's profitability and margins in future periods. In addition, should one of the Group's suppliers default on its procurement arrangements with the Group for any reason, the Group may not be able to find suitable substitutes promptly, on similar terms or at all, causing a delay in the completion of the relevant projects. Any of the foregoing factors could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group's projects may be subject to delays due to labour shortage or disputes

The Group's projects may be impacted by strikes and work stoppages by its contracted workers. The workers engaged for the construction of the Group's projects are predominantly sourced from countries outside of the UAE using recruitment agencies. In recent years, the policies and practices with respect to the recruitment, compensation and treatment of construction workers in the UAE and other GCC countries has come under increased scrutiny. While the Group seeks to impose standards for the compliance with all relevant laws and regulations, the Group's relations with its contracted workers could deteriorate due to disputes related to the level of wages, accommodation or benefits or their response to changes in government regulation of workers and the workplace. In addition, changes in regulations such as more restrictive visa requirements or immigration laws relating to the employment of unskilled labour could lead to a shortage of contracted workers available to the Group. Any such labour shortage or stoppage or dispute may adversely affect the Group's ability to complete its projects on time as well as its brand and reputation and could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group's projects may be subject to delays due to utility and road infrastructure providers' inability to provide required services and connections to its developments within project delivery times

Access to certain of the Group's projects is dependent on the completion of connecting infrastructure, such as roads and utilities for which third party government utilities and agencies are responsible. There can be no assurance that material delays in delivering the Group's projects will not occur as a result of delays in the connection of infrastructure. For example, across the UAE, the demand for electricity, water and gas has increased substantially in the past decade and may continue to increase in the future if the development and population of the UAE continues to expand. The Group's current projects may be delayed and future projects may be hindered due to the inability of utility providers to provide the required levels of water and power generation and connections for these utilities in a timely manner. Any delays in the Group's projects, even when outside the Group's control, may adversely affect the Group's brand and reputation, as well as increase the costs associated with affected projects, and could have a material adverse effect on the Group's

business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group's projects could be exposed to catastrophic events or acts of terrorism over which it has no control

The Group's projects could be adversely affected or disrupted by natural disasters (such as earthquakes, floods, tsunamis, hurricanes and fires) or other catastrophic events, including:

- changes to predominant natural weather, hydrologic and climatic patterns, including sea levels;
- major accidents, including chemical, radioactive or other material environmental contamination;
- major epidemics or pandemics affecting the health of persons in the MENA region and travel into the MENA region;
- fires resulting from faulty construction materials; and/or
- criminal acts or acts of terrorism.

The occurrence of any of these events at one or more of the Group's projects, or projects in the UAE or MENA region more generally, may cause disruptions to the Group's operations, which could have a material adverse effect on its business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party. In addition, such an occurrence may increase the costs associated with the Group's projects, may subject the Group to liability or impact its brand and reputation and may otherwise hinder the normal operation of the Group's projects. The effect of any of these events on the Group's financial condition and results of operations may be exacerbated to the extent that any such event involves risks for which the Group is uninsured or not fully insured (see further "*Risk Factors – Risk Factors Relating to the Group's Business – The Group may not have adequate insurance to cover potential losses*").

The terms of the Group's current and any future financings may restrict it from entering into certain transactions and/or limit its ability to respond to changing market conditions

The Group's current financing arrangements contain various covenants that limit its ability to engage in specified types of transactions, including, among other things, its ability to incur or guarantee additional financial indebtedness and/or grant security or create any security interests, in addition to maintaining certain financial ratios. These provisions may restrict the Group's ability to respond to adverse economic conditions, which could have a material adverse effect on its business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

If the Group fails to satisfy any of its debt service obligations or breaches any related financial or operating covenants, the lender/financier could declare the full amount of the indebtedness to be immediately due and payable and could foreclose on any assets pledged as collateral. As a result, any default under any indebtedness to which the Group is party could result in a substantial loss to the Group.

Furthermore, if the Group obtains additional funding in the future, such funding will increase its leverage and could thereby limit its ability to raise further funding or react to changes in the economy or the markets in which the Group operates and/or could prevent the Group from meeting its debt obligations. Additionally, incurring further debt could also, among other things:

- increase the Group's vulnerability to general economic and industry conditions;
- increase the risk that the Group may be unable to pay the interest, profit payments or principal on any outstanding obligations;
- require the Group to provide additional security over certain of its assets;
- require a substantial portion of cash flow from operations to be dedicated to the payment of financing costs and repayment of principal on the Group's indebtedness, thereby reducing its ability to use its cash flow to fund its operations, capital expenditures and future business opportunities;

- restrict the Group from making strategic acquisitions or cause it to make non-strategic divestitures;
- limit the Group's ability to obtain additional financing for working capital, capital expenditures, project development, debt service requirements, acquisitions and general corporate or other purposes; and
- limit the Group's ability to adjust to changing market conditions and place it at a competitive disadvantage compared to its competitors who are less highly leveraged.

Any of the foregoing consequences could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group could be adversely affected by market risks

The Group could be adversely affected by market risks that are outside its control, including, without limitation, volatility in the benchmark interest/profit rates. An increase in the benchmark interest/profit rates generally may also adversely affect the Group's cash flows by adversely impacting its profit margins and its funding costs. Interest/profit rates may also impact the attractiveness of real estate as an investment opportunity. For instance, if interest/profit rates increase materially, investment in real estate may become less appealing as an alternative to traditional financial investment products and could also deter potential customers from seeking mortgage financing to purchase the Group's properties, which could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

All of the above risks may be further exacerbated by the persisting global macroeconomic challenges, including increased benchmark interest/profit rates. Between 16 March 2022 and 26 July 2023, and in response to high levels of inflation, the U.S. Federal Reserve increased U.S. overnight interest rates by an aggregate 525 basis points. Each increase to the U.S. overnight interest rates was followed by a corresponding increase by the UAE Central Bank in the base rate on the overnight deposit facility (which increased from 0.15 per cent. before 16 March 2022 to 5.40 per cent. with effect from 26 July 2023).

Accordingly, aggressive or unexpected monetary policy tightening by the U.S. Federal Reserve could shock the markets, adversely affecting asset prices and ultimately economic growth. Furthermore, many of the world's economies are experiencing elevated inflation, which is expected to remain as such for longer than previously forecast. According to the IMF, global inflation is estimated at 6.8 per cent. in 2023 and projected at 5.9 per cent. in 2024 (*source: IMF World Economic Outlook, April 2024*). However, as with the growth outlook, considerable uncertainty surrounds these inflation projections. Various factors have contributed to shaping inflation outlook, including the Russia-Ukraine conflict, which caused increases to energy prices and food prices (due to disruptions in the supply of commodities such as wheat, corn and fertilisers). In addition, while demand grew rapidly in 2021, various bottlenecks held back supply, including factory closures due to the COVID-19 pandemic, restrictions at ports, congested shipping lanes, container shortfalls and worker shortages because of quarantines. Although supply bottlenecks are generally anticipated to ease as production responds to higher prices, the Russia-Ukraine conflict, widespread sanctions on Russian persons, entities and institutions and the diversion of shipping in the Red Sea after attacks on shipping lines by the Houthis are likely to prolong disruptions in some sectors through 2024 (see further "*Risk Factors – Risk Factors Relating to the UAE, the MENA Region and Emerging Markets*"). Prolonged inflation could affect the wider global economy (by, for example, causing prompt broad-based selling in long-duration, fixed-rate debt, which could have negative implications for real estate markets) and the disposable income of the Group's customers, which, in turn, could have an adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

The due diligence process that the Group undertakes in connection with new projects may not reveal all relevant facts

Before implementing a new project, the Group conducts due diligence to the extent it deems reasonable and appropriate based on the applicable facts and circumstances (see further "*Description of the Group's Business – Project Implementation Process*"). The objective of the due diligence process is to identify attractive investment opportunities and to prepare a framework that may be used from the date of investment to drive operational performance and value creation. When conducting due diligence, the Group evaluates a number of important business, financial, tax, accounting, regulatory, environmental and legal issues in

determining whether or not to proceed with a project. Outside consultants, including legal advisers, accountants, investment banks and industry experts, are generally involved in the due diligence process in varying degrees depending on the type of project or investment. Nevertheless, when conducting due diligence and making an assessment regarding a project, the Group can only rely on resources available to it, including, in some circumstances, third party investigations. In some cases, information cannot be verified by reference to the underlying sources to the same extent as the Group could for information produced from its own internal sources. The due diligence process may at times be subjective and the Group can offer no assurance that any due diligence investigation it carries out with respect to any project will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such opportunity. Any failure by the Group to identify relevant facts through the due diligence process may mean that projected rates of return and other relevant factors considered by the Group in making investment decisions prove to be significantly inaccurate over time. Any such inaccuracy could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

The success of the Group's business depends on its ability to locate and acquire land suitable for development at attractive prices as well as certainty in legal status of such land

The Group's growth and profitability have been attributable in part to the Group's ability to locate and acquire land in prime locations at attractive prices and on favourable terms and conditions. Nearly all of the Group's developments in Dubai are located on land that has been designated by the Government of Dubai (the "**Government**") as land which can be acquired and owned by non-UAE nationals. All title in property in Dubai emanates from the Government. The principal source of land for the Group's developments in Dubai is land owned by Government-linked entities and the success of the Group's business strategy and its future profitability will depend upon it being able to acquire land in prime locations and at attractive prices from such entities. The Group's long-term growth also depends on, among other things, its ability to maintain its level of development in Dubai by locating and acquiring land suitable for development. The Group may not be able to identify suitable sites for new projects or negotiate attractive terms for such acquisitions or developments from Government-linked entities or other property owners. The number of attractive development and expansion opportunities may be limited and such opportunities may command high prices. In addition, the Group may be unable to enter into strategic partnerships with other governments and local companies that may be necessary to source land in prime locations.

If the Group fails to acquire additional land suitable for development in prime locations, the Group may not be able to develop new projects in accordance with the Group's business strategy. Paying higher prices for land in the future could adversely affect the profitability of the Group's business. In addition, any adverse change in any of the relationships between the Group and the Government, any Government-linked entities or any of the Group's strategic partners in the UAE may affect its ability to acquire land or the prices the Group pays for such land. Any inability to obtain additional suitable land for development in the future on commercially viable terms and prices could result in a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

In addition, pursuant to the Dubai Real Estate Law of 2006, any transfer of interest in real estate which is not specified in either Article 3 or Article 4 of Regulation No. 3 of 2006 Specifying Areas where non-locals can own Property in Dubai ("**Regulation No. 3 of 2006**") to non-UAE nationals is not permitted. Some of the Group's developments are located on land plots which are not specified in Regulation No. 3 of 2006. While the Group received a confirmation from the DLD that, notwithstanding the lack of such designation, transfers to non-UAE nationals of units located on such land plots are permitted (and the DLD has in the past issued and continues to issue title deeds with respect to such units to non-UAE nationals), there can be no assurance that the DLD position will not change and therefore there remains a residual uncertainty as to whether units in the such Group projects were validly sold or may continue to be validly sold to non-UAE nationals.

Real estate valuation is inherently subjective

The Group holds properties as investment properties (which are properties held for capital appreciation and land held for undetermined use), properties under development (which are properties under construction for sale) and properties held for sale. Investment properties are initially recognised at cost and, subsequently, accounted for at their fair value which is their open market value or, where such market value is not readily available, their value ascribed by an independent professional valuer. Properties under development and properties held for sale are stated at the lower of their cost or net realisable value, where

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 complete the sale. Accordingly, the Group's property valuations are based on assumptions as to their fair value, market value, cost and/or net realisable value (as applicable) which are not confirmed or investigated by the valuer or any other third party. The judgement of the Group's management and its valuers significantly impacts the determination of the value of its properties. Moreover, factors such as changes in regulatory requirements and applicable laws (including in relation to building and environmental regulations, taxation and planning), political conditions, the condition of financial markets and real estate markets, the financial condition of customers, potential adverse tax consequences, and interest and inflation rate fluctuations all mean that valuations are subject to further uncertainty. Therefore, the Group's property valuations are subjective and any valuations of the Group's properties stated in this Offering Circular are subject to substantial uncertainty and are made on the basis of assumptions which may not be correct. Any valuations of the Group's properties stated in this Offering Circular may exceed the value that could be obtained in connection with a concurrent sale of the properties and no assurance can be made that the valuations of the Group's properties will reflect actual sale prices, even where any such sale occurs shortly after the relevant valuation date. Neither should the valuations be taken as an indication of the availability of financing for the potential sale of any of the Group's properties or an indication of continuing demand for any of its properties. Significant differences between valuations and actual sales prices could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

In addition, a key component of determining the value of a property is based on the assessment by management and the valuer of real estate market conditions in Dubai. The Dubai real estate market is in turn affected by many factors such as general economic conditions, availability of financing, interest/profit rates and other factors, including supply and demand, which are beyond the Group's control and may adversely impact projects after their most recent valuation date. As a result, any material decline in the real estate market in Dubai could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

Real estate investments are illiquid

Because real estate investments are generally illiquid, and due to the cyclicity of real estate markets, the Group's ability to promptly sell one or more of its projects in response to changing political, economic, financial and investment conditions is limited. The real estate market is affected by many factors that are beyond the Group's control. In addition, to the extent that the Group requires third party funding to develop its projects, the Group may be required to grant a mortgage over certain projects, or parts thereof, to secure its payment obligations, which could preclude the Group from selling such projects or affected residential units in the event of a default under such financing arrangements. There can be no assurance that the sale of units in any of the Group's projects will be at a price which reflects the most recent valuation of the relevant project, particularly if the Group is forced to sell in adverse economic conditions. Any of these factors, alone or in combination, could have a material adverse effect on the Group's real estate portfolio, which could in turn have a material adverse effect on its business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

Binghatti is beneficially owned by one family whose interest could conflict with the Certificateholders

Binghatti is controlled by the Binghatti family who, as of 31 December 2023, beneficially held all of Binghatti's outstanding share capital. This gives the Binghatti family control over certain actions requiring shareholder approval, including, but not limited to, increasing or decreasing the authorised share capital of Binghatti, the election of directors, declaration and payment of dividends, the appointment of management and other policy decisions. While transactions with the Binghatti family and its affiliates may benefit Binghatti, conflicts of interest could arise between Binghatti as a business and the Binghatti family or its affiliates. Any such conflict of interest could have a negative impact on Binghatti's business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

As at the date of this Offering Circular, Dr. Hussain Ghatai Ghaib Al Jbori's has legal ownership all of Binghatti's outstanding share capital. In October 2023, Binghatti incorporated a DIFC foundation which is expected to acquire all of Dr. Hussain Ghatai Ghaib Al Jbori's shares in Binghatti (see further "*Description of the Group's Business – Shareholding and Group Structure*"). Nonetheless, after the acquisition of Dr.

Hussain Ghatai Ghaib Al Jbori's shares by the foundation, Binghatti will continue to be controlled by the Binghatti family.

The Group relies on its senior management team and key employees

The Group relies on its senior management and key employees for the implementation of its strategy and its day-to-day operations. The Group's continued success will depend on its ability to continue to retain and attract appropriately qualified personnel, including those with the relevant technical expertise in the real estate development sector, to operate its business. Competition for appropriately qualified technical, marketing and support personnel with the relevant expertise in the property development sector in the UAE is intense, and there can be no assurance that the Group will continue to be able to successfully recruit such personnel. Should the Group experience the loss of one or more of its key members of management or staff and be unable to replace them in a timely fashion (or at all) with other appropriately qualified and experienced individuals, this may result in (among other things):

- a loss of organisational focus;
- poor execution of operations and the Group's corporate strategy; and/or
- an inability to identify and execute potential strategic initiatives such as future projects.

These adverse results could, among other things, reduce potential revenue, expose the Group to downturns in the markets in which it operates and/or otherwise adversely affect the Group's business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group is required to maintain and renew numerous licences and permits to operate

The Group's operations are required to comply with numerous laws and regulations, both at the emirate and federal level, and require the maintenance and renewal of commercial licences and permits to conduct its business from the launch of a master plan, through construction to sales and marketing. Because of the complexities involved in procuring and maintaining numerous licences and permits, as well as in ensuring continued compliance with different and sometimes inconsistent emirate and federal licensing regimes, the Group cannot give any assurance that it will at all times be in compliance with all of the requirements imposed on each of its projects, although the Group is not aware of any material breaches that currently exist. The Group's potential failure to comply with applicable laws and regulations or to obtain and maintain requisite approvals, certifications, permits and licences, whether intentional or unintentional, could lead to substantial sanctions, including criminal, civil or administrative penalties, revocation of the Group's licences and/or increased regulatory scrutiny, and liability for damages. It could also result in contracts to which the Group is a party being deemed to be unenforceable or invalidate or increase the cost of the insurance that the Group maintains for its project portfolio. For the most serious violations, the Group could also be forced to suspend operations until it obtains the required approvals, certifications, permits or licences or otherwise bring its operations into compliance. In addition, any adverse publicity resulting from any compliance failure, particularly as regards the safety of projects, could negatively impact the Group's reputation and have a material adverse effect on its business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

Furthermore, changes to existing, or the introduction of new laws, regulations or licensing requirements are beyond the Group's control and may be influenced by political or commercial considerations not aligned with the Group's interests. Any such laws, regulations or licensing requirements could adversely affect the Group's business by reducing its revenue and/or increasing its operating costs, and the Group may be unable to mitigate the impact of such changes. Any of these occurrences could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group may incur unanticipated costs related to compliance with health and safety and environmental laws and regulations

The Group has adopted safety standards to comply with applicable laws and regulations. If the Group fails to comply with the relevant standards, it may be liable for penalties and the Group's business and/or reputation might be materially and adversely affected.

In addition, the Group seeks to ensure that it complies with all applicable environmental, health and safety laws. While Binghatti believes that the Group is in material compliance with such laws, there can be no assurance that it will not be subject to potential liability, including remediation obligations with respect to contaminated project sites or liability in the event of an accident at one of its projects. If an environmental liability arises in relation to, or an accident occurs at, any project owned or developed by the Group and it is not remedied, is not capable of being remedied or is required to be remedied at the Group's cost, this may have a material adverse effect on the relevant project, the Group's reputation and its business, financial condition and results of operations (either because of the cost implications for the Group or because of disruption to services provided at the relevant project) and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party. Moreover, it may result in a reduction of the value of the relevant project or affect the Group's ability to dispose of residential units in such project.

Amendments to existing laws and regulations relating to health and safety standards and the environment may impose more onerous requirements on the Group and subject its developments to more rigorous scrutiny than is currently the case. The Group's compliance with such laws or regulations may necessitate further capital expenditure or subject it to other obligations or liabilities, which could have a material adverse effect on its business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group is dependent on its IT systems, which may fail or be subject to disruption

The Group's operations are dependent on its information technology ("IT") systems, and there is a risk that these systems could fail. The Group cannot be certain that its IT systems will be able to support the volumes of online traffic it may experience. Although the Group maintains business continuity procedures and security measures in the event of IT failures or disruption, including backup IT systems for business critical systems, these procedures and measures may not anticipate, prevent or mitigate a network failure or disruption and will not protect against an incident to the extent that there is no alternative system or backed-up data in place.

The Group's staff and its IT systems process sensitive personal customer data and therefore must comply with strict data protection and privacy laws. Such laws and regulations restrict the Group's ability to collect and use personal information relating to customers and potential customers including the use of that information for marketing purposes. The Group is also at risk from cyber-crime. Whilst it has implemented procedures to ensure compliance with the relevant data protection regulations and has implemented security measures to help prevent cyber-crime (see further "*Description of the Group's Business – Information Technology*"), the Group remains exposed to the risk that sensitive data is wrongfully appropriated, lost or disclosed in breach of applicable regulation. In such a case, the Group could face liability under data protection laws or sanctions by card merchants. This could also result in the loss of customer goodwill and deter new customers which could materially adversely affect the Group's business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group may not have adequate insurance to cover potential losses

Although the Group seeks to ensure that its projects are appropriately insured, no assurance can be given that any of its existing insurance policies (or the insurance policies of its contractors) will be sufficient to cover losses arising from certain events or will be renewed on equivalent, commercially reasonable terms or at all. In addition, given the volatility and complexity of the Group's market, certain types of risks and losses are either uninsurable or uneconomical to insure (for example, among others, risks or losses relating to war, terrorism, geopolitical climate, threats to cyber-security, currency fluctuation, general economic crisis and inadequate succession planning). Furthermore, it may be difficult to identify appropriate insurance solutions to cover these risks, given the vast variety and complexity of products offered in the insurance market in recent years.

The Group's properties and business could suffer physical damage from fire or other causes, resulting in losses (including loss of future income) that may not be fully compensated by insurance. If the Group experiences an uninsured or uninsurable loss in the future or if any insurance proceeds which it receives are insufficient to repair or replace a damaged or destroyed property, the Group could incur significant capital expenditure and its business results could be materially adversely affected. The Group may also remain liable for any debt or mortgage, indebtedness or other financial obligations related to the relevant project. Any significant insurance claims in respect of incidents at any of its projects could also result in significantly increased insurance premiums or make the relevant insurance more difficult to obtain.

Where the Group experiences an insured-against event, it cannot be certain that the proceeds of insurance which it receives will fully cover its loss. The Group's (or its contractors') insurance policies may be subject to deductibles or exclusions that could materially reduce the amount that it recovers and, in certain circumstances, the policies could be void or voidable at the option of the insurer. In addition, the insurers may become insolvent and therefore not be able to satisfy any claim in full or at all.

The occurrence of any of these events could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

Any deterioration of the value of the Bingham brand or of any its other brands or infringement of the Group's trademarks and other intellectual property could materially adversely affect its business

The Group relies on brand recognition and the goodwill associated with the Bingham brand. Therefore, the name "Bingham" and its associated brand and trading names and trademarks are key to the Group's business. A deterioration of the value of the Bingham brand or of any its other brands, whether due to property related issues, customer complaints, adverse publicity, legal action, third party infringements, de-branding event(s) or other factors in any jurisdiction, including due to common shareholding and/or related entities' use of the "Bingham" brand, could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

Risk Factors Relating to the UAE, the MENA Region and Emerging Markets

The Group is subject to political and economic conditions in the UAE

All of the Group's operations and assets are located in the UAE. While the UAE has historically not been affected by political instability, there is no assurance that any political, social, economic and market conditions affecting the MENA region generally (as well as outside the MENA region because of interrelationships within the global financial markets) would not have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

Specific risks in the UAE and the MENA region that may have a material impact on the Group's business, results of operations and financial condition include:

- an increase in inflation and the cost of living;
- a devaluation in the UAE dirham or any other currency which has an impact on the Group's business;
- external acts of warfare and civil clashes or other hostilities involving nations in the region;
- governmental actions or interventions, including tariffs, protectionism and subsidies;
- difficulties and delays in obtaining governmental or other approvals, new permits and consents for the Group's operations or renewing existing ones;
- potential lack of transparency or reliability as to title to real property;
- cancellation of contractual rights;
- lack of infrastructure;
- expropriation or nationalisation of assets;
- continued regional and/or global political instability and unrest, including government or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism which could adversely affect the UAE economy (see further "*Risk Factors – Risk Factors Relating to the UAE, the MENA Region and Emerging Markets – Continued political and economic instability and unrest globally could adversely affect the Group's business*");
- military strikes or the outbreak of war or other hostilities involving nations in the region;

- a material curtailment of the industrial and economic infrastructure development that is currently underway across the MENA region;
- increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies, land and water use and foreign ownership;
- changing tax regimes, including the imposition of taxes in currently tax favourable jurisdictions, including the UAE;
- arbitrary, inconsistent or unlawful government action, including capricious application of tax laws and selective tax audits;
- limited availability of capital or debt financing; and
- slowing regional and global economic environment.

Any unexpected changes in the political, social, economic or other conditions in the UAE or its neighbouring countries may have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Binghatti's ability to perform its obligations under the Transaction Documents to which it is a party. It is not possible to predict the occurrence of events or circumstances such as or similar to those outlined above or the impact of such occurrences and no assurance can be given that the Group would be able to sustain its current profit levels if such events or circumstances were to occur.

Investors should also be aware that emerging markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in developing markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

The GCC economies are dependent on the price of oil, which has been volatile

The UAE economy as a whole, and the economies of other countries in the GCC, are exposed to oil price volatility and are affected by the level of government spending. Oil represents a sizeable segment of the economies of countries in the GCC, including the UAE, and has contributed to the increase in economic activity in the region, including the demand for properties and property development. Oil prices are highly volatile and extremely sensitive to political and economic turmoil. In addition, the price of oil and its volatility depend on factors including global economic and weather conditions; actions by OPEC; government regulations, both domestic and foreign; price inflation of raw materials; regional conflicts in the oil producing nations; the price of foreign imports of oil and gas; the cost of exploring for, producing, and delivering oil and gas; the discovery rate of new oil and gas reserves; the rate of decline of existing and new oil and gas reserves; the ability of oil and gas companies to raise capital; and the overall supply and demand for oil and gas.

As oil is the most important export of GCC and certain other countries where the Group's customers originate from, any change in oil prices affects various macroeconomic and other indicators, including, but not limited to, GDP, government revenues, balance of payments and foreign trade. International oil prices have been volatile in the past five years, with the monthly OPEC Reference Basket price reaching U.S.\$70.78 in April 2019, decreasing sharply to U.S.\$17.66 in April 2020 amid the COVID-19 pandemic and recovering to U.S.\$82.11 in October 2021. Monthly average OPEC Reference Basket prices exceeded U.S.\$100 for most of 2022 due to greater demand forecasts and geopolitical tensions around the full-scale Russia-Ukraine conflict which commenced in late February 2022. In the latter part of 2022, oil prices declined to a monthly average of U.S.\$79.68 per barrel for December 2022. In 2023, oil prices fluctuated between U.S.\$75.19 (the OPEC Reference Basket monthly average for June 2023) and U.S.\$94.60 (the OPEC Reference Basket monthly average for September 2023). In December 2023, the OPEC Reference Basket monthly average was U.S.\$79.00 and in May 2024 the OPEC Reference Basket monthly average was U.S.\$83.59. The monthly price per barrel of Arabian Light Crude Oil has also moved in line with these trends.

OPEC member countries produce approximately 40 per cent. of the world's crude oil (according to the World Economic Forum) and, as such, targets set by OPEC to manage oil production in its member countries can affect oil prices. For instance, in June 2023, the Kingdom of Saudi Arabia announced that it

would reduce its oil production by one million barrels per day and, in November 2023, several OPEC plus countries announced additional voluntary cuts (aggregating to 2.2 million barrels per day) for the first quarter of 2024 with the aim of supporting the stability and balance of oil markets. As a result, oil prices increased slightly post-June 2023 and the OPEC Reference Basket monthly average reached an all-year high of U.S.\$94.60 per barrel in September 2023 before declining to previous levels.

Historically, the announcement of production cuts by OPEC has led to oil price rises in the short- to medium-term. While efforts have been made by OPEC and non-OPEC oil producing countries participating in the Declaration of Cooperation to control oil price volatility by agreeing staged reductions in oil production since 2020, there can be no assurance that such collaboration will achieve its stated goals or influence oil prices beyond the short-term. Further factors that may affect the price of oil include, but are not limited to:

- regional and global economic and political developments, including the Russia-Ukraine conflict and international response measures;
- maintenance of the sanctions regimes relating to Venezuela and Iran;
- general economic and political developments in oil-producing regions, particularly in the Middle East;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil products;
- the ability of members of OPEC and other crude oil-producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude oil-producing or consuming countries;
- prices and availability of alternative fuels, global economic and political conditions, prices and availability of new technologies using alternative fuels;
- the impact of pandemics; and
- global weather and environmental conditions.

Should there be a significant decrease in oil prices negatively affecting the economies of the region, this could limit the interest or ability of customers and potential customers who are based in the Middle East to buy the Group's properties.

Any decrease in the rate of growth of the economies in the region could also result in a reduction in investment in infrastructure, which directly affects the value of the Group's properties and the Group's ability to undertake new projects. The slowing of these economies could also negatively affect investment in and demand for the Group's properties, which could result in a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

Continued political and economic instability and unrest globally could adversely affect the Group's business

While the UAE has historically enjoyed significant economic growth and relative political stability, there can be no assurance that such growth or stability will continue. Investors should note that the Group's businesses and financial performance may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and the MENA region. For example, the economic fallout from the COVID-19 pandemic and the Russia-Ukraine conflict (and the related sanctions imposed on Russian persons, entities and institutions) has had and may continue to have a severe negative impact on the global economy and, in turn, the UAE economy where there has been a slowdown of the high rates of growth previously experienced.

While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the MENA region are not, and there is a risk that regional geopolitical instability could impact the UAE. Instability in the MENA region may result from a number of factors, including government or military regime change, civil unrest or terrorism.

There has also been an escalation of tension between Iran and a number of western governments in 2019, following the United States' withdrawal from the Joint Comprehensive Plan of Action. This escalation includes the attack on a number of oil tankers in the Strait of Hormuz, the seizure of foreign-flagged oil tankers, missile strikes by Iran on United States military bases in Iraq and the decision of Iran to resume uranium enrichment activities. In addition, in January 2020, the United States carried out a military strike which killed Qassem Soleimani, a senior Iranian military commander. As a result of this military strike, Iran launched missiles at U.S. bases in Iraq.

On 17 January 2022, the Houthis, a militant Yemeni movement, claimed responsibility for what the UAE described as a drone and missile attack on Abu Dhabi at the facilities of Abu Dhabi National Oil Corporation, a state-owned oil company. In the following weeks, UAE forces intercepted three more hostile drones that entered UAE airspace, one of which was claimed by an Iraqi militia group. These situations have caused significant disruption to the economies of affected countries and may have had a destabilising effect on international oil and gas prices. In February 2022, an armed conflict ignited between Russia and Ukraine. The conflict is resulting in tragic loss of life, a flux of refugees to neighbouring countries, as well as causing significant damage to Ukraine's physical infrastructure. The United States, the United Kingdom, the EU, Japan, Canada and other countries have implemented extensive and unprecedented sanctions (including SWIFT cut-off) against certain Russian entities, persons and sectors, including Russian financial, oil and defence companies as a result of the conflict. In addition, certain countries in the North Atlantic Treaty Organisation have banned the import of Russian oil and transactions with the Central Bank of Russia, with more predicted to follow suit in respect of Russian gas. As a result of the Russia-Ukraine conflict, the economic sanctions imposed on Russia and retaliatory measures adopted by Russia, energy and commodity prices (including wheat and other grains) have surged, adding to the inflationary pressures experienced globally caused by the COVID-19 pandemic. This has caused and will likely continue to cause significant disruptions to regional economies and global financial markets. While not directly impacting the UAE's territory, the dispute could negatively affect the Group's customers, in particular those originating from Eastern Europe. This, in turn, may have an adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

In addition, the recent escalation in the ongoing Israeli-Hamas conflict has resulted in an increase in geopolitical tensions in the region and may have far reaching effects on the global economy, currency exchange rates and regional economies. Further, there have been attacks on shipping lines by the Houthis in and around the Red Sea since late 2023, prompting attacks by United States and other western countries on Al Houthi bases in Yemen in early 2024. Most recently, in April 2024, there was an escalation in the Israel-Iran conflict further increasing geopolitical tensions in the region. These recent escalations in tensions in the region may have an adverse effect on the Group's business, financial condition and results of operations.

Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain its current economic growth levels if adverse political events or circumstances were to occur. Continued instability affecting the countries in the MENA region could adversely impact the UAE, although, to date, there has been no significant impact on Dubai or the UAE.

Dubai is also dependent on expatriate labour and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the emirate. These steps make it potentially more vulnerable should regional instability increase. In addition, the continued instability affecting countries in the MENA region could negatively impact the number of foreign businesses seeking to invest in the UAE, while also affecting the number of tourists visiting the UAE. The Group has benefited from this favourable environment for investment by non-UAE nationals in the Dubai real estate market and should Dubai be viewed as a less attractive destination, this could have an adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

A lack or a perceived lack of transparency in Dubai real estate market may adversely impact the Group

Whilst Dubai's real estate market has recently entered the "transparent" score according to the 2022 Global Real Estate Transparency Index published by Jones Lang LaSalle, no assurance can be given that it will remain in this category in the future. The degree of transparency of a real estate market is determined by reference to a number of factors, including comparable transactions, the accessibility of information relating to counterparties and land title, the reliability of market data, the clarity of regulations relating to all matters of real estate conveyance and access to government agencies able to verify information provided by counterparties in connection with real estate transactions, all of which are outside the Group's control. There can be no assurance that the factors described above will not result in the discovery of information or liabilities that could affect the value, expected purpose or returns on investment of the Group's investments to an extent that may result in a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

UAE visa legislation may have an adverse effect on the Group's business

Although the Group has a diverse customer base, non-UAE nationals are the most significant customer category due to the freehold nature of the Group's projects (see further "*Description of the Group's Business – Customers*"). As a result, the Group's customer base could be materially impacted by any change in the UAE's visa policies which have, in recent years, been favourable to foreign investment in real estate.

Federal Decision No. 281 of 2009 issued by the Minister of the Interior in May 2009 (the "**Resolution**"), which came into effect on 1 June 2009, standardised the terms of residency permits issued to expatriate residential property owners across the UAE. The decree allows expatriate property owners to apply for renewable multiple-entry visas with a validity of six months. The residency permit does not entitle the holder to work in the UAE and is, in effect, a long-term visit visa. In order to successfully apply for the new permit, expatriate property owners must satisfy certain criteria, including a minimum property valuation of at least AED 1 million, earning thresholds and the maintenance of appropriate insurance. The UAE federal government has introduced other new visa measures to make the UAE more appealing to investors, entrepreneurs, skilled personnel and outstanding students, including the 10-year 'Golden' visa. However, any restrictive changes to the UAE's visa policies in the future may discourage foreign nationals from investing in property in the UAE, which would have an adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

The UAE recently introduced corporation tax

On 3 October 2022, the UAE issued Federal Decree Law No. 47 of 2022 which introduced a corporate income tax ("**CIT**") on business profits with effect from 1 June 2023. The CIT will impact the Group's future tax charge and will be reflected in its financial statements as at and for year ended 31 December 2023 and onwards. The CIT will apply on the taxable net profits of a business. It will not apply to taxable profits up to AED 375,000 and will apply at a standard statutory tax rate of nine per cent. to taxable profits in excess thereof. The deferred tax accounting impact has been considered for the year ended 31 December 2023 and following the assessment of the potential impact of CIT on the Group's balance sheet, the Group does not consider there to be material temporary differences on which deferred taxes should be accounted. The Group recognises deferred tax assets and liabilities related to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. As at 31 December 2023, the Group had no recognised deferred tax assets or liabilities.

The implementation of changes to corporation tax (or any other analogous tax regime) may have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

If the UAE authorities impose new tax regimes on the Group in addition to the CIT or introduce any other changes in tax laws which make doing business in Dubai less attractive, this may have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

The Group may be negatively affected by changes in laws and regulations in Dubai and the UAE generally

The laws and regulations that currently regulate the real estate market in Dubai and the UAE generally are relatively untested or under development and, accordingly, there is uncertainty surrounding their interpretation and application. No assurance can be given that the current laws will be enforced or interpreted in a manner that will not have a material adverse effect on the Group's business, financial condition and results of operations.

Further, any changes in applicable laws and regulations (including their interpretation by the relevant authorities and/or the courts), particularly pertaining to foreign investment and trade, taxation, title to property or transfer of title, may require a considerable amount of time for the Group, as well as other participants in the real estate industry, to interpret and may lead to unfavourable market conditions. For instance:

- compared to more mature real estate markets, such as those in Western Europe and North America, the real estate market of Dubai and of the UAE generally has been open to investment by non-UAE nationals for a relatively short time. Pursuant to the Dubai Real Estate Law of 2006, any transfer of interest in real estate which is not specified in either Article 3 or Article 4 of Regulation No. 3 of 2006 to non-UAE nationals is not permitted. Any changes to this position that restrict the ability of non-UAE nationals to own property in Dubai may have a material adverse effect on the real estate sector in Dubai;
- the transfer fee to register a transfer of ownership in Dubai was increased to 4 per cent. in 2013, a value added tax was introduced in the UAE with effect from 1 January 2018 and the CIT was introduced with effect from 1 June 2023. Any increases to these taxes or introduction of further property registration or transfer fees and/or taxes may curb real estate activity in Dubai and the UAE; and
- Dubai Law No. (19) of 2017 amending Dubai Law No. (13) of 2008 Regulating the Interim Real Property Register in the Emirate of Dubai outlines the process which developers must follow to terminate off-plan sale and purchase agreements in the case of customer defaults. Any changes to this process may result in an increased administrative burden on developers like the Group or may impact non-UAE nationals' willingness to invest in real estate in Dubai or the UAE.

Other changes that may have a material adverse effect on the Group include:

- changes to the UAE planning and construction laws and regulations;
- changes in the UAE building and construction codes (which could increase construction costs);
- changes to the laws relating to the Group's ability to sell units off-plan;
- changes to the laws relating to real estate brokerage;
- changes to UAE visa laws restricting or prohibiting the influx of expatriate workers;
- changes to, or the revocation of, the laws allowing ownership of land by non-UAE nationals; and
- the introduction of limits or restrictions on mortgage financing.

Any of the foregoing may limit the Group's activities and ability to realise returns and may have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

Foreign exchange policy, inflation and exchange rates may adversely affect the Group

Prices for the Group's units are mainly quoted and paid for in AED or in local currencies which are also pegged to the U.S. dollar. The AED has been "pegged" at a fixed exchange rate to the U.S. dollar since 22 November 1980. The relative weakness of the U.S. dollar over the past decade has made investment into the UAE more attractive to investors whose base currency is not, or is not pegged to, the U.S. dollar. Accordingly, the Group's ability to sell properties to customers purchasing in currencies other than the AED

or another currency pegged to the U.S. dollar may be materially adversely affected if the U.S. dollar strengthens against the currencies of such customers' jurisdictions, as demand from such customers would likely fall. Similarly, if the AED/U.S. dollar peg were removed or altered, and were to result in a strengthening of the AED against the currencies of jurisdictions in which a significant number of the Group's customers are based, the Group's properties may become less attractive to such customers, which may result in a decrease in demand for the Group's properties and require the Group to realise smaller margins or losses on units sold. Many of the Group's customers are based outside the UAE in jurisdictions whose currencies are not pegged to the U.S. dollar and, accordingly, the Group is exposed to the potential impact of any change to, or abolition of, the exchange rate peg between the U.S. dollar and the AED.

Inflation and foreign currency exchange rates in the UAE have historically been contained and stable. Monetary policy is set by the Central Bank of the UAE and fiscal policy is set by the Federal Ministry of Finance for the federal budget, and by each of the individual emirates for the respective emirate budgets. However, change in monetary policy is to some extent restricted due to the AED being pegged to the U.S. dollar. The occurrence of excessive inflation, devaluation in the local currency or an elimination of the AED/U.S. dollar peg which allows for greater change in UAE monetary policy could have a material adverse effect on the Group's business, financial condition and results of operations and therefore affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party.

Risk Factors Relating to the Lease Assets

Limitations relating to the indemnity provisions under the Purchase Undertaking and the Declaration of Trust

Bingham has undertaken in the Purchase Undertaking and the Declaration of Trust that: (i) if, at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, Bingham Holding Limited remains in actual or constructive possession, custody or control of all or any part of the relevant Lease Assets; and (ii) if, following delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the relevant Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, Bingham shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Trust Certificates then outstanding or the Tangibility Event Certificates or the Change of Control Certificates (each as defined in the Purchase Undertaking), as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price.

Subject to the satisfaction of the conditions in (i) and (ii) as described above, if Bingham fails to pay the relevant Exercise Price in accordance with the Purchase Undertaking, the Delegate (on behalf of the Certificateholders) may, subject to the matters set out in Condition 15 (*Dissolution Events*) and the terms of the Declaration of Trust, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Declaration of Trust against Bingham by commencing legal or arbitral proceedings.

However, investors should note that, in the event that Bingham Holding Limited does not remain in actual or constructive possession, custody or control of all or any part of the relevant Lease Assets, the Tangibility Event Lease Assets or the Change of Control Lease Assets, as the case may be, at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the condition in (i) as described above will not be satisfied and, therefore, no amounts will be payable by Bingham under the separate indemnity provisions. For the avoidance of doubt, no investigation has been or will be made by the Trustee, the Joint Lead Managers or the Delegate as to whether Bingham has or will continue to have actual or constructive possession, custody or control of any Lease Assets.

Accordingly, in such event, the Delegate (on behalf of the Certificateholders) may be required to establish that there has been a breach of contract by Bingham in order to prove for damages. Such breach of contract may be due to (i) a breach by Bingham of the requirement to purchase the Trustee's rights, title, interests, benefits and entitlements in, to and under the Lease Assets on the relevant Dissolution Date pursuant to the provisions of the Purchase Undertaking; and/or (ii) a breach by Bingham (acting in its capacity as Lessee pursuant to the provisions of the Lease Agreement) of its undertaking to maintain actual or constructive possession, custody or control of all of the Lease Assets.

As a result, the Delegate (on behalf of the Certificateholders) may not be able to recover, or may face significant challenges in recovering, an amount equal to the relevant Exercise Price and in turn, the amount payable to the Certificateholders upon redemption.

Ownership of the Lease Assets

In order to comply with the requirements of *Shari'a*, an ownership interest in the Lease Assets should pass to the Trustee under the Purchase Agreement. The Trustee will declare a trust in respect of the Lease Assets and the other Trust Assets in favour of the Certificateholders pursuant to the Declaration of Trust. Accordingly, from a *Shari'a* perspective, Certificateholders, through the ownership interest obtained by the Trustee pursuant to the terms of the Purchase Agreement, have an undivided ownership interest in the Lease Assets.

Limited investigation or enquiry will be made and limited due diligence will be conducted in respect of any Lease Assets. The Lease Assets will be selected by Binghatti, and subject to the Trustee agreeing to enter into the relevant Purchase Agreement to purchase such Assets, the Certificateholders, the Trustee, the Joint Lead Managers, the Delegate and the Agents will have no ability to influence such selection. Only limited representations will be obtained from Binghatti Properties Investments Limited and Binghatti in respect of the Lease Assets (and such representations shall not form part of the Trust Assets). Although Binghatti Properties Investments Limited and Binghatti have undertaken in the Purchase Agreement to do all acts or things as may be reasonably requested by the Trustee or required by applicable law to implement the intended purpose of the Purchase Agreement or otherwise to preserve or enforce the Trustee's rights under the Purchase Agreement, the parties have acknowledged that the title to the Lease Assets is not intended to be registered (to the extent registrable) in the name of the Trustee and the seller shall hold the registered title to the Lease Assets for and on behalf of the Trustee. Therefore, other than from a *Shari'a* perspective, Certificateholders shall not have any interest in any Lease Assets which require perfection in order to legally transfer any ownership interest therein.

Further, although the *Shari'a* analysis is such that an ownership interest in the Lease Assets should pass to the Trustee under the Purchase Agreement, the Certificateholders will not have any direct recourse to the Lease Assets and their rights are limited to enforcement against Binghatti of its obligation to purchase all (or the applicable portion thereof, as the case may be) of the Lease Assets pursuant to the terms of the Transaction Documents.

Transfer, possession, custody or control of the Lease Assets

Limited investigation has been or will be made by Binghatti, the Trustee, the Joint Lead Managers, the Delegate or the Agents as to whether any interest in any Lease Assets may be transferred as a matter of the law of the jurisdiction where such assets are located or any other relevant law and no investigation has been or will be made by the Trustee, the Joint Lead Managers, the Delegate or the Agents as to whether Binghatti is in actual or constructive possession, custody or control of any Lease Assets.

The occurrence of a Partial Loss Event could result in the Trust Certificates being redeemed early

If a Partial Loss Event occurs with respect to the Lease Assets, the Lessee may, within 30 days after the Partial Loss Event (and provided that the relevant Lease Assets have not already been replaced in accordance with the Servicing Agency Agreement), deliver to the Lessor a Partial Loss Lease Termination Notice, pursuant to which the Lease shall terminate on the 61st day after the date of the Partial Loss Event. If the Lessee does not serve a termination notice within 30 days after the Partial Loss Event but fails to replace the relevant Lease Assets within 60 days after the date of the Partial Loss Event, the Lease shall automatically terminate on the 61st day after the Partial Loss Event occurred and such termination of the Lease in either of the circumstances set out in this paragraph shall constitute a Binghatti Event, following which the Trust Certificates may be redeemed in full in accordance with the Conditions.

The occurrence of a Tangibility Event may have a significant adverse effect on the liquidity and market value of the Trust Certificates

Following the occurrence of a Tangibility Event, the Certificateholders will be promptly notified: (a) that a Tangibility Event has occurred; (b) that, as determined in consultation with the *Shari'a* Adviser, the Trust Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis); (c) that, on the date falling 15 days following the Tangibility Event Dissolution Date, the Trust Certificates will be delisted from any stock exchange on which the Trust Certificates have been admitted to trading; and (d) of the Tangibility Event Period, during which period any Certificateholder shall have the right to require the redemption of all or any of its Trust Certificates. Upon receipt of such notice, the Certificateholders may elect, within the Tangibility Event Period, for all or any of their Trust Certificates

to be redeemed in accordance with the Conditions. Accordingly, a Tangibility Event may have a significant adverse effect on the liquidity and market value of the Trust Certificates.

Risk Factors Relating to the Trust Certificates

The Trust Certificates are limited recourse obligations

The Trust Certificates are not debt obligations of the Trustee. Instead, the Trust Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Trustee in respect of the Trust Certificates is limited to the Trust Assets and the proceeds of such Trust Assets are the sole source of payments on the Trust Certificates. Upon the occurrence of a Dissolution Event, the sole rights of each of the Delegate and, through the Delegate, the Certificateholders, will be against Binghatti to perform its obligations under the Transaction Documents to which it is a party. Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets) or Binghatti in respect of any shortfall in the expected amounts due under the Trust Assets. Binghatti is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee, and the Delegate will have recourse against Binghatti to recover such payments due to the Trustee pursuant to the Transaction Documents to which it is a party. In the absence of default by the Delegate, investors have no recourse to Binghatti and there is no assurance that the net proceeds of any enforcement action with respect to the Trust Assets (which, as described above, will be by way of enforcing each of Binghatti's and the Trustee's respective obligations under the Transaction Documents to which they are a party) will be sufficient to make all payments due in respect of the Trust Certificates. After enforcing the rights in respect of the Trust Assets (in the manner described above) and distributing the net proceeds of such Trust Assets in accordance with Condition 6.2 (*Application of Proceeds from the Trust Assets*), the obligations of the Trustee in respect of the Trust Certificates shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of the Trust Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents. The sole right of the Trustee, the Delegate and the Certificateholders against Binghatti shall be to enforce the obligation of Binghatti under the Transaction Documents to which it is a party.

Potential late payment of Periodic Distribution Amounts

Pursuant to the Lease Agreement and the Servicing Agency Agreement, upon the occurrence of a Total Loss Event, rent under the Lease Agreement will cease to accrue and will only resume if Replacement Lease Assets have been acquired by the Trustee from the relevant seller(s) within 60 days after the occurrence of the Total Loss Event. In such circumstances, profit under the Certificates will also cease to accrue. Rental under the Lease Agreement and profit under the Trust Certificates will resume on and from the date on which such Replacement Lease Assets have been acquired by the Trustee. The rental amount payable on the first Rental Payment Date following the acquisition of the Replacement Lease Assets by the Trustee will be increased to include the amount of rent that would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurred and ending on but excluding the day on which the Replacement Lease Assets are acquired by the Trustee. Similarly, the amount of profit payable on the first Periodic Distribution Date following the acquisition of the Replacement Lease Assets by the Trustee will be increased to include the amount of profit that would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurred and ending on but excluding the day on which the Replacement Lease Assets are acquired by the Trustee.

If no Replacement Lease Assets are acquired by the Trustee within 60 days after the occurrence of the Total Loss Event, the Lease Agreement will terminate and the Trustee will redeem the Trust Certificates on the 61st day after the occurrence of such Total Loss Event. In such circumstances, the Certificateholders will receive the Total Loss Event Dissolution Amount, which will include, amongst other amounts, the outstanding face amount of the Trust Certificates and an amount equal to the Periodic Distribution Amounts relating to the Trust Certificates, which would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurred and ending on but excluding the 61st day after the occurrence of the Total Loss Event, which will be funded through the insurance proceeds and/or any Total Loss Shortfall Amount.

Certificateholders should note that, in circumstances where (a) rental has ceased to accrue under the Lease Agreement and profit has ceased to accrue under the Trust Certificates as described above and (b) a Periodic

Distribution Date falls on a day after the occurrence of a Total Loss Event but before the date on which Replacement Lease Assets are acquired by the Trustee (if any), they will receive, on such Periodic Distribution Date, only part of the Periodic Distribution Amounts that would have otherwise been due to them and will receive the Periodic Distribution Amounts that would have otherwise accrued (had a Total Loss Event not occurred) only on the next Periodic Distribution Date following the acquisition of such Replacement Lease Assets by the Trustee, or, if earlier, on the date on which the Trust Certificates are dissolved in accordance with the Conditions.

Consents to variation of the Conditions, the Trust Certificates and the Transaction Documents

The Conditions, the Trust Certificates, the provisions of the Declaration of Trust or any other Transaction Document can only be amended by Binghatti and the Trustee with the prior written consent of the Delegate. The Delegate may agree, without the consent of the Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions, the Trust Certificates, the Declaration of Trust or any other Transaction Document or determine, without any such consent or sanction as aforesaid, that any Dissolution Event shall not be treated as such, if, in the opinion of the Delegate:

- (a) such modification is of a formal, minor or technical nature; or
- (b) such modification is made to correct a manifest error; or
- (c) such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and is other than in respect of a Reserved Matter,

provided that, in the case of (c) above, no such modification, waiver, authorisation or determination may be made in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of Trust Certificates.

Any such modification, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any) as the Delegate may determine, shall be binding upon the Certificateholders and shall as soon as practicable thereafter be notified by the Trustee to Certificateholders in accordance with Condition 18 (*Notices*). Further, any such modification, waiver, authorisation or determination in relation to any Trust Certificates may adversely affect their trading price.

Credit ratings assigned to Binghatti or any Trust Certificates do not reflect all the risks associated with an investment in the Trust Certificates and may be subject to revision or withdrawal

One or more independent credit rating agencies may assign credit ratings to Binghatti or the Trust Certificates. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above and any other factors that may affect the value of the Trust Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The Trustee has no obligation to inform Certificateholders of any revision, downgrade or withdrawal of its current or future credit ratings. A suspension, downgrade or withdrawal at any time of a credit rating assigned to Binghatti and/or the Trust Certificates may adversely affect the trading price of the Trust Certificates.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Economic Area (the "EEA") and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction may also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to: (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended; and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Trust Certificates changes, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Trust Certificates may have a different regulatory treatment. This may result in relevant regulated investors selling the Trust Certificates which may impact the value of the Trust Certificates and any secondary market.

Absence of secondary market/limited liquidity

There is no assurance that a secondary market for the Trust Certificates will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of the Trust Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Trust Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Trust Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Trust Certificates.

The Trustee and Bhatti have applied for Trust Certificates to be admitted to trading on the ISM and on Nasdaq Dubai. However, prospective investors should note that there can be no assurance that such admission to trading will occur or, if it occurs, can be maintained or that it will enhance the liquidity of the Trust Certificates. The absence of admission to trading on the ISM and/or on Nasdaq Dubai may have an adverse effect on a Certificateholder's ability to hold, or resell, and the value of, the Trust Certificates.

Accordingly, the purchase of the Trust Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Trust Certificates and the financial and other risks associated with an investment in the Trust Certificates.

Trust Certificates which have a denomination that is not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade

The minimum denomination of the Trust Certificates is U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Therefore, it is possible that the Trust Certificates may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$200,000. In such a case, a Certificateholder who, as a result of trading such amounts, holds a face amount of less than U.S.\$200,000 would need to purchase a face amount of Trust Certificates such that it holds an amount equal to at least U.S.\$200,000 to be able to trade such Trust Certificates. Certificateholders should be aware that Trust Certificates which have a denomination that is not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade.

The Trust Certificates may be subject to early dissolution

The Trust Certificates may be redeemed prior to the Scheduled Dissolution Date as further described in Condition 11 (*Capital Distributions of the Trust*). If the Trust Certificates are redeemed in such circumstances, an investor may not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Trust Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

There is no assurance that the Trust Certificates will be compliant with the principles of Islamic finance

Each of the Internal Shari'a Supervisory Committee of Dubai Islamic Bank PJSC, Internal Shari'a Supervision Committee of Emirates NBD Islamic and the Internal Shariah Supervision Committee of HSBC Bank Middle East Limited have confirmed that the Transaction Documents are, in their view, compliant with the principles of *Shari'a* as applicable to, and as interpreted by, them. Abu Dhabi Islamic

Bank PJSC has also reviewed the transaction structure relating to the Trust Certificates and is satisfied that, in its view, it complies with Shari'a principles as applicable to, and interpreted by, it. However, there can be no assurance that the Transaction Documents or any issue and trading of any Trust Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* board or *Shari'a* scholars. None of Bingham, the Trustee, the Delegate, the Joint Lead Managers or the Agents makes any representation to potential investors as to the *Shari'a* compliance of any Trust Certificates and/or any trading thereof, the Transaction Documents or the above pronouncements or assessments and potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible and different *Shari'a* standards may be applied by different *Shari'a* boards. In addition, none of the Delegate, the Joint Lead Managers or the Agents will have any responsibility for monitoring or ensuring compliance with any *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis) referred to in Condition 11.3 (*Dissolution following a Total Loss Event*) and Condition 11.4 (*Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)*) nor shall it be liable to any Certificateholder or any other person in respect thereof. Potential investors should not rely on the above pronouncements in deciding whether to make an investment in the Trust Certificates and should obtain their own independent *Shari'a* advice as to the compliance of the Transaction Documents and whether the Trust Certificates will meet their individual standards of compliance and the issue and trading of the Trust Certificates with *Shari'a* principles, including the tradability of the Trust Certificates on any secondary market. Questions as to the *Shari'a* compliance of the Transaction Documents or the *Shari'a* permissibility of the issue and the trading of the Trust Certificates may limit the liquidity and adversely affect the market value of the Trust Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents (other than the Purchase Agreement, any Supplemental Purchase Agreement, the Lease Agreement, any Lease Assets Amendment Agreement and any Sale Agreement) shall be, if in dispute, be referred to, and finally resolved by, arbitration under the Arbitration Rules of the LCIA, in London, England. Bingham has also agreed under the Transaction Documents to which it is a party (other than the Purchase Agreement, any Supplemental Purchase Agreement, the Lease Agreement, any Lease Assets Amendment Agreement and any Sale Agreement) to submit to the jurisdiction of the courts of England or the DIFC at the option of the Trustee or the Delegate (as the case may be). In such circumstances, the arbitrator or court will apply the relevant law of the relevant Transaction Document in determining the obligations of the parties.

Risk Factors Relating to Enforcement

Investors may experience difficulty in enforcing arbitration awards and foreign judgments in the UAE

The payments under the Trust Certificates are dependent upon Bingham making payments to the Trustee in the manner contemplated under the Transaction Documents. If Bingham fails to do so, it may be necessary for an investor to bring an action against Bingham to enforce its obligations (subject to the provisions of the Conditions) and/or to claim damages, as appropriate, which may be costly and time consuming.

Furthermore, to the extent that the enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self-help remedies under UAE law and that generally enforcement of remedies in the UAE must be pursued through the courts.

Bingham has irrevocably agreed to each of the Transaction Documents (other than the Purchase Agreement, any Supplemental Purchase Agreement, the Lease Agreement, any Lease Assets Amendment Agreement and each Sale Agreement) and the Trust Certificates (the "**English Law Documents**") being governed by English law. Unresolved disputes in relation to the English Law Documents will, unless the option to litigate set out therein is exercised, be referred to arbitration under the Arbitration Rules of the LCIA, with the seat of arbitration in London. In the event that such option to litigate set out therein is exercised, any dispute may also be referred to the courts of England or the DIFC (or another court of competent jurisdiction as the relevant party may elect).

Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that Bingham has, or would at the relevant time have, assets in the UK against which such arbitral award or judgment could be enforced. Bingham is incorporated in and has its operations and the majority of its assets located in the UAE. Under current UAE law, the UAE courts (including the courts of Dubai) are unlikely to enforce an English court judgment without re-examining the merits of the claim and may not observe the choice by the parties of

English law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law, by a court in the UAE, may not accord with the interpretation by an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE. This may mean that the UAE courts may seek to interpret English law governed documents as if they were governed by UAE law and there can therefore be no certainty that in those circumstances the UAE courts would give effect to such documents in the same manner as the parties may intend.

As the UAE is a civil law jurisdiction, judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty than would be expected in other jurisdictions. The enforcement of a foreign judgment or arbitral award may be a lengthy process in the UAE.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should be enforceable in the UAE in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V(1) of the New York Convention to refuse enforcement, or the UAE courts find pursuant to Article V(2) of the New York Convention that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE.

In practice, however, there is no established track record as to how the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention). This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force cross border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards has been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign court judgments.

Federal Law No. 42 of 2022 Promulgating the Civil Procedure Code ("**Law of Civil Procedure**") governs the enforcement of foreign arbitral awards in the UAE. The Law of Civil Procedure confirms that arbitral awards issued in a foreign state may be enforced in the UAE and that any conditions for enforcement of foreign arbitral awards set out therein shall not prejudice the provisions of treaties and agreements entered into by the UAE with other states, such as the New York Convention. However, there is no established track record as to how the overlapping provisions of the New York Convention and the Law of Civil Procedure will be interpreted and applied by the UAE courts in practice. In addition, there remains a risk that, notwithstanding the Law of Civil Procedure and the terms of an applicable treaties or agreements between the UAE and other states, the UAE courts may in practice still consider and apply the grounds set out in Federal Law No. 6 of 2018 (as amended) (the "**UAE Arbitration Law**") to the enforcement of any non-UAE arbitral award. As the UAE Arbitration Law and the Law of Civil Procedure are both relatively untested, it is unclear how they will be applied by the UAE courts in practice. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts.

Enforcement of judgments within the DIFC

Pursuant to Article 13 of DIFC Law No. 10 of 2005, the parties' express submission to both arbitration and to the jurisdiction of the English courts or the DIFC should be effective, except in certain circumstances described in applicable laws. In addition, Article 24 of DIFC Law No. 10 of 2004 (the "**DIFC Court Law**") provides that, pursuant to Article 7(4) of Dubai Law No. 12 of 2004, as amended (the "**Judicial Authority Law**") (which has been replaced by an amended Article 7 in Dubai Law No. 16 of 2011), the DIFC Court of First Instance has jurisdiction to ratify any judgment, order or award of any recognised: (i) foreign court; (ii) Dubai or UAE court; (iii) DIFC or foreign (including the UAE) arbitral award or any award recognised by the DIFC Court Law; or (iv) orders for the purposes of any subsequent application for enforcement in the courts of Dubai. Article 42(1) of the DIFC Court Law provides that judgments, orders or awards issued

or ratified by the DIFC courts may be enforced within the DIFC in the manner prescribed in the rules of the DIFC courts (the "**DIFC Rules of Court**").

The DIFC Rules of Court provide that judgments passed by a recognised foreign court for the payment of money may be enforced (providing the necessary procedural requirements are satisfied) by certain prescribed methods. There is no clear guidance on what is a "recognised foreign court". In theory, therefore, an English judgment could be enforced within the DIFC against the contract counterparty. However, precedent is limited and it remains to be seen in practice whether any additional hurdles will need to be satisfied before the DIFC court will ratify and enforce a foreign judgment.

In addition, Article 24(2) of the DIFC Court Law provides that where the UAE has entered into an applicable treaty for the mutual enforcement of judgments, orders or awards, the DIFC Court of First Instance will comply with the terms of such a treaty. Although the UAE has not yet entered into such a bilateral enforcement treaty with England, on 23 January 2013, the Chief Justice of the DIFC courts and the Judge in Charge of the U.K. Commercial Court of the Queen's Bench Division, England and Wales (the "**Commercial Court**") entered into a memorandum of guidance (the "**U.K. Memorandum of Guidance**") setting out the parties' understanding of the procedures for the enforcement of each party's money judgments in the other party's courts. The U.K. Memorandum of Guidance is expressed to have no binding legal effect and does not constitute a bilateral enforcement treaty or legislation (and therefore is not binding on the judges of either party and does not supersede any existing laws, judicial decisions or court rules) but it may provide useful insight into the position that is likely to be adopted by the DIFC courts when enforcing monetary judgments issued by the Commercial Court. The U.K. Memorandum of Guidance includes a non-exhaustive list of grounds upon which the enforcement of the foreign judgment may be challenged in the DIFC courts. It remains to be seen how the U.K. Memorandum of Guidance will be applied in practice by the DIFC courts, although there is at least one case where an English judgment was enforced by the DIFC courts. The Chief Justice of the DIFC courts and the Chief Judge of the United States District Court for the Southern District of New York entered into a similar non-binding memorandum of guidance (the "**U.S. Memorandum of Guidance**") on 22 March 2015 setting out the parties' understanding of the procedures for the enforcement of each party's money judgments in the other party's courts. Similar to the U.K. Memorandum of Guidance, the U.S. Memorandum of Guidance includes a non-exhaustive list of grounds upon which the enforcement of the foreign judgment may be challenged in the DIFC courts. It remains to be seen how the U.S. Memorandum of Guidance will be applied in practice by the DIFC courts, although there is at least one case where a judgment of the Supreme Court of the State of New York was enforced by the DIFC courts.

Some remedies available under English law and the laws of U.S. jurisdictions (including some remedies available under the U.S. federal securities laws) may not be upheld in the DIFC courts on the basis that such remedies may amount to a penalty.

Article 7(4) and Article 7(5) of the Judicial Authority Law provide that where the subject matter of execution is situated in the DIFC, the judgments, decisions and orders rendered by the courts of Dubai shall be executed by the execution judge of the DIFC courts subject to certain conditions being met. However, the DIFC court has held that Article 7(4) and Article 7(5) of the Judicial Authority Law do not operate to bring about the automatic enforcement of judgments for declaratory relief (only judgments susceptible to enforcement by execution against the assets of the judgement debtor, or his person, can be enforced under Article 7 of the Judicial Authority Law) and that the DIFC courts have a residual discretion not to enforce judgments in very exceptional circumstances, even when they fall within Article 7(4) and/or Article 7(5) of the Judicial Authority Law. As such, there remains a risk that, in exceptional circumstances, even a monetary judgement of the Dubai courts will not automatically be enforced in the DIFC.

Enforcement of arbitral awards within the DIFC

Pursuant to Article 42(1) of the DIFC Court Law, once an arbitral award has been recognised by the DIFC courts, it will be enforceable within the DIFC. However, an arbitral award may not be recognised and enforced by the DIFC courts in all circumstances.

Article 42(1) of DIFC Law No. 1 of 2008, as amended (the "**DIFC Arbitration Law**") provides that an arbitral award, irrespective of the state or jurisdiction in which it was made, shall be recognised as binding within the DIFC. Article 42 of the DIFC Arbitration Law also repeats the provisions of Article 24(2) of the DIFC Court Law and provides that where the UAE has entered into an applicable treaty for the mutual enforcement of judgments, orders or awards, the DIFC court will comply with the terms of such a treaty. Moreover, the UAE is a signatory to the New York Convention.

The DIFC Court of First Instance should therefore recognise a foreign arbitral award if it complies with the requirements of the New York Convention and the DIFC Arbitration Law. Under the DIFC Arbitration Law, the recognition of an arbitral award, irrespective of the state or jurisdiction in which it was made, may be refused by the DIFC courts only on the grounds set out in Article 44(1)(a) and Article 44(1)(b) of the DIFC Arbitration Law. Such grounds include, inter alia, the subject matter of the dispute not being capable of settlement by arbitration under the laws of the DIFC or the enforcement of the award being contrary to the public policy of the UAE. However, precedent is limited and it remains to be seen in practice whether any additional hurdles will need to be satisfied before the DIFC courts will ratify and enforce a foreign arbitral award.

There can be no assurance as to whether the waiver of immunity provided by Bingham will be valid and binding under UAE law

Bingham has agreed, in the Transaction Documents to which it is a party, that it will not claim and has waived, to the fullest extent possible under applicable law, immunity from suit, execution before judgment or otherwise or other legal process. However, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under Transaction Documents to which Bingham is a party are valid and binding under the laws of the Emirate of Dubai and, to the extent applicable therein, the federal laws of the UAE. If the waiver is not valid and binding, there is a risk that the waiver may not be able to be enforced against Bingham. As such, Certificateholders may ultimately not be able to enforce Bingham's relevant obligations under the Transaction Documents.

Shari'a requirements in relation to interest awarded by a court

In accordance with applicable *Shari'a* principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by an arbitrator as a result of any arbitration and/or by a court in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment or arbitral award given against Bingham, judgment interest may accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest.

There can be no certainty as to the outcome of any application of DIFC bankruptcy law

In the event of Bingham's insolvency, DIFC bankruptcy laws may adversely affect Bingham's ability to perform its obligations under the Transaction Documents to which it is a party and, in turn, may adversely affect the Trustee's ability to perform its obligations in respect of the Trust Certificates. There is little precedent to predict how claims by or on behalf of the Certificateholders, the Trustee and/or the Delegate would be resolved, and therefore there can be no assurance that Certificateholders will receive payment of their claims in full or at all in these circumstances.

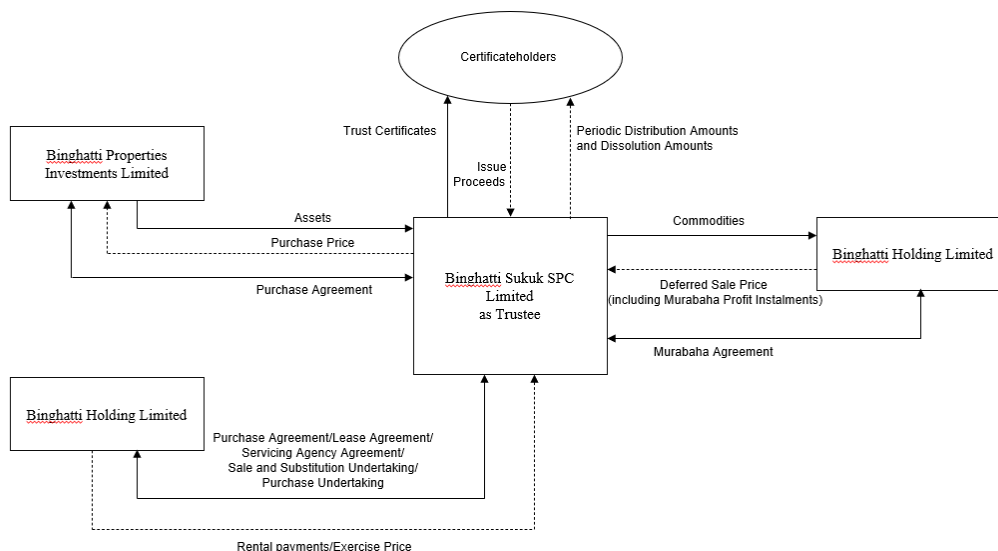
Claims for specific enforcement

In the event that Bingham fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of Bingham's obligations or a claim for damages. There is no assurance that a court will provide an order for specific enforcement of a contractual obligation, which is a discretionary matter for the relevant court.

The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by Bingham to perform its obligations set out in the Transaction Documents to which it is a party.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying the Trust Certificates. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this document for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.



Cashflows

Payments by the Certificateholders and the Trustee

On the Issue Date, the Certificateholders will pay the issue price (the "**Issue Proceeds**") and the Additional Amounts in respect thereof to the Trustee, and the Trustee will pay:

- at least 55 per cent. of the aggregate face amount of the Trust Certificates as the purchase price (the "**Asset Purchase Price**") payable pursuant to a supplemental purchase agreement dated the Issue Date between the Trustee, Binghatti and the seller of the Assets, being Binghatti Properties Investments Limited (the "**Supplemental Purchase Agreement**") which will be supplemental to the purchase agreement dated 29 February 2024 made between the same parties (the "**Original Purchase Agreement**") and, as supplemented by the Supplemental Purchase Agreement, the "**Purchase Agreement**") for the purchase of certain real estate assets located in the Emirate of Dubai (the "**Assets**"); and
- the remaining portion of the Issue Proceeds (which shall be no more than 45 per cent. of the aggregate face amount of the Trust Certificates) (the "**Commodity Purchase Price**") for the purchase of commodities to be on-sold to Binghatti in consideration for a deferred sale price equal to the sum of: (i) the Commodity Purchase Price; and (ii) a profit amount (the "**Deferred Sale Price**") pursuant to a murabaha contract under the terms of a murabaha agreement dated 29 February 2024 between the Trustee, Binghatti and the Delegate (the "**Murabaha Agreement**").

On the Issue Date, pursuant to the terms of a Lease Agreement, the Trustee (acting in its capacity as lessor, the "**Lessor**") shall lease to Binghatti (acting in its capacity as lessee, the "**Lessee**") and the Lessee shall lease from the Lessor, the Assets (the "**Lease Assets**") during renewable rental periods commencing on the Lease Commencement Date (which shall be the relevant Issue Date) and extending to the Scheduled Dissolution Date in consideration for payment of a periodic rental amount (the "**Rental**").

Periodic Payments by the Trustee

On each Periodic Distribution Date, the Servicing Agent (on behalf of the Trustee) will apply amounts standing to the credit (or equivalent) of a collection account (comprised of a rental payment pursuant to the Lease Agreement and an instalment profit component of the Deferred Sale Price pursuant to the Murabaha Agreement, each as payable by Binghatti (acting in its relevant capacities under the Lease Agreement and

the Murabaha Agreement, as applicable) in connection with such Periodic Distribution Date) in payment into the Transaction Account of an amount which is intended to be sufficient to fund the Periodic Distribution Amount payable by the Trustee under the Trust Certificates and shall be applied by the Trustee for that purpose.

Dissolution Payments

On the Scheduled Dissolution Date:

- (a) the aggregate amounts of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable by Binghatti; and
- (b) the Trustee will have the right under the Purchase Undertaking to require Binghatti (in its capacity as obligor) to purchase all of its rights, title, interests, benefits and entitlements in, to and under the Lease Assets for an amount equal to the Exercise Price.

The Exercise Price payable by Binghatti to the Trustee, together with the aggregate amounts of the Deferred Sale Price then outstanding, if any, are intended to fund the Scheduled Dissolution Amount to be paid by the Trustee under the Trust Certificates on the Scheduled Dissolution Date.

The Trust may be dissolved prior to the Scheduled Dissolution Date for a number of reasons including: (i) unless the Lease Assets have been replaced in accordance with the Servicing Agency Agreement, upon the occurrence of a Total Loss Event; (ii) upon the occurrence of a Tax Event; (iii) upon the occurrence of a Dissolution Event; (iv) if 75 per cent. or more of the aggregate face amount of the Trust Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to the Conditions; (v) upon the occurrence of a Tangibility Event; or (vi) upon the occurrence of a Change of Control.

In the case of (ii), (iii), (iv), (v) and (vi) above, the Dissolution Amount will be funded in a similar manner as for the payment of the Scheduled Dissolution Amount on the Scheduled Dissolution Date, save that, in the case of (ii) and (iv), Binghatti shall have the right under the Sale and Substitution Undertaking to require the Trustee to transfer to it all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Lease Assets.

In the case of (i) above, the Dissolution Amount will be funded using: (1) any proceeds of Insurances and/or (if applicable) the Loss Event Shortfall Amount payable in respect of the Total Loss Event; and (2) the aggregate amounts of the Deferred Sale Price then outstanding.

USE OF PROCEEDS

The Issue Proceeds and the Additional Amounts will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents on the Issue Date in the following proportion: (a) not less than 55 per cent. of the aggregate face amount of the Trust Certificates towards the purchase from Bingham Properties Investments Limited of all of its rights, title, interests, benefits and entitlements in, to and under the Assets pursuant to the Supplemental Purchase Agreement; and (b) the remaining portion of the Issue Proceeds (being not more than 45 per cent. of the aggregate face amount of the Trust Certificates) towards the purchase of commodities to be subsequently sold to Bingham pursuant to the Murabaha Agreement.

The proceeds received by Bingham in consideration for the transactions entered into with the Trustee as set out above (comprising, for the avoidance of doubt, the Asset Purchase Price payable pursuant to the Supplemental Purchase Agreement and an amount equal to the Commodity Purchase Price payable to Bingham pursuant to the potential on-sale of commodities) will be applied by Bingham for its general corporate purposes.

DESCRIPTION OF THE TRUSTEE

General

The Trustee is a private company incorporated on 01 November 2023 with limited liability under the Companies Law, DIFC Law No. 3 of 2006 and the Special Purpose Company Regulations with registered number 7586 whose registered office is at Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates, and whose telephone number is +971 4 511 4200. The Trustee has been established for the sole purpose of issuing the Trust Certificates and entering into the transactions contemplated by the Transaction Documents to which it is a party.

Share Capital

The authorised, issued and paid up share capital of the Trustee is U.S.\$100 divided into 100 ordinary shares of U.S.\$1.00 par value each. All of the issued shares (the "**Shares**") are fully paid and are held by Share Trustee under the terms of under which the Share Trustee holds the Shares on trust until the Termination Date (as defined in the Share Declaration of Trust) and may only dispose or otherwise deal with the Shares in accordance with the Share Declaration of Trust. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power to benefit Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Trust Certificates are outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to Charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

The Trustee does not have any subsidiaries.

Business of the Trustee

The Trustee has no prior operating history or prior business and does not and will not have any substantial liabilities other than in connection with the Trust Certificates to be issued. The Trust Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 4 of its Articles of Association as registered or adopted on 01 November 2023.

Financial Statements

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by DIFC law, and does not intend, to publish audited financial statements.

Directors of the Trustee

The Directors of the Trustee are as follows:

<u>Name</u>	<u>Principal Occupation</u>
Kathleen Ramos	Vice President at Maples Fund Services (Middle East) Limited
Norbert Neijzen	Regional Head of Fiduciary at Middle East- Maples Fund Services (Middle East) Limited

The business address of each of the Directors is at the offices of Maples Fund Services (Middle East) Limited is at Level 14 Burj Daman, Dubai International Financial Centre, PO Box 506734 Dubai, United Arab Emirates.

Conflicts

There are no potential conflicts of interest between the private interests or other duties of the Directors of the Trustee listed above and their respective duties to the Trustee other than in their capacities as employees of the Trustee Administrator.

Trustee Administrator

The Trustee Administrator will act as the corporate service provider of the Trustee pursuant to the terms of the Corporate Services Agreement. Pursuant to the terms of a registered office agreement dated 1 November 2023 between the Trustee and the Trustee Administrator, the Trustee Administrator will also provide registered office services to the Trustee. In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement provide that the Trustee may terminate the appointment of the Trustee Administrator by giving one month's notice to the Trustee Administrator or without notice upon the happening of certain stated events, including any breach by the Trustee Administrator of its obligations under the Corporate Services Agreement. In addition, the Corporate Services Agreement provides that the Trustee Administrator shall be entitled to retire from its appointment by giving at least one month's notice in writing.

The Trustee Administrator will be subject to the overview of the Trustee's Directors.

The Trustee Administrator's principal office is at Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates. The Directors of the Trustee are all employees or officers of the Trustee Administrator. The Trustee has no employees and is not expected to have any employees in the future.

SELECTED FINANCIAL INFORMATION

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and should also be read in conjunction with "Financial Review".

See also "Presentation of Financial and Other Information" for a discussion of the source of the numbers presented in this section and certain other relevant information.

Consolidated Statement of Financial Position Data

The table below shows the Group's consolidated statement of financial position data as at 31 December in each of 2023, 2022, and 2021.

	As at 31 December		
	2023	2022	2021
(AED)			<i>(restated)</i>
Assets			
Non-current assets			
Property, plant and equipment ⁽¹⁾	262,120,305	64,340,483 ⁽¹⁾	8,098,205
Intangible assets	1,218,678	1,481,917	1,350,191
Right of use assets	48,316,672	39,122,309	29,860,285
Investment properties ⁽²⁾	-	-	33,091,667
	311,655,655	104,944,709	72,400,348
Current assets			
Development properties	1,502,864,753	679,748,693	126,980,122
Inventories.....	23,307,999	8,066,383	13,033,629
Trade and other receivables.....	786,619,718	629,301,939	502,880,284
Due from related parties	-	63,861,747	144,075,291
Bank balances and cash.....	1,635,021,780	585,945,272	108,199,998
Construction work in progress.....	-	837,506	-
	3,947,814,250	1,967,761,540	895,169,324
Total assets	4,259,469,905	2,072,706,249	967,569,672
Equity and liabilities			
Equity			
Share capital	3,675,000	3,675,000	3,675,000
Retained earnings	1,336,834,456	783,001,317	478,896,274
Additional shareholder contribution.....	-	92,604,255	92,604,255
Statutory reserve.....	10,012,641	10,012,641	10,000,000
	1,350,522,097	889,293,213	585,175,529
Liabilities			
Non-current liabilities			
Employees' end of service benefits.....	12,972,195	8,063,440	7,032,664
Long term portion of loans and borrowings	744,038,787	315,030,146	472,776
Lease liabilities.....	32,232,499	29,446,390	20,188,326
	789,243,481	352,539,976	27,693,766
Current liabilities			
Short term portion of loans and borrowings	321,682,418	49,209,094	36,310,164

	As at 31 December		
	2023	2022	2021 <i>(restated)</i>
<i>(AED)</i>			
Accounts payable and accruals.....	567,923,077	244,266,614	171,131,575
Contract liabilities	1,197,373,375	489,980,727	102,127,485
Due to related parties.....	3,200,000	3,200,000	3,200,000
Lease liabilities.....	17,782,946	9,372,424	7,323,039
Bank overdraft.....	11,742,511	34,844,201	34,608,114
	2,119,704,327	830,873,060	354,700,377
Total liabilities	2,908,947,808	1,183,413,036	382,394,143
Total equity and liabilities	4,259,469,905	2,072,706,249	967,569,672

Notes:

- (1) This line item was labelled as "property and equipment" in the 2022 Financial Statements and did not include properties then classified as "investment properties" which were reported as a separate line item. In the 2022 Financial Statements, property and equipment and investment properties were reported as AED 40,040,483 and AED 24,300,000, respectively.
- (2) In the 2023 Financial Statements, investment properties is no longer reported as a separate line item. The property previously classified under investment properties (a labour camp for workers) in the 2022 Financial Statements was reclassified and reported as property, plant and equipment in the comparative information for the year 2022 in the 2023 Financial Statements. See note 28 to the 2023 Financial Statements.

Consolidated Statement of Comprehensive Income Data

The table below shows the Group's consolidated statement of comprehensive income data for the year ended 31 December in each of 2023, 2022, and 2021.

	For the year ended 31 December		
	2023	2022	2021 <i>(restated)</i>
<i>(AED)</i>			
Revenue from contracts with customers.	2,132,226,698	1,046,229,096	1,022,275,200
Cost of sales	(1,181,109,963)	(630,904,096)	(843,225,848)
Gross profit	951,116,735	415,325,000	179,049,352
Other income.....	16,907,664	18,976,499	31,777,584
Selling, general and administrative expenses	(194,499,873)	(119,319,507)	(73,674,666)
Finance costs	(47,225,309)	(10,864,308)	(3,924,130)
Profit for the year	726,299,217	304,117,684	133,228,140
Other comprehensive income	-	-	-
Total comprehensive income for the year	726,299,217	304,117,684	133,228,140

Consolidated Statement of Cash Flows Data

The table below summarises the Group's consolidated statement of cash flows data for the year ended 31 December in each of 2023, 2022, and 2021.

	For the year ended 31 December		
	2023	2022	2021 <i>(restated)</i>
<i>(AED)</i>			
Net cash flows from/(used in) operating activities	613,458,477	126,987,931	(63,927,565)

	For the year ended 31 December		
	2023	2022	2021
<i>(AED)</i>			<i>(restated)</i>
Net cash flows (used in)/from investing activities	(634,815,269)	(304,019,807)	270,154,661
Net cash flows from/(used in) financing activities	682,412,896	392,618,471	(162,609,190)
Net increase in cash and cash equivalents	661,056,104	215,586,595	43,617,906
Cash and cash equivalents at 1 January..	289,178,479	73,591,884	29,973,978
Cash and cash equivalents at 31 December.....	950,234,583	289,178,479	73,591,884

Selected Alternative Performance Measures

The table below shows selected alternative performance measures for the Group for the year ended 31 December in each of 2023, 2022 and 2021.

	For the year ended 31 December		
	2023	2022	2021
<i>(AED except if expressed as % or ratio)</i>			
EBITDA ⁽¹⁾	817,750,473	339,445,839	202,272,475
Gross profit margin ⁽²⁾	44.6%	39.7%	17.5%
Net profit margin ⁽³⁾	34.1%	29.1%	13.0%
Gearing ratio (debt/equity) ⁽⁴⁾	0.8x	0.5x	0.2x
Debt/EBITDA ⁽⁵⁾	1.4x	1.3x	0.5x
Interest cover (EBITDA/financing cost) ⁽⁶⁾	17.3x	31.2x	51.5x
Working capital ratio (current assets/current liabilities) ⁽⁷⁾	1.9x	2.4x	2.5x

Notes:

- (1) Calculated as profit for the year before finance costs, depreciation and amortisation of intangible assets. For a reconciliation of EBITDA, see "EBITDA" below.
- (2) Calculated as gross profit divided by revenue from contracts with customers expressed as a percentage.
- (3) Calculated as profit for the year divided by revenue from contracts with customers and expressed as a percentage.
- (4) Calculated as gross debt (loans and borrowing, bank overdraft and lease liabilities) divided by total equity.
- (5) Calculated as gross debt (loans and borrowing, bank overdraft and lease liabilities) divided by EBITDA.
- (6) Calculated as EBITDA divided by finance cost.
- (7) Calculated as current assets divided by current liabilities.

EBITDA

The table below shows a reconciliation of the Group's EBITDA to its profit for the year ended 31 December in each of 2023, 2022 and 2021.

	For the year ended 31 December		
	2023	2022	2021
<i>(AED)</i>			
Profit for the year	726,299,217	304,117,684	133,228,140
Add: Finance costs.....	47,225,309	10,864,308	3,924,130
Add: Depreciation ⁽¹⁾	43,958,422	24,259,514	64,918,965

	For the year ended 31 December		
	2023	2022	2021
<i>(AED)</i>			
<i>Add: Amortisation of intangible assets ...</i>	267,525	204,333	201,240
EBITDA	817,750,473	339,445,839	202,272,475

Notes:

- ⁽¹⁾ Investment property is not reported as a separate line item in the 2023 Financial Statements. As a result, depreciation includes the depreciation on property, plant and equipment and right- of-use assets for the years ended 31 December 2023 and 2022, and depreciation on property and equipment, right- of-use assets and investment properties for the year ended 31 December 2021.

FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of Financial and Other Information", "Selected Financial Information" and the Financial Statements.

The discussion of the Group's financial condition and results of operations is based upon the Financial Statements. This discussion contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Offering Circular, particularly under the headings "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors".

See "Presentation of Financial and Other Information" for a discussion of the source of the numbers presented in this section and certain other relevant information.

Overview

Binghatti is principally a holding company for a number of companies including Binghatti Developers FZE, which is a leading real estate developer in Dubai. The Group develops towers for affordable and high-end residential properties. In addition to the real estate business, the Group owns construction, aluminium joinery and food and beverage businesses. These segments provide exclusive support to Binghatti in a vertically integrated model that provides control over cost and delivery time. The Group commenced its first project in the UAE in 2008 and, as at 31 December 2023, had:

- completed and fully sold 34 projects, comprising 5.9 million square feet delivered with a sales value of AED 4.7 billion; and
- 14 projects under development which are expected to be completed between 2024 and 2026, comprising 5.9 million square feet under construction with an estimated sales value of AED 18.9 billion.

Recent Developments

Key recent developments occurring after 31 December 2023 include the following:

Trust Certificate Issuance

On 29 February 2024, Binghatti, in its capacity as obligor, completed the offering of the Original Trust Certificates in an aggregate principal amount of U.S.\$300 million due 28 February 2027. The Trust Certificates were issued by Binghatti Sukuk SPC Limited in its capacity as issuer and trustee and admitted to trading on the London Stock Exchange's International Securities Market and on Nasdaq Dubai. The proceeds from the issuance of the Original Trust Certificates will be used by Binghatti for general corporate purposes.

Purchase of Factory from Al Jumaih Holding

The Group, pursuant to a sale and purchase agreement dated 29 February 2024, acquired a steel manufacturing factory from Al Jumaih Holding for a purchase consideration of AED 12 million. The newly acquired factory will operate in tandem with Binghatti's in-house manufacturing facilities for commercial façade and building steel structures. See note 26 to the 2023 Financial Statements.

Launch of Binghatti Mercedes

In January 2024, the Group started construction of Binghatti Mercedes, in collaboration with the luxury brand, Mercedes Benz, with a saleable area of 425,028 square feet.

Upcoming Projects and Land Plot Acquisitions

In 2024, the Group commenced the planning phase for two upcoming projects to be located in Downtown and Dubai Business Bay respectively with a projected value at completion of AED 4,407 million for the

Downtown project and AED 5,052 million for the Dubai Business Bay project. From January to May 2024, the Group also acquired 16 land plots.

Principal Factors Affecting Results of Operations

The following is a discussion of the principal factors that have affected, or are expected to affect, the Group's results of operations.

Factors affecting revenue

The Group's principal source of revenue for the year ended 31 December in each of 2023, 2022 and 2021 was proceeds from the sale of residential units. The table below shows the Group's units sold and completed and the sales value collected, and revenue recognised in each year since 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u> <i>(restated)</i>
No. of units sold	3,473	2,479	1,022
Total sales value (<i>AED millions</i>).....	4,463	1,918	698
Total sales value collected (<i>AED millions</i>).....	2,827	1,336	795
Revenue recognised (<i>AED millions</i>).....	2,087	1,003	937

The Group assesses each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. A sale of completed property is generally a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers and upon completion of legal requirements. Transactions are settled by payment terms specified in the contract, usually in advance with percentage retained as retention.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer. The Group enters into contracts with customers to sell property that is either completed or under development.

The Group's sales backlog, together with the construction schedules for its projects, provide it with visibility over its revenue in the short- and medium-term. However, the conversion of the Group's sales backlog to revenue and then to cash is ultimately dependent upon the timely and successful completion of the construction of its projects. Although the Group has handed over units to customers ahead of schedule for the majority of its projects, the Group may experience construction delays in the ordinary course of business and, while such delays may be made up in subsequent stages of a project, delays can have a significant impact on the associated timing of revenue recognition, which could lead to potentially significant fluctuations in the Group's financial results on a periodic basis (see further "*Risk Factors – Risk Factors Relating to the Group's Business – The Group's projects may be delayed, suspended, terminated or materially changed in scope, resulting in delayed recognition of revenue*").

Pricing and sales

The sales prices the Group achieves on its projects have a significant impact on its levels of revenue, gross profit and margins. Accordingly, the extent to which the Group's sales and marketing team creates demand for the Group's projects has a direct impact on the prices and the sales volume the Group can achieve. During the year ended 31 December 2023, the Group had pre-sold approximately AED 6.2 billion of its projects under development and had a sales backlog of AED 3.4 billion.

Different project types produce different profitability profiles. The Group's projects contain different types and configurations of residential living arrangements, including one-bedroom apartments to luxury duplex/triplex apartments and penthouses. In addition to the configurations themselves and the type of development in which they are located (for example, medium, high-rise or ultra high-rise buildings with

mid-end, luxury and uber-luxury apartments), the location of the project and its amenities also have an impact on the prices of the units. In addition, sales prices typically increase over the course of the project development process, both at the development and master plan levels.

However, the pricing and sales of the Group's projects may be affected by factors outside the Group's control, including macroeconomic conditions in Dubai and the UAE (see further "*Risk Factors – Risk Factors Relating to the Group's Business – All of the Group's operations are located in Dubai and the Group's financial performance is therefore dependent on economic and political conditions in Dubai, the UAE and the surrounding regions*" and "*Risk Factors – Risk Factors Relating to the Group's Business – The concentration of the Group's property portfolio exposes it to fluctuations in demand for residential real estate in Dubai and the UAE*"). Similarly, the Group's competitors may lower their pricing for developments which are comparable to those which the Group is selling, which could result in downward pressure on the Group's pricing (see further "*Risk Factors – Risk Factors Relating to the Group's Business – The Group faces competition in property development*").

Cost control

The Group's profit margins are directly correlated to its ability to manage its costs and to make cost-effective purchasing decisions. For instance, the Group's costs and margins are impacted by raw material and basic input costs which are tied to international commodities prices and thus can fluctuate widely at different points in the economic cycle (see further "*Risk Factors – Risk Factors Relating to the Group's Business – The Group has experienced and may continue to experience contract prices that exceed its original budgets which may affect the profitability of its developments*").

The most important factor in this regard is the Group's vertically integrated model which enables effective cost management and almost end-to-end supply chain visibility while also allowing the Group to leverage the scale across its integrated model to ensure the best possible procurement terms for any third party goods or services, whether through strategic alliances with local and international suppliers or through other cost-management methods such as bulk ordering of raw materials.

Significant Accounting Policies

The Financial Statements have been prepared in accordance with IFRS. For a discussion of the material accounting policies applied by the Group generally, see note 2 to the 2023 Financial Statements.

Critical Accounting Judgments and Estimates

The preparation of the Group's financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. For a discussion of the most significant accounting estimates, judgments and assumptions made in the preparation of the Group's financial statements, see note 2.6 to the 2023 Financial Statements.

Results of Operations

Revenue from contracts with customers

Revenue consists primarily of building and unit sales. The table below shows the Group's disaggregated revenues for the year ended 31 December in each of 2023, 2022 and 2021.

	For the year ended 31 December		
	2023	2022	2021
			<i>(restated)</i>
<i>(AED)</i>			
Development and unit sales.....	2,087,172,802	1,003,078,310	936,830,263
Sale of food and beverage from restaurants	38,959,238	40,470,457	43,507,183
Revenue from services	6,094,658	2,680,329	-

	For the year ended 31 December		
	2023	2022	2021 <i>(restated)</i>
(AED)			
Rental income.....	-	-	30,884,847
Sale of manufactured goods	-	-	11,052,907
	<u>2,132,226,698</u>	<u>1,046,229,096</u>	<u>1,022,275,200</u>

For the year end 31 December 2023, the Group's revenue from contracts with customers increased by AED 1,085,997,602, or 103.8 per cent., compared to the year ended 31 December 2022. This increase was principally attributable to a general increase in both the volume and values of the Group's building and units sales in line with increases in residential real estate market sales in Dubai generally.

For the year ended 31 December 2022, the Group's revenue from contracts with customers increased by AED 23,953,896, or 2.3 per cent., compared to the year ended 31 December 2021. This increase was modest in comparison to increases in the year ended 31 December 2023 mainly due to timing of the Group's projects as most of the Group's new projects were in the initial stages and the Group, therefore, had less inventory for sale in this period.

Cost of sales

The Group's direct costs principally comprise the costs it incurs relation to building and unit sales. The table below shows the Group's cost of sales for the year ended 31 December in each of 2023, 2022 and 2021.

	For the year ended 31 December		
	2023	2022	2021 <i>(restated)</i>
(AED)			
Cost of development and unit sales	1,144,626,287	591,411,928	765,934,190
Cost of sales of food and beverages from restaurants.....	32,480,145	38,046,871	44,897,996
Cost of revenue from services	4,003,531	1,445,297	-
Cost of goods manufactured	-	-	32,393,662
	<u>1,181,109,963</u>	<u>630,904,096</u>	<u>843,225,848</u>

For the year ended 31 December 2023, the Group's cost of sales increased by AED 550,205,867, or 87.2 per cent., compared to year ended 31 December 2022. This increase was principally attributable to an increase in the number of projects completed in 2023 and the commencement of new projects in 2023 in response to increased demand in the residential real estate market in Dubai generally.

For the year ended 31 December 2022, the Group's cost of sales decreased by AED 212,321,752, or 25.2 per cent., compared to the year ended 31 December 2021. This decrease was principally attributable to the majority of the projects being near completion (and, in respect of which, principal costs were incurred in 2021) as well as to higher cost of sale in 2021 as a result of project delays due to the COVID-19 pandemic (particularly as a result of difficulties in sourcing labour and materials) which, in turn, resulted in projects being completed at higher than budgeted costs.

Gross profit

Reflecting the above factors:

- for the year ended 31 December 2023, the Group's gross profit increased by AED 535,791,735, or 129.0 per cent., compared to the year ended 31 December 2022; and
- for the year ended 31 December 2022, the Group's gross profit increased by AED 236,275,648, or 132.0 per cent., compared to the year ended 31 December 2021.

Other income

The table below shows the Group's other income for year ended 31 December in each of 2023, 2022 and 2021.

	For the year ended 31 December		
	2023	2022	2021
(AED)			(restated)
Scrap sales.....	289,534	1,153,508	1,024,564
Royalty fees ⁽¹⁾	-	537,609	481,329
Gain on sale of property and equipment.....	-	-	6,485,295
Gain on termination of lease.....	-	-	180,496
Rent concession.....	-	-	748,281
Other income ⁽²⁾	16,618,130	17,285,382	22,857,619
	16,907,664	18,976,499	31,777,584

Notes:

⁽¹⁾ Royalty fees represent revenue-based franchise fees from a license agreement in respect of the "Aghatti" restaurant trademark with Qurba Company for Real Estate Investment. Pursuant to this agreement, the Group used the "Aghatti" restaurant trademark (owned by Qurba Company for Real Estate Investment) for certain operations in Dubai in return for an annual royalty payment calculated as an agreed percentage of gross sales per annum. This franchise agreement was terminated in 2022.

⁽²⁾ For the year ended 31 December 2023 and the year ended 31 December 2022, other income mainly consisted of penalty, administrative and facilitating fees charged to the Group's real estate customers. In 2021, other income mainly consisted of penalty, administrative and facilitating fees charged to customers and gain on sale of Binghamhatti Beverage Manufacturing LLC amounting to AED 6.5 million and the sale of all other materials of said business.

For the year ended 31 December 2023, the Group's other income decreased by AED 2,068,835, or 10.9 per cent., compared to the year ended 31 December 2022. This decrease was principally attributable to a decrease in scrap sales and no royalty fees accruing to the Group in 2023 following the termination of the franchise agreement with Qurba Company for Real Estate Investment in respect of the Aghatti trademark in 2022.

For the year ended 31 December 2022, the Group's other income decreased by AED 12,801,085 or 40.3 per cent., compared to the year ended 31 December 2021. This decrease was principally attributable to gain on sale of spare parts and material of AED 14,774,374 and gain on sale of factory of AED 6,485,295 relating to Binghamhatti Beverage Manufacturing LLC recognised in 2021. There were no similar other income items during 2022. In addition, there was a decrease of AED 748,281 in rent concession from a landlord during the COVID-19 pandemic in respect of certain properties leased by the Group.

Selling, general and administrative expenses

The table below shows the Group's selling, general and administrative expenses for the year ended 31 December in each of 2023, 2022 and 2021.

	For the year ended 31 December		
	2023	2022	2021
(AED)			(restated)
Salaries and other benefits.....	64,105,305	33,372,263	30,887,485
Selling and marketing expenses.....	44,886,637	36,727,307	5,220,487
Visa, licensing and insurance expense.....	24,319,141	1,437,576	2,897,891
Government, legal and professional fees.....	20,752,029	17,178,526	11,854,497 ⁽¹⁾
Depreciation on property and equipment.....	5,270,721	4,306,885	1,756,501
Depreciation on right-of-use assets.....	4,428,710	-	-
Utilities expenses.....	3,455,319	637,478	2,690,180

	For the year ended 31 December		
	2023	2022	2021
(AED)			<i>(restated)</i>
Printing and IT related expenses	2,464,717	626,193	399,130
Rent expense	2,371,089	1,885,842	3,621,448
Bank charges	1,813,054	3,122,985	1,438,397
Audit and review fees	1,340,463	730,200	235,000 ⁽¹⁾
Impairment losses on property, plant and equipment.....	-	7,140,331	-
Write off of related party balances	-	2,005,737	-
Impairment losses on right-of-use assets.....	-	688,039	-
Depreciation on investment properties	-	-	1,900,000
Others	19,292,688 ⁽²⁾	9,460,145	10,773,650
	194,499,873	119,319,507	73,674,666

Notes:

- ⁽¹⁾ For the year ended 31 December 2021, audit and review fees of AED 235, 000 was reported under government, legal and professional fees in the 2021 financial statements contained in the 2022 Financial Statements. Nevertheless, for presentational purposes, the audit and review fees for the year ended 31 December 2021 (AED 235,000) has been deducted from government, legal and professional fees and disclosed as a separate line item in this Offering Circular to conform with the presentation of audit and review fees for the year ended 31 December 2023 and the comparative information for the year ended 31 December 2022 in the 2023 Financial Statements as separate line items.
- ⁽²⁾ Includes AED 5 million annual charity contribution in Shaikh Mohamed Bin Rashed (1 billion meal project).

For the year ended 31 December 2023, the Group's selling, general and administrative expenses increased by AED 75,180,366, or 63.0 per cent., compared to the year ended 31 December 2022. This change was principally attributable to an increase in salary and benefits by AED 30,733,042, or 92.1 per cent., compared to the year ending 31 December 2022 (due to an increase in the number of employees), an increase in selling and marketing expenses by AED 8,159,330, or 22.2 per cent., compared to the year ending 31 December 2022 (principally due to the costs for the launch event of Bugatti Residence by Binghatti), an increase in government, legal and professional fees by AED 3,573,503, or 20.8 per cent., compared to the year ended 31 December 2022 (due to the launch of new projects in 2023 and associated fee increases) and an increase in visa, licensing and insurance expense by AED 22,881,565, or 1591.7 per cent., compared to the year ended 31 December 2022 (due to renewal of the visa of the existing employees, an increase in the number of employees and an increase in insurance expense associated with the launch of new projects during the year).

For the year ended 31 December 2022, the Group's selling, general and administrative expenses increased by AED 45,644,841, or 62.0 per cent., compared to the year ended 31 December 2021. This increase was principally attributable to an increase in selling and marketing expenses in line with increased units sales in 2022 and costs associated with the launch event of Burj Binghatti Jacob & Co.

Finance costs

The table below shows the Group's finance costs for the year ended 31 December in each of 2023, 2022 and 2021.

	For the year ended 31 December		
	2023	2022	2021
(AED)			<i>(restated)</i>
Interest on borrowings.....	44,203,327	9,221,413	1,093,858
Interest on lease liabilities	3,021,982	1,642,895	2,830,272
	47,225,309	10,864,308	3,924,130

For the year ended 31 December 2023, the Group's finance costs increased by AED 36,361,001, or 334.7 per cent., compared to the year ended 31 December 2022. This increase was principally attributable to an increase in interest expenses in 2023 as a result of a new working capital facility being put in place in the second quarter of 2023 and additional funding under an existing facility.

For the year ended 31 December 2022, the Group's finance costs increased by AED 6,940,178, or 176.9 per cent., compared to the year ended 31 December 2021. This increase was principally attributable to an interest payment on a mortgage loan related to two plots of land in the second quarter of 2022.

Profit for the year (net profit)

Reflecting the above factors:

- for the year ended 31 December 2023, the Group's net profit increased by AED 422,181,533, or 138.8 per cent., compared to the year ended 31 December 2022; and
- for the year ended 31 December 2022, the Group's net profit increased by AED 170,889,544, or 128.3 per cent., compared to the year ended 31 December 2021.

Analysis of Certain Consolidated Statement of Financial Position Items

Assets

Development properties

The Group's principal assets are its development properties, which accounted for AED 1,502,864,753, or 35.3 per cent., of the Group's total assets as at 31 December 2023 (compared to AED 679,748,693, or 32.8 per cent., as at 31 December 2022, and AED 126,980,122, or 13.1 per cent., as at 31 December 2021).

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and are stated at lower of cost or net realisable value. The cost includes:

- freehold and leasehold rights for land;
- amounts paid to contractors for construction; and
- planning and design costs, costs of site preparation, professional fees for legal services, construction overheads and other related costs.

Liabilities

The Group's principal liabilities are its contract liabilities which accounted for 41.2 per cent. of the Group's total liabilities as at 31 December 2023 (compared to 41.4 per cent. as at 31 December 2022 and 26.7 per cent. as at 31 December 2021) and its accounts payable and accruals which accounted for 19.5 per cent. of the Group's total liabilities as at 31 December 2023 (compared to 20.6 per cent. as at 31 December 2022 and 44.8 per cent. as at 31 December 2021).

Contract liabilities

The table below shows the Group's contract liabilities as at 31 December in each of 2023, 2022 and 2021.

	As at 31 December		
	2023	2022	2021
(AED)			<i>(restated)</i>
Total liabilities	2,908,947,808	1,183,413,036	382,394,143
Contract liabilities:			
Deferred liabilities ⁽¹⁾	1,087,329,338	357,128,729	86,479,867

	As at 31 December		
	2023	2022	2021
(AED)			<i>(restated)</i>
Advances from customers ⁽²⁾	109,712,037	132,701,998	14,417,002
Advance rent collection	332,000	150,000	1,230,616
	1,197,373,375	489,980,727	102,127,485

Notes:

- ⁽¹⁾ Deferred liabilities represent the portion of the revenue which has not yet been recognised and it will be recognised along with the percentage of completion of the projects.
- ⁽²⁾ Advances from customers are contract liabilities which represent advance/stage payments received from customers for which revenue has not yet been recognised.

For further details in respect of the Group's contract liabilities, see note 20 to the 2023 Financial Statements and note 22 to the 2022 Financial Statements.

Accounts payable and accruals

The table below shows the Group's accounts payable and accruals as at 31 December in each of 2023, 2022 and 2021.

	As at 31 December		
	2023	2022	2021
(AED)			<i>(restated)</i>
Total liabilities	2,908,947,808	1,183,413,036	382,394,143
Trade payables.....	296,232,145	97,179,209	117,152,963
Payable for units' registration	105,751,490	62,841,350	17,459,347
Accrued expenses and other payables	165,939,442	84,246,055	36,519,265
	567,923,077	244,266,614	171,131,575

Loans and borrowings

The table below shows the Group's loans and borrowings as at 31 December in each of 2023, 2022 and 2021.

	As at 31 December		
	2023	2022	2021
(AED)			<i>(restated)</i>
Total liabilities	2,908,947,808	1,183,413,036	382,394,143
<i>Loans and borrowings</i>			
Mortgage loan	735,126,951	265,680,000	-
Letter of credit Murabaha.....	70,201,461	46,705,012	36,519,608
Loan from others	48,700,000	44,700,000	-
Working Capital Facility	200,000,000	-	-

	As at 31 December		
	2023	2022	2021 <i>(restated)</i>
(AED)			
Vehicle loans	11,692,793	7,154,228	263,332
Total	1,065,721,205	364,239,240	36,782,940
Less: due within one year	(321,682,418)	(49,209,094)	(36,310,164)
Due after one year	744,038,787	315,030,146	472,776

In 2022, the Group obtained a loan of AED 265.7 million with a four-year term, repayable in full on maturity and carrying interest at EIBOR plus 2.5 per cent. per annum. This loan is secured by mortgage over land parcels and personal guarantees from the shareholder. In 2023, the Group obtained an additional AED 296.0 million of funding under this facility repayable on full maturity and carrying interest at EIBOR plus 2.5 per cent. per annum.

In 2023, the Group obtained a loan of AED 87.5 million repayable through monthly/bullet payment after three years and carrying interest at three months EIBOR plus 3 per cent payable quarterly. This loan is secured by mortgage over a parcel of land and an assignment of all contractors' all-risk Islamic insurance policy (Takaful) upon start of construction on the land. During the same year, the Group also obtained a loan of AED 285.9 million repayable through monthly/bullet payment after three years and carrying interest at three months EIBOR plus 2 per cent. payable quarterly. This loan is secured by mortgage over a parcel of land and personal guarantee from Mr. Hussain Ghati Ghaib. Further, in 2023, the Group obtained a working capital facility of AED 200 million.

In 2023, the Group obtained a loan of AED 4 million from Dr. Othman Adullar O Alswayeh. This loan is interest-free, unsecured and callable by the lender at any time. In 2022, the Group also obtained a loan of AED 44.7 million from Dr. Othman Abdullah O Alswayeh. This loan is interest-free, unsecured and callable by the lender at any time.

For further details in respect of the Group's borrowings (including security granted for the Group's borrowing facilities), see note 21 to the 2023 Financial Statements and note 23 to the 2022 Financial Statements.

Equity

As at 31 December 2023, Binghatti's authorised share capital amounted to AED 367,500,000 and its issued and fully paid-up share capital amounted to AED 3,675,000 (U.S.\$1,000,000 at an exchange rate of 1 U.S.\$: AED 3.675) comprised of 100 shares. As at the same date, the Group's retained earnings amounted to AED 1,336,834,456. The statutory reserve relates to the Group's subsidiaries and is allocated in accordance with UAE law, and is not available for distribution except in the circumstances stipulated by UAE law. As at 31 December 2023, the statutory reserve amounted to AED 10,012,641.

Dividend

During the year 2023, dividends totalling AED 172,466,078 (compared to nil in the year 2022) were announced. This amount was offset against a net receivable balance from shareholder amounting to AED 265,070,333.

Liquidity

The Group's principal liquidity requirements arise from the need to fund the development of its projects and the Group funds these requirements through pre-sales of its residential units.

Cash flows

The table below summarises the Group's consolidated statement of cash flows data for the year ended 31 December in each of 2023, 2022 and 2021.

	For the year ended 31 December		
	2023	2022	2021
(AED)			<i>(restated)</i>
Net cash flows from/(used in) operating activities.....	613,458,477	126,987,931	(63,927,565)
Net cash flows (used in)/from investing activities	(634,815,269)	(304,019,807)	270,154,661
Net cash flows from/(used in) financing activities.....	682,412,896	392,618,471	(162,609,190)
Net increase in cash and cash equivalents	661,056,104	215,586,595	43,617,906
Cash and cash equivalents at 1 January.....	289,178,479	73,591,884	29,973,978
Cash and cash equivalents at 31 December..	950,234,583	289,178,479	73,591,884

Net cash flows from/(used in) operating activities

For the year ended 31 December 2023, the Group's net cash flows from operating activities increased by AED 486,470,546, or 383.1 per cent., compared to the year ended 31 December 2022. This increase was principally attributable to a decrease in development properties and an increase in contract liabilities.

For the year ended 31 December 2022, the Group's net cash flows from operating activities was AED 126,987,931 compared to net cash flows used in operating activities of AED 63,927,565 for the year ended 31 December 2021. This change was principally attributable to a decrease in inventories (being raw materials, finished goods, supplies and consumables) and settlement of related party balances with retained earnings in year 2022.

Net cash flows (used in)/from investing activities

For the year ended 31 December 2023, the Group's net cash flows used in investing activities increased by AED 330,795,462, or 108.8 per cent., compared to the year ended 31 December 2022. This increase was principally attributable to the acquisition of land parcels for Binghatti's head office as well as an increase in restricted escrow account balances.

For the year ended 31 December 2022, the Group's net cash flows used in investing activities was AED 304,019,807 compared to net cash from investing activities of AED 270,154,661 for the year ended 31 December 2021. This change was principally attributable to an increase in restricted escrow balances.

Net cash flows from/(used in) financing activities

For the year ended 31 December 2023, the Group's net cash from financing activities was AED 682,412,896 compared to net cash flows from financing activities of AED 392,618,471 for the year ended 31 December 2022. This was an increase of AED 289,794,425, or 73.8 per cent. This change was principally attributable to an increase in proceeds from a new working capital facility of AED 200 million as well an additional mortgaged loan of AED 87.5 million in relation to the land for Binghatti's head office in 2023.

For the year ended 31 December 2022, the Group's net cash flows from financing activities was AED 392,618,471 compared to net cash flows used in financing activities of AED 162,609,190 for the year ended 31 December 2021. This change was principally attributable to new mortgage facilities taken with value of AED 482,556,400 and repayment of loans in the amount of AED 155,100,100 during the year ended 31 December 2022.

Contingent Liabilities and Capital Commitments

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

As at 31 December 2023, the Group had capital commitments of AED 734,009,215 to complete the projects under development (compared to AED 254,500,499 as at 31 December 2022 and AED 29,682,787 as at 31 December 2021).

As at 31 December 2023, the Group had no contingent liabilities compared to AED 7,034,569 as at 31 December 2022. The Group had no contingent liabilities as at 31 December 2021.

Related Party Transactions

Related parties represent the shareholders, directors and key management personnel of the Group, affiliated companies where the shareholders of the Group have ownership interests, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's senior management (the "**Executive Leadership Team**") or by its board of directors (the "**Board**") in accordance with the Group's related party transaction policy. As at 31 December 2023, the Group had no balances due from related parties compared to AED 63.9 million as at 31 December 2022. For further details in respect of the Group's related party transactions, see note 23 to the 2023 Financial Statements and note 25 to the 2022 Financial Statements.

Disclosures about Financial Risk

The Group is exposed to various risks in relation to financial instruments. The main types of risks are interest rate risk, credit risk, liquidity risk, currency risk and equity price risk as summarised below. For further details in respect of the Group's exposure to these financial risks, see note 24 to the 2023 Financial Statements.

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 the market value rates. The Group is exposed to interest rate risk on its interest-bearing liabilities (bank borrowings).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, due from a related party, advance paid on behalf of a related party and certain other assets as reflected in the consolidated statement of financial position. The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to related parties by regularly assessing the related parties credit worthiness and making provisions if required. Credit risk is limited to the carrying values of financial assets recognised at the reporting date.

Liquidity risk

Liquidity risk is the risk that a company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group limits its liquidity risk by retaining sufficient funds generated from operations and ensuring funds from the shareholders are available.

Currency risk

The Group is not exposed to any significant currency risk as most of its transactions and balances are denominated in either U.S. dollars or AED, which is pegged to the U.S. dollars.

DESCRIPTION OF THE GROUP'S BUSINESS

Overview

Binghatti was incorporated in the Dubai International Financial Centre on 20 March 2008 for an unlimited term as a private company under DIFC Law No. 5 of 2018 (as amended) with registration number 0586. Binghatti's registered office is at Unit L19-04A, Level 19, Brookfield Place, Dubai International Financial Centre, Dubai, United Arab Emirates, and its switchboard telephone number is +971 04 333 4440.

Binghatti is principally a holding company for a number of companies including Binghatti Developers FZE, which is a leading real estate developer in Dubai. The Group develops towers for affordable and high-end residential properties. In addition to the real estate business, the Group owns construction, aluminium joinery and food and beverage businesses. These segments provide exclusive support to Binghatti in a vertically integrated model that provides control over cost and delivery time. The Group commenced its first project in the UAE in 2008 and, as at 31 December 2023, had:

- completed and fully sold 34 projects, comprising 5.9 million square feet delivered with a sales value of AED 4.7 billion; and
- 14 projects under development which are expected to be completed between 2024 and 2026, comprising 5.9 million square feet under construction with an estimated sales value of AED 18.9 billion.

For the year ended 31 December 2023, the Group's revenue from contracts with customers was AED 2.1 billion and its profit for the year was AED 726.3 million. As at 31 December 2023, the Group's total assets were AED 4.3 billion (of which AED 1.5 billion comprised development properties) while its total liabilities were AED 2.9 billion.

For the year ended 31 December 2022, the Group's revenue from contracts with customers was AED 1.0 billion and its profit for the year was AED 304.1 million. As at 31 December 2022, the Group's total assets were AED 2.1 billion (of which AED 679.7 million comprised development properties) while its total liabilities were AED 1.2 billion.

History

The Group's principal milestones are set out below:

Year	Milestone
2008	Inception of Binghatti and the completion of its first project.
2014	Binghatti introduces its "Real Estate Brand" vision, being its vision to create a real estate "brand" by constructing architecturally unique buildings.
2018	Binghatti Industries FZCO is incorporated (as the joinery, aluminium and fitting arm of the Group).
2019	By the end of 2019, Binghatti has developed 19 projects comprising 2,983 units with a project value of AED 2 billion.
2020	Despite the COVID-19 pandemic, Binghatti delivers two projects ahead of schedule worth AED 137 million.
2022	Binghatti launches its first branded residence with Jacob & Co.
2023	Binghatti launches its second branded residence with Bugatti.
2023	Binghatti launches its branded residence with Mercedes in November 2023.
2024	Sukuk listing by Binghatti amounting to U.S.\$ 300 million on Nasdaq Dubai and London Stock Exchange in February 2024.

Shareholding and Group Structure

As at the date of this Offering Circular, Binghatti is wholly-owned by Dr. Hussain Ghatai Ghaib Al Jbori. To ensure succession planning and business continuity, Binghatti incorporated a DIFC foundation in October 2023 which is expected to acquire all of Dr. Hussain Ghatai Ghaib Al Jbori's shares in Binghatti. The councillors and qualified recipients of this DIFC foundation will be Binghatti family members and, subject to regulatory approval, Binghatti expects that the share transfer to the foundation will be completed in the near future.

As at the date of this Offering Circular, the Group's most material operating subsidiary by revenue was Binghatti Developers FZE, which is a limited liability free zone establishment incorporated in 2014 in Dubai Silicon Oasis Authority. The Group has 100 per cent. ownership in Binghatti Developers FZE. Binghatti Developers FZE's principal activities are real estate development and management. In 2023, this entity contributed 97.8 per cent. of the Group's revenues. Binghatti Developers FZE provides services solely to the Group.

For a brief description of the Group's consolidated subsidiaries, see 1.1 to the 2023 Financial Statements.

Dividend distribution policy

Binghatti's dividend distribution policy is set out in its articles of association and provides that:

- dividends may only be declared upon the recommendation of the Board and the approval of the shareholder. No dividend may be paid which exceeds the recommendation of the Board;
- interim dividends may be declared if it appears that they are justified by the profit of Binghatti available for distribution;
- dividends may be satisfied wholly or partly by distribution of assets; and
- the amount, if any, that the Board recommends that should be paid by way of dividend or other distribution must be included in the annual report of the Board to be presented to at the annual general meeting.

Key Credit Strengths

The Group's key credit strengths are set out below.

Strong track record of delivery ahead of time, collaboration with high-end brands and strong revenue backlog

Binghatti believes that it has a good reputation due to its strong track record of before time project delivery, especially for mainstream and luxury residential properties. The Group's mainstream residential properties are generally completed within 12 to 18 months but turnaround for some of its buildings has been less than 12 months. This reputation earned Binghatti the fastest developer in Dubai award for 2021 from RERA. In 2023, Binghatti completed seven projects, each with a construction cycle of between 1 and 1.3 years.

Although traditionally focused on the mainstream and luxury markets, in 2023 and 2024 Binghatti expanded into uber-luxury residential property development by launching premium branded products in collaboration with three luxury brands, Jacob & Co., Mercedes Benz and Bugatti, which is expected to drive growth in the coming years. Binghatti believes that by capturing the high demand for luxury and uber-luxury residences in Dubai it will be able to capture the higher margins available in premium developments whilst maintaining stable profitability by providing diversified projects and property offerings.

During the year ended 31 December 2023, presales were AED 6.2 billion and are expected to grow further given the higher price point of branded units. As of 31 December 2023, Binghatti had a revenue backlog of AED 3.4 billion and 5,434 units in development.

Vertical integration within the Group has led to higher margins compared to other developers

Binghatti operates in a vertical integrated model with other Group companies which covers all phases of development providing a high degree of control over the entire development process. The synergic relationship among Group companies that support design, engineering and construction, material sourcing,

and quality controls for Binghatti enables it to control the supply chain ensuring quality, timeliness and cost-effectiveness. Building works are performed internally allowing Binghatti direct oversight to ensure consistency and quality whilst controlling project budgeting and management through its own planning, technical, production and sales specialists. This vertical integration also gives Binghatti access to economies of scale and means it retains the margins otherwise benefiting contractors in the market. Furthermore, Binghatti manufactures the joinery used in all of its buildings and produces its aluminium ensuring quality is controlled throughout the development process. Binghatti's ability to deliver projects in a timely manner is also bolstered by this vertical integration model as it can avoid payment bottlenecks down the supply chain which can cause delays for other developers.

In line with its vertical integration strategy, Binghatti acquired a steel manufacturing factory in 2024 to complement its in-house manufacturing capacity for commercial façade and building steel structures. See "*Financial Review—Recent Developments—Purchase of Factory from Al Jumaih Holding*".

Access to premium land

The Group has historically acquired land parcels in prime locations (particularly through purchase on favourable terms during cyclical downturns). For instance, the majority of the Group's projects under development as at the date of this Offering Circular are within a 3-5 kilometres radius of key locations including the Burj Khalifa, Dubai Mall and Business Bay Marina and therefore comprises premium land within Dubai and the UAE. When acquiring land, the Group proactively considers the options available to it in order to minimise the upfront capital outlay.

Strong acceptance and brand recognition due to track record of delivering iconic and superior-quality projects

The Group is particularly well-positioned to capitalise on two significant trends in the Dubai real estate development space:

- buyers are increasingly seeking higher quality, more spacious housing with a comprehensive amenity offering; and
- there is increased demand for off-plan sales as buyers are more comfortable taking a long-term view on the Dubai real estate market and seeking relative value for residential units.

Both trends are entirely aligned with the Group's value proposition. Since the commencement of its first project in 2008, the Group has successfully delivered a number of superior-quality residential buildings within communities that provide market-leading amenities (see "*Description of the Group's Business – Projects and Pipeline*" for a description of the Group's key projects). This has resulted in a highly satisfied customer base of over 10,000 individual customers and word-of-mouth publicity for the Group's ongoing and future projects as well as industry recognition of the Group's brand and market position.

Accordingly, not only have the Group's projects tended to trade at higher prices in the secondary market, but the Group has also been able to command a price premium for its projects compared to similar properties by other developers in the UAE. For recent project launches, the Group's average sales within the first six months were greater than 50 per cent. of the project value and, as of 31 December 2023, the Group had pre-sold 28 per cent. of its projects under development and had a sales backlog of AED 3.4 billion. This is a reflection of the Group's highly satisfied customer base and, in turn, positively impacts the Group's performance.

Strategy

Having established itself as a key player in the Dubai real estate market, the Group's key strategic priorities for the medium- to long-term are as follows:

- capitalising on the high demand for uber-luxury and luxury residences in Dubai and planning property launches accordingly;
- continuing to drive profitability through diversified projects and property offerings;
- focusing on organic development but considering selective strategic partnerships opportunistically to further grow and develop unique offerings; and

- capturing the highest percentage in the most premium developments in prominent areas of Dubai, including in and around Jumeirah Village Circle ("JVC"), Al Jaddaf and Dubai Business Bay.

The Group will seek to achieve its strategic priorities through the following areas of focus:

- land – the Group will continue its quick land turnaround model by maintaining minimal time lapse between land acquisition and land development;
- development – the Group will continue to develop luxury and uber-luxury properties while ensuring quality amenities to attract the broadest customer base and significantly boost the Group's EBITDA margins;
- marketing – the Group will focus on its overall brand marketing in order to further develop brand recognition and brand salience in the UAE and other key international markets (for a description of the geographic distribution of the Group's customers, see "*Description of the Group's Business – Customers*"). The Group will primarily seek to continue its reliance on pull marketing strategies for this purpose, including through word-of-mouth publicity and customer loyalty-based incentives as well as partnering with key luxury brands. Simultaneously, the Group will also maintain its focus on growing its direct sales channels, including through digital platforms and physical sales kiosks in malls. The Group's marketing strategy will be geared towards positioning it as a customer-oriented real estate brand which seeks to deliver an enriched customer experience; and
- sales – the Group will aim to strengthen its existing channel partner relationships while growing its channel partner network into other key international markets. The Group will also build alternate channels for sales, including digital platforms. Through this growing network of sales channels, the Group will focus on targeted international markets through roadshows, online promotions and broker meetings. The Group's aim will be to increase sales through a judicious sales offering comprising robust pricing, payment plans and customer loyalty-based or similar incentive schemes as well as through a seamless sales experience from enquiry to booking.

The Group has designed internal policies and operational parameters in respect of the above areas of focus while retaining flexibility to adjust quickly if required due to market conditions. Accordingly, Binghatti believes that the Group is well-positioned to ensure long-term business sustainability and achieve its strategic objectives.

Projects and Pipeline

The Group uses the following operating and performance metrics in evaluating its individual projects:

- saleable area which is, for residential units, the aggregate surface area of all units for sale in each project and, for commercial units, the aggregate surface area of all units for sale plus a proportionate share of the common area on a given floor;
- built up area ("BUA") which is the aggregate of saleable area and built-up common areas (including parking, mechanical areas, reception and health and recreational facilities);
- gross floor area ("GFA") which is all liveable and recreational areas, consisting of BUA excluding parking and mechanical areas and open terraces;
- sales which is the aggregate value of units sold where the purchaser has made a down payment of at least 10 per cent. and not sought to cancel the purchase;
- inventory which includes units that are available for sale but not yet sold and units that are sold but not classified as sales (e.g., units where the owner is delinquent or has sought to cancel the purchase);
- inventory value which is the aggregate value of the inventory at cost based on a weighted average per square foot of prices achieved on sales;
- project cost which is the aggregate of the carrying value of land, development, and construction;
- project value which is the sum of booked sales and inventory value;

- project gross profit which is the project value less land acquisition, development, and construction costs; and
- project gross profit margin which is the ratio of project gross profit to project value.

Delivered projects

From its inception until 31 December 2023, the Group has completed the construction of an aggregate of 6,851 units equating to approximately 5.9 million square feet of saleable area with a total project value of approximately AED 4.7 billion. To date, the Group's projects have consisted of high-end mixed-use communities and mixed-use tower developments with a focus on residential developments. The following table sets out certain information in respect of the Group's delivered projects as of 31 December 2023:

<u>Name of project</u>	<u>Location</u>	<u>Construction start</u>	<u>Construction end</u>	<u>Units</u>	<u>Saleable area</u> <i>(square feet)</i>	<u>Project value at completion</u> <i>(AED millions)</i>	
Binghatti Residence	Dubai Oasis	Silicon	December 2013	December 2014	196	125,007	120
Binghatti House 1	Dubai Oasis	Silicon	December 2014	December 2015	180	90,278	100
Binghatti Apartments	Dubai Oasis	Silicon	December 2014	December 2015	224	191,174	147
Binghatti Gardens	Dubai Oasis	Silicon	December 2014	June 2016	155	169,483	110
Binghatti Terraces	Dubai Oasis	Silicon	October 2015	July 2016	206	120,538	130
Binghatti Pearls	Dubai Oasis	Silicon	October 2015	January 2017	313	251,103	180
Binghatti Views	Dubai Oasis	Silicon	July 2015	March 2017	174	167,661	110
Binghatti Court	JVC		September 2016	October 2017	141	119,971	80
Binghatti Diamonds	Dubai Oasis	Silicon	October 2016	October 2017	226	155,873	120
Binghatti Horizon	Dubai Oasis	Silicon	February 2017	October 2017	162	129,241	110
Binghatti Jewels	Dubai	Land	February 2017	April 2018	140	186,858	115
Binghatti Sapphire	Dubai Oasis	Silicon	November 2017	January 2019	137	116,242	92
Binghatti Vista	Dubai Oasis	Silicon	July 2017	October 2018	123	107,899	86
Binghatti Stars	Dubai Oasis	Silicon	September 2017	December 2019	367	298,009	190
Binghatti East	Dubai	Land	February 2021	April 2019	60	75,954	42
Binghatti West	Dubai	Land	September 2020	December 2020	47	60,560	33
Binghatti Crystals	Dubai Oasis	Silicon	July 2017	June 2019	219	154,784	69
Millennium Binghatti Residences	Dubai Business Bay		February 2018	June 2021	246	215,608	248
Binghatti Gateway	Al Jaddaf		April 2019	May 2021	182	164,904	123
Binghatti Platinum	Dubai Oasis	Silicon	October 2018	December 2020	185	200,083	100
Binghatti Point	Dubai Oasis	Silicon	June 2019	December 2021	127	110,201	67
Binghatti Gate	JVC		February 2021	December 2021	132	113,165	77
Binghatti Avenue	Al Jaddaf		September 2019	March 2022	638	600,125	465
Binghatti Mirage	JVC		March 2021	March 2022	160	130,631	95
Binghatti Gems	JVC		February 2021	April 2022	77	68,138	48
Binghatti Rose	JVC		January 2021	June 2022	171	146,609	111
Binghatti Jasmine	JVC		March 2022	October 2022	92	77,788	52

<u>Name of project</u>	<u>Location</u>	<u>Construction start</u>	<u>Construction end</u>	<u>Units</u>	<u>Saleable area</u> <i>(square feet)</i>	<u>Project value at completion</u> <i>(AED millions)</i>
Binghatti Creek	Al Jaddaf	March 2022	March 2023	335	336,031	320
Binghatti Canal	Dubai Business Bay	March 2022	June 2023	306	255,794	394
Binghatti Crescent	JVC	August 2022	October 2023	170	168,903	167
Binghatti Heights	JVC	June 2022	September 2023	366	324,156	233
Binghatti Luna	JVC	August 2022	November 2023	212	175,850	138
Binghatti Crest	JVC	September 2022	October 2023	171	149,384	124
Binghatti Nova	JVC	October 2022	November 2023	211	152,101	140

The following is a summary of the Group's key delivered projects as of 31 December 2023.

Binghatti Stars

Binghatti Stars is located in Dubai Silicon Oasis and comprises two basement floors, a ground floor, two podium floors, 11 residential floors and a terrace floor. The construction of the project commenced in September 2017 and completed in December 2019. The project comprises 367 units with a total area of approximately 298,009 square feet and, at completion, the project value was AED 190 million.

Millennium Binghatti Residences

Millennium Binghatti Residences is located in Dubai Business Bay and comprises three basement floors, a ground floor, three podium floors, one service floor, 19 residential floors and a terrace floor. The construction of the project commenced in February 2018 and completed in June 2021. The project comprises 246 units with a total area of approximately 215,608 square feet and, at completion, the project value was AED 248 million.

Binghatti Avenue

Binghatti Avenue is located in Al Jaddaf and comprises one basement floor, a ground floor, one mechanical floor, three podium floors, one electricals floor and 28 residential floors. The construction of the project commenced in September 2019 and completed in March 2022. The project comprises 638 units with a total area of approximately 600,125 square feet and, at completion, the project value was AED 465 million.

Binghatti Creek

Binghatti Creek is located in Al Jaddaf and comprises one basement floor, a ground floor, one mechanical floor, two podium floors, 21 residential floors and a terrace floor. The construction of the project commenced in March 2022 and completed in March 2023. The project comprises 335 units with a total area of approximately 336,031 square feet and, at completion, the project value was AED 320 million.

Binghatti Canal

Binghatti Canal is located in Dubai Business Bay and comprises one basement floor, a ground floor, three podium floors, 21 residential floors, one mechanical floor and a terrace floor. The construction of the project commenced in March 2022 and completed in June 2023. The project comprises 306 units with a total area of approximately 255,794 square feet and, at completion, the project value was AED 394 million.

Projects under development

A project becomes "under development" at launch or commencement of construction. As of 31 December 2023, the Group had 5,283 units with over 5.9 million square feet of saleable area under development, aggregating to a total project value of approximately AED 18.9 billion. The following table sets out certain information in respect of the Group's projects under development as of 31 December 2023:

<u>Name of project</u>	<u>Location</u>	<u>Construction start</u>	<u>Expected construction end</u>	<u>Saleable area</u> <i>(square feet)</i>	<u>Estimated project value at completion</u> <i>(AED millions)</i>
Binghatti Tulip	JVC	November 2023	December 2024	198,007	306
Binghatti Lavender	JVC	November 2023	November 2024	128,310	152
Binghatti Azure	JVC	November 2023	January 2025	405,605	548
Binghatti Corner	JVC	December 2022	May 2024	593,602	514
Binghatti Emerald	JVC	March 2023	May 2024	255,775	264
Binghatti Onyx	JVC	April 2023	October 2024	508,057	584
Binghatti Venus	JVC	May 2023	August 2024	136,448	167
Binghatti Gardenia	JVC	May 2023	December 2024	217,781	372
Binghatti House	JVC	May 2023	September 2024	201,777	303
Binghatti Orchid	JVC	May 2023	September 2024	344,191	409
Bugatti Residence by Binghatti	Dubai Business Bay	May 2023	December 2026	958,397	8,500
Burj Binghatti Jacob & Co.	Dubai Business Bay	June 2023	December 2026	1,127,729	5,300
Binghatti Amber	JVC	July 2023	October 2024	527,398	560
Binghatti Trillionaire	Dubai Business Bay	September 2023	December 2024	277,397	908

The following is a summary of the Group's key projects under development as of 31 December 2023.

Binghatti Onyx

Binghatti Onyx is located in JVC and will comprise one basement floor, a ground floor, four podium floors, 36 residential floors and a terrace floor. The construction of the project commenced in April 2023 and is expected to be completed in October 2024. The project comprises 507 units with a total area of approximately 508,057 square feet and has an estimated project value at completion of AED 584 million.

Bugatti Residence by Binghatti

Bugatti Residence by Binghatti is located in Dubai Business Bay and will comprise four basement floors, a ground floor, one podium floor, a health club, 45 residential floors and a terrace floor. The construction of the project commenced in May 2023 and is expected to be completed in December 2026. The project comprises 190 units with a total area of approximately 958,379 square feet and has an estimated project value at completion of AED 8.5 billion.

Burj Binghatti Jacob & Co.

Burj Binghatti Jacob & Co. is located in Dubai Business Bay and will comprise seven basement floors, a ground floor, five podium floors, three health club floors, six mechanical floors, 83 residential floors, five penthouses and a terrace floor. The construction of the project commenced in June 2023 and is expected to be completed in December 2026. The project comprises 304 units with a total area of approximately 1.1 million square feet and has an estimated project value at completion of AED 5.3 billion.

Binghatti Amber

Binghatti Amber is located in JVC and will comprise a ground floor, an upper ground floor, four podium floors, 19 residential floors and a terrace floor. The construction of the project commenced in July 2023 and is expected to be completed in October 2024. The project comprises 658 units with a total area of approximately 527,398 square feet and has an estimated project value at completion of AED 560 million.

Binghatti Trillionaire

Burj Trillionaire is located in Dubai Business Bay and will comprise two basement floors, a ground floor, three podium floors, 19 residential floors and a terrace floor. The construction of the project commenced in

September 2023 and is expected to be completed in December 2024. The project comprises 368 units with a total area of approximately 277,397 square feet and has an estimated project value at completion of AED 908 million.

Upcoming projects

In addition to projects already under development, as of 31 December 2023, the Group is in the planning stage for projects expected to comprise over 10,614 units with approximately 6.1 million square feet of saleable area and a total estimated project value of approximately AED 13.7 billion. The following table sets out certain information in respect of the Group's upcoming projects as of 31 December 2023:

Name of project	Location	Expected saleable area <i>(square feet)</i>	Expected project value at completion <i>(AED millions)</i>
Binghatti Phantom	JVC	358,358	597
Binghatti Phoenix	JVC	363,650	428
Binghatti Royale	JVC	365,184	672
Binghatti Galaxy	JVC	122,511	159
One by Binghatti	Dubai Business Bay	840,916	2,281
Binghatti Hills	Science Park	1,416,582	2,208
Mercedes Benz Place Binghatti	Dubai Business Bay	425,028	3,619
Binghatti Apex	JVC	395,932	540
Binghatti Dawn	JVC	66,220	108
Binghatti Dusk	JVC	78,141	125
Binghatti Ghost	Jaddaf	561,494	1,073
Binghatti Ivory	Jaddaf	119,999	264
Binghatti Starlight	Jaddaf	226,600	498
Binghatti Pinnacle	Jaddaf	192,995	425
Binghatti Aurora	JVC	192,458	250
Binghatti Grove	JVC	414,737	539

The following is a summary of the Group's key upcoming projects as of 31 December 2023.

Binghatti Phantom

Binghatti Phantom is expected to be located in JVC and is expected to comprise a ground floor, an upper ground floor, four podium floors, one amenities floor, 37 residential floors, one mechanical floor and a terrace floor. The construction of the project commenced in February 2024 and is expected to be completed in May 2025. The project is expected to contain 369 units with a total area of approximately 358,358 square feet and has an estimated project value at completion of AED 597 million.

One by Binghatti

One by Binghatti is expected to be located in Dubai Business Bay and, as at the date of this Offering Circular, its design is in the process of being finalised. The construction of the project commenced in March 2024 and is expected to be completed in June 2025. The project is expected to contain 656 units with a total area of approximately 840,916 square feet and has an estimated project value at completion of AED 2.3 billion.

Binghatti Hills

Binghatti Hills is expected to be located in Al Barsha 4 and, as at the date of this Offering Circular, its design is in the process of being finalised. The construction of the project commenced in February 2024 and is expected to be completed in July 2025. The project is expected to contain 1,687 units with a total area of approximately 1,416,582 square feet and has an estimated project value at completion of AED 2.2 billion.

Mercedes Benz Place Binghatti

Mercedes Benz Place Binghatti is expected to be located in Dubai Business Bay and is expected to comprise three basement floors, a ground floor, five podium floors, a health club, three amenities floors, three mechanical floors, 53 residential floors and a terrace floor. The construction of the project commenced in February 2024 and is expected to be completed in October 2025. The project is expected to contain 180 units with a total area of approximately 425,028 square feet and has an estimated project value at completion of AED 3.6 billion.

Binghatti Ghost

Binghatti Ghost is expected to be located in Jaddaf and to comprise a basement floor, a ground floor, two parking floors and 20 residential floors. The construction of the project is expected to commence in August 2024 and is expected to be completed in February 2026. The project is expected to contain 736 units with a total area of approximately 561,494 square feet and has an estimated project value at completion of AED 1.1 billion.

Project Implementation Process

Plot acquisition

In order to source land for projects, the Group takes into consideration its project pipeline as well as future land requirements. Based on availability, land parcels that are conducive to the development of residential or mixed-use properties in prime locations (determined by the Group on the basis of growth potential as well as proximity to already established luxury communities) are shortlisted. When acquiring land, the Group proactively considers the options available to it in order to minimise the upfront capital outlay (including through joint ventures, partnerships, purchase on deferred payment basis or other commercial arrangements). Due diligence is carried out in respect of the potential land parcels, including to check for encumbrances, availability of services, accessibility etc., and the Group undertakes a preliminary feasibility report to ensure the viability of the project on the identified land parcel. This report outlines the project development phases and includes a high-level analysis of the financial parameters and legal and regulatory issues as well as relevant market research studies. At this stage, the Group also engages with various government and/or local authorities and parties to provide an overview of the proposed project. Land is acquired via dedicated special purpose vehicles which are ultimately owned by Binghatti.

Design finalisation and approval

Based on the design brief setting out the scope of the project, the Binghatti consultant team presents a number of options. The chosen option is then developed further by the consultant team, to set out in detail the functional, aesthetic, approval, constructability and market aspects of the project to achieve the objectives set out in the project brief. This process is followed for both master planned and building projects.

Binghatti's development team evaluates the design for efficacy, efficiency and suitability for market and customer requirements. The design is also evaluated based on the development vision set out by the Group and, if required, the relevant government. Based on this evaluation, feedback is given to the consultant team and the design is finalised.

Local authority approvals

Once the design is finalised, the requisite land, building and utility approvals are sought from various government authorities. Binghatti's authority approvals team is responsible for obtaining all necessary approvals for the development ranging from fencing, grading, piling, building permit and RERA approvals for the project's off-plan launch, through to the building completion certificate from the Dubai Municipality or the Dubai Development Authority, to the final title deed survey for the as-built project.

Project launch

Concurrently with the approvals process, Binghatti prepares the project for sale in the off-plan market. During this stage, key items including project location, amenities, finish specifications, layouts, payment plans and construction timelines are determined. These details are formalised and relevant disclosures and filings are made with RERA to obtain permissions for off-plan sales. Once these permissions are received, the project is launched for sale in the market.

During the project launch, Bingham's marketing team coordinates with the relevant stakeholders to showcase the project and its key characteristics, along with targeted messaging for intended consumers. The team creates interest in the market through digital and physical marketing, including apps, websites, models and product renders. Through the efforts of the sales teams, the sale is finalised and registered.

For this purpose, the Group's target consumer base usually comprises non-residents of UAE, with 54 per cent. and 48 per. cent of qualified sales in 2022 and 2023, respectively, having been made to such buyers. Accordingly, the Group's marketing efforts are targeted at international geographies including India, China, United Kingdom, the Kingdom of Saudi Arabia and Africa. Similarly, the demographic age group targeted by the Group is 30-55 years with a household income of at least AED 40,000 per month for the Group's mid-luxury range of properties. For the Group's luxury or uber-luxury properties, the Group targets high net worth individuals internationally and locally.

Building handover

Bingham adopts a uniquely flexible and dynamic construction model and construction usually starts within two to three months from the acquisition of land and is completed within 12 to 18 months, resulting in a quick land cycle. Projects are usually sold under a 70:30 payment plan, with 20 per cent. of the purchase price being paid as deposit and 50 per cent. being paid during the construction phase. The remaining 30 per cent. of the purchase price is payable at handover of the completed unit. In accordance with RERA regulations, cash deposits are held in project-specific escrow accounts and are gradually released as construction progresses.

As the building construction approaches completion, Bingham's finishing and quality teams verify the quality of finishes and readiness for customer handover. A detailed quality survey is done by Bingham's quality team led by an engineering head to ensure that any defects are rectified before the building is presented to the customers. Inspections of the building are carried out and completion certificates and necessary surveys as prescribed by the relevant authority are obtained. As a result of its project implementation framework, the Group is capable of concluding the process from launch to handover for a high-rise building in twelve months.

On receipt of a completion certificate, the customer is briefed on possession formalities and is taken through a specific "orientation" process. At this stage, each customer is individually oriented on the project, amenities and key aspects of their home ownership and occupancy details.

The Group monitors and communicates with its customer during the defect liability period (which is usually one year after handover) and beyond to proactively address any issues faced by the customer.

Post-handover

As a responsible developer, the Group stays engaged with its customers in multiple ways after the handover of any project. Masakeen Luxury Services LLC maintains all of the Group's developments and offers cleaning and handyman services to the residents of the Group's developments. Masakeen Luxury Services LLC's customer care team interacts with customers on an ongoing basis to assist them with the care and upkeep of the units and to keep the customers informed of any updates and product enhancements. Any material customer feedback is carefully considered and, where relevant, implemented as improvements and/or incorporated into new developments. Once the owner association is formed post-handover, Masakeen Luxury Services LLC's community facilities management team takes over the management and upkeep of the development. This team engages the customer through community activation, events and assists in nurturing a safe, healthy and vibrant community experience.

Customers

In Dubai, foreign ownership of land and property is only permitted in areas which are designated as freehold by the Government. Accordingly, although the Group has a diverse customer base, non-UAE nationals are the most significant customer category due to the freehold nature of the Group's projects. The table below shows the breakdown of the Group's customers' nationalities (by unit value during the period) for each of the years ended 31 December 2023, 2022 and 2021:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
UAE.....	10%	16%	33%
Asia	28%	36%	26%
Middle East (excluding UAE).....	21%	27%	22%
Europe	16%	14%	13%
North America.....	14%	2%	1%
Africa.....	11%	4%	4%
Others	0%	0%	2%

For year ended 31 December 2023, the Group's revenue from contracts with customers were AED 2.1 billion, compared to AED 1.0 billion for the year ended 31 December 2022 and AED 1.0 billion for the year ended 31 December 2021.

Customer defaults

Dubai Law No. (19) of 2017 amending Dubai Law No. (13) of 2008 Regulating the Interim Real Property Register in the Emirate of Dubai outlines the process which developers must follow to terminate off-plan sale and purchase agreements in the case of customer defaults. Upon the occurrence of a customer payment default, the developer is required to inform the DLD of such occurrence as well as information about the purchaser, the developer and the property in question. The DLD initiates a review on the basis of this information and, once the default has been verified, it serves a written notice on the defaulting purchaser for rectifying the default within 30 days of the notice. During this period, the DLD may also facilitate an amicable settlement between the defaulting purchaser and the developer. If such settlement is reached, a settlement agreement setting out the terms thereof is entered into by the defaulting purchaser and the developer. If no such settlement is reached and the default persists beyond the 30 day period, the DLD issues a report affirming the developer's compliance with Dubai Law No. (19) of 2017 and the current completion percentage of the property. On the basis of this report and upon the developer's request following its receipt of this report, the DLD de-registers the relevant sale and purchase agreement (without requiring any court or tribunal order or direction) in the following manner:

Construction completion %	Termination process
>80%	Developer can choose to continue with the sale and purchase agreement, retaining all amounts received to-date and requesting outstanding payments from the purchaser. Alternatively, the developer may request the DLD to sell the property through a public auction and offset the proceeds against the outstanding purchase price. The developer also has the option to unilaterally terminate the sale and purchase agreement and retain 40 per cent. of the purchase price (with the excess amounts already paid to be refunded to the purchaser within a specified timeframe)
60%-80%	The developer has the option to unilaterally terminate the sale and purchase agreement and retain 40 per cent. of the purchase price (with the excess amounts already paid to be refunded to the purchaser within a specified timeframe)
<60%	The developer has the option to unilaterally terminate the sale and purchase agreement and retain 25 per cent. of the purchase price (with the excess amounts already paid to be refunded to the purchaser within a specified timeframe)
Not commenced.....	The developer has the option to unilaterally terminate the sale and purchase agreement and retain 30 per cent. of the amount already paid

(with the remaining amount to be refunded to the purchaser within a specified timeframe)

Cancelled by RERA The developer must refund all payments received

Purchasers have the right to challenge the termination of their sale and purchase agreement if they believe it was not done in good faith, allowing them to approach the courts or resort to arbitration for resolution.

Key Relevant Awards

The Group has received multiple awards in recognition of their business model and track-record, including the following:

<u>Year</u>	<u>Award</u>	<u>Awarding institution</u>
2018	Developer of the Year – MENA Green Building Awards	World Green Building Council
2018	Overall Winner in the Real Estate Category	Gulf Real Estate Awards
2019	Best Real Estate Project – Affordable Housing and Best Real Estate Project – Off Plan	Gulf Real Estate Awards
2021	Top 10 Fastest Project in 2021	RERA

Competition

The Group competes for customers with other major property development companies offering residential properties comparable to those offered by the Group. In addition, the Group also competes to source appropriate land plots on which to construct its projects. See also "*Risk Factors – Risk Factors Relating to the Group's Business – The Group faces competition in property development*".

In Dubai, the Group competes with the following major Dubai based property development companies and certain other private entities, which dominate the Dubai property market at the date of this Offering Circular:

- Damac Properties Dubai Co. PJSC was established in 2002. The company is known for developing residential apartments, villas and commercial properties. Damac has completed numerous projects in the UAE and other countries, including Jordan, Saudi Arabia and Lebanon;
- Deyaar Development PJSC was established in 2002 with residential and commercial developments across several areas in Dubai and operations in other countries. In addition to property development, Deyaar provides property management, facilities management, and owners' association management services;
- Dubai Properties LLC was established in 2004 and is a part of the Dubai Holding Group (which manages a portfolio of companies focused on business communities, hospitality, tourism, real estate and telecommunications). Its key developments include Culture Village, Business Bay and the Jumeirah Beach Residences. The Dubai Holding Group has previously been allocated its land bank by the Government;
- Emaar Properties PJSC was established in 1997 and is a key competitor of the Group. Unlike the Group, Emaar has historically been allocated land in Dubai by the Government and has developed a diverse range of projects across residential, commercial, retail and leisure sectors in Dubai;
- Meraas Holding LLC is a diversified holding company established in 2007 with investments in tourism, leisure, real estate development and asset management and is a part of the Dubai Holding Group. Its notable completed and ongoing developments include the largest ferris wheel in the world, Blue Waters, the Pearl Jumeirah luxury residences, City Walk, a Bollywood theme park and the first Legoland theme park in the Middle East;

- Nakheel PJSC was established in 2003 and is currently owned directly by the Government. Its main developments include the Palm Islands, the Dubai Waterfront, International City and The World. Nakheel has previously been allocated its land bank by the Government and has developed projects across various sectors; and
- Union Properties PJSC was established in 1987 and is a part of the Emirates NBD Group. It has completed several commercial, residential, and leisure projects, including high-rise towers, multi-use complexes, hotels and theme parks in the UAE.

Intellectual Property

The Group owns a number of trademarks which are important to the Group's business including, without limitation, Binghatti, Binghatti Developers, Binghatti Industries, Binghatti Hospitality, Binghatti Investments, Billionaire Hotels and Resorts by Binghatti, and Trillionaire Residences by Binghatti. Each of these trademarks has been registered in the UAE.

Information Technology

The Group utilises various technologies across its business transactions. Some of the primary IT solutions implemented, or in process of implementation, by the Group are as follows:

- a unified enterprise resource planning system for the Group which relates to back-office functions like finance, procurement, logistics and fixed assets;
- an end-to-end construction project management solution integrated with the Group's enterprise resource planning which relates to planning, scheduling, project executions and monitoring, risk management, resources management, billing and costing;
- an end-to-end human capital management system for better employee experience; and
- digitising paper-based/legacy-based processes via an electronic document management system.

The Group also has an in-house artificial intelligence team that provides electronic "smart systems", which get installed into the Group's residential properties. This "smart system" includes, among other things, electronic security, wireless charging facilities, voice recognition and a smart door lock system.

Data protection

The Group believes that the protection of its business information as well as customer information is a critical and an important pillar of business. Accordingly, the Group has data protection policies in place to safeguard business and customer information. The Group is in the process of selecting and implementing a data loss prevention solution which will enable better monitoring and prevention of inappropriate transfer or sharing of sensitive information to unauthorised parties. This solution is expected to enable better protection of sensitive business information in on-premises systems, cloud-based solutions and end-point devices.

Security systems

To strengthen its security systems, the Group has implemented a number of recognised systems such as Meraki firewalls, Mimecast email security, Sophos end-point system and similar software and processes. The Group is in the process of establishing a security operations centre and a security incident and event management platform.

Insurance

The Group maintains industry-standard insurance including money insurance, motor vehicles insurance and medical insurance for all its employees. Accordingly, Binghatti believes that the Group's insurance programme is comprehensive and robust. The Group endeavours to keep the insurance programme aligned and updated, on an ongoing basis, in accordance with the latest insurance solutions available in the global insurance market.

In addition, the Group requires its contractors to provide insurance cover, including contractor all risks ("CAR"), workman's compensation, motor vehicles insurance, insurance for plant and contractor's

equipment and, if applicable, marine insurance for goods transported to each project. The Group also requires its consultants to carry professional indemnity insurance according to the best available market standards.

The Group requires the CAR policy to cover the contractors and relevant sub-contractors as well as the principal for the full value of the contract. CAR insurance covers loss or damage to the contract works and the liability of the contractor/principal to third parties. The policy commences from the inception date of the contract and is valid until completion of construction and handing over of the project to the Group. Once the project is handed over by the contractor, the CAR insurance expires. Thereafter, the retained elements of the project form part of the Group's assets and are insured under by the Group's own property insurance or property all risk insurance. Insurances relating to the units handed over are maintained by the respective owners or owners' associations.

See also "*Risk Factors – Risk Factors Relating to the Group's Business – The Group may not have adequate insurance to cover potential losses*".

Environment

Sustainability and climate action is a significant consideration within the Group and the Group is committed to complying with environmental industry standards applicable to it. Accordingly, the Group has implemented, and is in the process of implementing, various initiatives relating to energy management, water management and circular economy/waste management across its business and projects.

The Group ensures that its employees, contractors, suppliers and communities are educated and made aware of the impact their activities could have on the surrounding environment and works towards strengthening awareness of a greener lifestyle through energy and water efficiency in line with the UAE's Net Zero 2050 target. The Group also undertakes an environmental impact study for each project. The contractor who oversees construction at the project obtains all permits required from government authorities and manages the permit process. The Group's project sites are subject to periodic inspection by regulatory agencies that monitor ongoing compliance with applicable environmental regulations. The Group's new developments are designed to comply with the green building codes. The Group has an in-house sustainability team to ensure that its assets are compliant with Dubai's green standards. The Group also has Leadership in Energy and Environmental Design ("**LEED**") certification for a number of its uber-luxury projects including Bugatti Residence by Binghatti, Burj Binghatti Jacob & Co. and Mercedes Benz Place Binghatti. LEED certification provides a framework for healthy, highly efficient, and cost-saving green buildings, which offer environmental, social and governance benefits.

Health and Safety

The Group is committed to providing a safe working environment and securing improvements in occupational health and safety by protecting employees, visitors and all personnel who work on its behalf from workplace injury and illness. The Group has a health and safety policy as well as health, safety, security and environment ("**HSSE**") plans and procedures for the smooth execution of the projects. The Group monitors the progress of construction and the implementation of local regulations and international health and safety guidelines such as ISO 9001:2008, ISO 14001:2015, ISO 45001:2018 and National Fire Protection Association standards in each of its projects. For each project, the Group appoints a project manager to inspect both the physical conditions on the site, such as personal protective equipment, working at heights and in confined spaces, and procedural issues such as third-party certification for lifting equipment, machinery, firefighting systems, first aid procedures, control measures, emergency and contingency plans and job-specific training registers. The Group also appoints a health and safety manager for each project to monitor safety compliance at each relevant construction site. The project manager can authorise the appointed health and safety officer to issue reports, stop work and impose fines, should policies not be followed. The health and safety officer also tracks and reports monthly key performance indicators on the project, such as the number of man-hours worked, workers, lost days, lost time incidents, first aid and medical treatment cases, and fire accidents.

Litigation

The Group has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Binghatti is aware) during the last 12 months preceding the date of this Offering Circular which may have, or have had, a significant effect on its financial position or profitability.

MANAGEMENT AND EMPLOYEES

Board of Directors

Binghatti's board of directors (the "**Board**") is elected by Binghatti's shareholders at their general meeting. Whilst the Board is responsible for the strategic direction of the Group, projects and related decisions are recommended by Binghatti's senior management (the "**Executive Leadership Team**") to the Board for approval.

The Board convenes regularly and, in any case, at least once every quarter. Decisions at such meetings are made in person or through written resolutions circulated among the members of the Board. Approved decisions are subsequently implemented by the Executive Leadership Team.

The table below sets out the names of the members of the Board as at the date of this Offering Circular.

Name	Designation
Dr. Hussain Ghati Ghaib Al Jbori	President
Mohammed Hussain Ghati Al Jbori	Chairman
Ahmed Hussain Al Jbori	Vice Chairman
Katralnada Hussain Al Jbori	Deputy Managing Director
Trevor McFarlane	Non-Executive Independent Director
Tomaso Rodriguez	Non-Executive Independent Director
Fares Akkad	Non-Executive Independent Director

Brief biographical information in respect of the members of the Board is set out below.

Dr. Hussain Ghati Ghaib Al Jbori – President

Dr. Hussain Ghati Ghaib Al Jbori is the Founding Chairman of the Board. He has more than 30 years' experience in property construction, development and management in both the UAE and the United Kingdom. He holds a master's degree in control engineering and a PhD in industrial technology from the University of Bradford, England, United Kingdom.

Mohammed Hussain Ghati Al Jbori – Chairman

Mohammed Hussain Ghati Al Jbori joined the Group in 2015 and has been the Chairman since 2024. He has also been the Group's Chief Executive Officer since 2015. He has more than 10 years' experience in property development, design and corporate leadership. He has a bachelor's degree in architecture from the American University of Sharjah, UAE.

Ahmed Hussain Al Jbori – Vice Chairman

Ahmed Hussain Al Jbori joined the Group in 2008 and has been the Vice Chairman of the Board since 2023. He has more than 15 years' experience in business development, investment strategy and finance. He has a Master of Business Administration degree (an "**MBA**") from London Business School, United Kingdom.

Katralnada Hussain Al Jbori – Managing Director

Katralnada Hussain Al Jbori joined the Group in 2021 as Deputy Chief Executive Officer before being appointed Deputy Managing Director and Chief Executive Officer in 2024. She holds a bachelor's degree in industrial engineering from Rochester Institute of Technology, New York, United States and a Six Sigma Yellow Belt Certification.

Trevor McFarlane – Non-Executive Independent Director

Trevor McFarlane joined the Group as a Non-Executive Independent Director in 2024. As at the date of this Offering Circular, he is also the Founder and Chief Executive Officer of EMIR (Emerging Markets

Intelligence and Research). He has previously worked as an analyst with The Economist and as a senior editor with The Economist Intelligence Unit and has over 20 years' experience across the Middle East working in business intelligence. He has a master of business studies degree from the UCD-Smurfit School of Business, Dublin, Ireland.

Tomaso Rodriguez – Non-Executive Independent Director

Tomaso Rodriguez joined the Group as a Non-Executive Independent Director in 2024. As at the date of this Offering Circular, he is also the Chief Executive Officer of Talabat. He has previously worked in various roles with CarSwitch Arabia, Facily, Grab and Uber and has 15 years' experience in startups, entrepreneurship, project management and business analysis. He has an MBA from Collège des Ingénieurs, France and an Executive Education degree from the Harvard Business School, United States of America.

Fares Akkad – Non-Executive Independent Director

Fares Akkad joined the Group as a Non-Executive Independent Director in 2024. He has previously worked as a Director for Media Partnerships at META, managed the media partnerships team in MEA and worked with the MBC Group. He has 25 years' experience in leading growth for media and social media giants and has a master's degree in information systems and an MBA with an emphasis in entrepreneurship and finance.

The business address of each member of the Board is c/o Bingham Holding Limited, Unit L19-04A, Level 19, Brookfield Place, Dubai International Financial Centre, Dubai, United Arab Emirates. There are no potential conflicts of interest between the private interests or other duties of the members of Board listed above and their duties to the Group.

Executive Leadership Team

The table below sets out the names of the members of the Executive Leadership Team as at the date of this Offering Circular.

Name	Designation
Mohammed Hussain Ghatai Al Jbori	Chairman
Katralnada Hussain Al Jbori	Chief Executive Officer
Hibah Hussain Al Jbori	Chief Legal Officer
Sarah Hussain Al Jbori	Chief Procurement Officer
Abdullah Hussain Al Jbori	Chief Sales and Customer Relationship Management Officer
Shehzad Janab	Chief Financial Officer
Iman Namrawi	Chief Operating Officer

Brief biographical information in respect of the members of the Executive Leadership Team is set out below.

Mohammed Hussain Ghatai Al Jbori – Chairman

See "*Management and Employees – Board of Directors*".

Katralnada Hussain Al Jbori – Chief Executive Officer

See "*Management and Employees – Board of Directors*".

Hibah Hussain Al Jbori – Chief Legal Officer

Hibah Hussain Al Jbori joined the Group as the Chief Legal Officer in 2024. She has five years' experience in a wide area of legal practice, including property development and hospitality. She holds a Bachelor of Laws degree from the SOAS University of London, United Kingdom.

Sarah Hussain Al Jbori – Chief Procurement Officer

Sarah Hussain Al Jbori joined the Group as the Chief Procurement Officer in 2016. She has over 11 years' experience in procurement, contracts, sourcing, vendor management, negotiation and partnership management. She holds a bachelor's degree in international relations with a minor in international law and a master's degree in international law from the SOAS University of London, United Kingdom.

Abdullah Hussain Al Jbori – Chief Sales and Customer Relationship Management Officer

Abdullah Hussain Al Jbori joined the Group in 2020 and has been the Chief Sales and Customer Relationship Management Officer since 2021. He is in the process of obtaining a bachelor's degree in business management from the Rochester Institute of Technology, Dubai, UAE.

Shehzad Jenab – Chief Financial Officer

Shehzad Jenab joined the Group as the Chief Financial Officer in 2023. He has over 30 years' global experience in industry, corporate and investment banking, treasury, business development and advisory across various industries including information technology, commercial catering, facility management, real estate and construction for both private and public companies. He holds a master's degree in economics, with a specialisation in finance, from the University of London, United Kingdom.

Iman Namrawi – Chief Operating Officer

Iman Namrawi joined the Group as the Chief Operating Officer in 2024. He has over 25 years' experience in real estate, specialising in full municipal management of iconic mixed-use master developments. He has held several senior leadership roles with top-tier UAE master developers, being responsible for property operations, asset delivery, customer relationship management and collections. He has an MBA from the University of Liverpool, Australia.

The business address of each member of the Executive Leadership Team is c/o Binghatti Holding Limited, Unit L19-04A, Level 19, Brookfield Place, Dubai International Financial Centre, Dubai, United Arab Emirates. There are no potential conflicts of interest between the private interests or other duties of the members of the Executive Leadership Team listed above and their duties to the Group.

Board Committees

As at the date of this Offering Circular, Binghatti has two Board committees.

Audit and Risk Committee

The Audit and Risk Committee was formed in January 2024. The principal role of the Audit and Risk Committee is to assist the Board in discharging its responsibilities for monitoring the integrity of the Group's financial statements and the effectiveness of its internal control systems. The Audit and Risk Committee also monitors the appointment, removal, effectiveness, performance and objectivity of the Group's internal and external auditors. The Audit and Risk Committee's members are appointed by the Board and the committee meets at least four times a year and otherwise as required.

As at the date of this Offering Circular, the Audit and Risk Committee's members are Trevor McFarlane (Committee Chair), Fares Akkad (Member), Hibah Hussain Al Jbori (Member) and Ahmed Hussain Al Jbori (Member).

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed in January 2024. The principal role of the Nomination and Remuneration Committee is to assist the Board by providing advice in relation to the remuneration packages of non-executive directors, recommending individuals for nomination as members of the Board and its committees, and reviewing the performance of non-executive directors, as well as reviewing the Group's nomination, retention and termination policies, succession plans and any other related matters requested by the Board. The Nomination and Remuneration Committee's members are appointed by the Board and the committee meets at least four times a year and otherwise as required.

As at the date of this Offering Circular, the Nomination and Remuneration Committee's members are Tomaso Rodriguez (Committee Chair), Hibah Hussain Al Jbori (Member) and Ahmed Hussain Al Jbori (Member).

Management Committees

As at the date of this Offering Circular, Binghatti has one management committee.

Discipline and Investigation Committee

The Discipline and Investigation Committee advises the Executive Leadership Team in respect of the Group's overall anti-corruption strategy. The Discipline and Investigation Committee is also responsible for the establishment and management of the Group's anti-corruption framework. The Discipline and Investigation Committee's members are appointed by the Board and the committee meets at least four times a year and otherwise as required.

As at the date of this Offering Circular, the Discipline and Investigation Committee's members are Katralnada Hussain Al Jbori (Committee Chair), Hibah Hussain Al Jbori (Member), Shehzad Janab (Member), Hamad Suhail (Group Senior Human Resources Director) (Member) and Husein Manji (Vice President Legal) (Member and Committee Secretary).

The Discipline and Investigation Committee met over four times in 2023.

Employees

As at 31 December 2023, the Group had 6,185 employees, compared to 2,717 employees as at 31 December 2022 and 1,497 employees as at 31 December 2021.

As at 31 December 2023, the Group's emiratization level was 5.6 per cent., compared to 4.2 per cent. as at 31 December 2022 and 0 per cent. as at 31 December 2021.

GLOBAL TRUST CERTIFICATE

The Global Trust Certificate contains certain provisions which apply to the Trust Certificates whilst they are represented by the Global Trust Certificate, some of which modify the effect of the Conditions. Unless otherwise defined, terms defined in the Conditions have the same meaning below.

The Trust Certificates will be in registered form. Trust Certificates will be issued and sold outside the United States in reliance on the exemption from registration provided by Regulation S.

The Trust Certificates will initially be represented by beneficial interests in a global trust certificate in registered form (a "**Global Trust Certificate**"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to the Trust Certificates, beneficial interests in the Global Trust Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and the Global Trust Certificate will bear a legend regarding such restrictions on transfer.

The Global Trust Certificate will be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the Common Depositary. Persons holding beneficial interests in the Global Trust Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Trust Certificates in fully registered form.

Payments of any amount in respect of the Global Trust Certificate will, in the absence of provision to the contrary, be made to the person shown on the relevant Register as the registered holder of the Global Trust Certificate. None of the Trustee, the Delegate or any Agent will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Trust Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payment of any amounts in respect of the Trust Certificates will, in the absence of any provision to the contrary, be made to the persons shown on the Register on the relevant Record Date immediately preceding the due date for payment in the manner provided in the Conditions.

Interests in the Global Trust Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Trust Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 18 (*Notices*) if an Exchange Event occurs. For these purposes, "**Exchange Event**" means that: (a) the Delegate has given notice in accordance with Condition 15 (*Dissolution Events*) that a Dissolution Event has occurred and is continuing; or (b) the Trustee, Bingham and the Delegate have been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Trust Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (b) above, the Trustee may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

For so long as any of the Trust Certificates is represented by a Global Trust Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear and/or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular face amount of such Trust Certificates (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the face amount of such Trust Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, the Delegate, Bingham and the Agents as the holder of such face amount of such Trust Certificates for all purposes other than with respect to any payment in respect of such Trust Certificates, for which purpose the registered holder of the Global Trust Certificate shall be treated by the Trustee, the Delegate, Bingham and any Agent as the holder of such face amount of such Trust Certificates in accordance with and subject to the terms of the Global Trust Certificate and the expressions "**Certificateholder**" and "**holder**" in relation to any Trust Certificates and related expressions shall be construed accordingly.

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where additional Trust Certificates are issued in accordance with Condition 21 (*Further Issues*) which are intended to form a single series with the Trust Certificates at a point after the Issue Date, such additional Trust Certificates shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to the Trust Certificates until such time as the tranches are consolidated and form a single series.

Transfers of book-entry interests in the Trust Certificates will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

TERMS AND CONDITIONS OF THE TRUST CERTIFICATES

The following is the text of the Terms and Conditions of the Trust Certificates, which (save for the text in italics) will be endorsed on each Trust Certificate in definitive registered form (if issued) and will apply to the Global Trust Certificate (as defined below) in respect of the Trust Certificates.

Each of the U.S.\$200,000,000 trust certificates due 2027 (the "**Trust Certificates**") is issued by Binghatti Sukuk SPC Limited (in its capacities as issuer and trustee for and on behalf of the Certificateholders (as defined below), the "**Trustee**") and represents an undivided ownership interest in the Trust Assets (as defined below) held on trust (the "**Trust**") for the holders of such Trust Certificates pursuant to the declaration of trust (the "**Original Declaration of Trust**") dated 29 February 2024 made between the Trustee, Binghatti Holding Limited (the "**Obligor**" or "**Binghatti**") and BNY Mellon Corporate Trustee Services Limited (as donee of certain powers and as the Trustee's delegate, the "**Delegate**") as supplemented by a supplemental declaration of trust dated 16 July 2024 (the "**Issue Date**") made between the same parties (the "**Supplemental Declaration of Trust**" and, together with the Original Declaration of Trust, the "**Declaration of Trust**").

The Trust Certificates will be consolidated with and form part of the same series as the currently outstanding U.S.\$300,000,000 trust certificates due 2027 of the Trustee issued on 29 February 2024 (the "**Original Trust Certificates**"), and will be fully fungible with the Original Trust Certificates from 25 August 2024. In addition, the Trust Certificates will have the same terms (other than the issue date and the issue price) as those of the Original Trust Certificates, including with respect to waivers, amendments, redemptions and offer to purchase.

Payments relating to the Trust Certificates will be made pursuant to an agency agreement dated 29 February 2024 (the "**Agency Agreement**") made between the Trustee, Binghatti, the Delegate and The Bank of New York Mellon, London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agents appointed from time to time in respect of the Trust Certificates, the "**Paying Agents**") and The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the "**Registrar**") and as transfer agent (in such capacity, a "**Transfer Agent**", and together with any further or other transfer agents appointed from time to time in respect of the Trust Certificates, the "**Transfer Agents**"). The Paying Agents, the Registrar and the Transfer Agents are together referred to in these Conditions as the "**Agents**". References to the Agents or any of them shall include their successors.

The holders of the Trust Certificates (the "**Certificateholders**") are bound by, and are deemed to have notice of, all of the provisions applicable to them in the documents set out below, copies of which (i) will be available by email at a Certificateholder's request (subject to provision of proof of holding satisfactory to the Principal Paying Agent and the Principal Paying Agent being instructed to share the documents electronically by the Trustee and Binghatti); and (ii) are available for inspection and/or collection by Certificateholders at the specified office for the time being of the Principal Paying Agent, in each case, during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays), and upon reasonable notice:

- (a) a purchase agreement between the Trustee, Binghatti Properties Investments Limited and Binghatti dated 29 February 2024 (the "**Original Purchase Agreement**") as supplemented by a supplemental purchase agreement dated 16 July 2024 between the same parties (the "**Supplemental Purchase Agreement**" and, together with the Original Purchase Agreement, the "**Purchase Agreement**") and any supplemental purchase agreement executed in certain circumstances described in the Purchase Agreement;
- (b) a lease agreement between the Trustee, Binghatti and the Delegate dated 29 February 2024 (the "**Original Lease Agreement**") as amended by a lease assets amendment agreement dated 16 July 2024 between the same parties (the "**Lease Assets Amendment Agreement**" and, together with the Original Lease Agreement, the "**Lease Agreement**");
- (c) a servicing agency agreement between the Trustee and Binghatti dated 29 February 2024 (the "**Servicing Agency Agreement**");
- (d) a sale and substitution undertaking executed by the Trustee as a deed dated 29 February 2024 (the "**Sale and Substitution Undertaking**") including any sale agreement (the "**Sale Agreement**") executed in certain circumstances described in the Sale and Substitution Undertaking;

- (e) a purchase undertaking executed by Binghatti as a deed dated 29 February 2024 (the "**Purchase Undertaking**") including any sale agreement (the "**Sale Agreement**") executed in certain circumstances described in the Purchase Undertaking;
- (f) a murabaha agreement between the Trustee, Binghatti and the Delegate dated 29 February 2024 (the "**Murabaha Agreement**") (including any documents, purchase orders and letters of offer and acceptance delivered or entered into as contemplated by the Murabaha Agreement);
- (g) the Declaration of Trust including any further supplemental declaration of trust executed in certain circumstances described in the Declaration of Trust;
- (h) the Agency Agreement; and
- (i) a declaration of commingling of assets executed by the Trustee as a deed dated 16 July 2024 (the "**Declaration of Commingling of Assets**"),

(together, the "**Transaction Documents**").

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents.

Each initial Certificateholder, by its acquisition and holding of its interest in a Trust Certificate, shall be deemed to authorise and direct the Trustee to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Declaration of Trust and these Conditions, and to apply the sums paid by it in respect of its Trust Certificates in accordance with the terms of the Transaction Documents.

1. **Interpretation**

1.1 **Definitions**

Unless defined herein or the context otherwise requires, capitalised words and expressions used but not defined herein shall have the meaning given to them in the Declaration of Trust and the Agency Agreement. In addition, for the purposes of these Conditions, the following expressions have the following meanings:

"Additional Assets" means:

- (a) any real property whether undeveloped, in development or developed, plant or equipment used in a Related Business together with any improvements thereon;
- (b) the Capital Stock of a person that becomes a Subsidiary as a result of the acquisition of such Capital Stock by Binghatti or another Subsidiary; or
- (c) Capital Stock constituting a minority interest in any person that at such time is a Subsidiary,

provided, however, that any such Subsidiary described in paragraphs (b) or (c) above is primarily engaged in a Related Business.

"Affiliate" means, with respect to any specified person: (i) any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person; or (ii) any other person that owns, directly or indirectly through one or more Subsidiaries, 25 per cent., or more of any class of such specified person's Capital Stock, and, for the purposes of this definition, control, when used with respect to any specified person, means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms controlling and controlled have meanings correlative to the foregoing;

"Asset Sale" means any sale, lease, sublease, sale and lease back, transfer or other disposition by any member of the Group of all or any of the legal or beneficial interest in any Capital Stock or any property or assets of any member of the Group (either in one transaction or in a series of related transactions at the same time or over a period of time) to any person who is not a member

of the Group; provided that none of the following items shall be deemed to be an Asset Sale for these purposes:

- (a) the sale, lease, sale and lease back, transfer or other disposition of inventory, property, receivables, other current assets, Investment Properties and/or development properties by any member of the Group in the ordinary course of business (whether or not for cash consideration);
- (b) a disposition of cash or a sale or other disposition of Cash Equivalents in the ordinary course of business;
- (c) a sale or other disposition of obsolete or worn-out assets or assets that are no longer used or useful in the conduct of the Group's business;
- (d) an issuance of Capital Stock by a wholly-owned Subsidiary of Binghatti to Binghatti or another wholly-owned Subsidiary of Binghatti;
- (e) the creation of a Security and any disposition in connection with a Permitted Security;
- (f) a sale or other disposition of any asset made pursuant to any Project Finance Indebtedness;
- (g) a sale or other disposition of any property received by Binghatti or any of its Subsidiaries upon the foreclosure of a Security granted in favour of Binghatti or any of its Subsidiaries;
- (h) the grant of licenses to intellectual property rights to third parties on an arm's length basis in the ordinary course of business;
- (i) disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings;
- (j) a sale or other disposition pursuant to the Transaction Documents or similar arrangements entered into by Binghatti or any of its Subsidiaries in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of Shari'a, whether or not in return for consideration of any kind; and
- (k) transactions permitted under Condition 5.3(g);

"Authorised Signatory" means any person who: (a) is a director of Binghatti; or (b) is duly authorised and in respect of whom a certificate has been provided to the Delegate signed by a director or another duly authorised person of Binghatti setting out the name and signature of such person and confirming such person's authority to act;

"Average Life" means, as of the date of determination with respect to any Financial Indebtedness, the quotient obtained by dividing:

- (a) the sum of the products of:
 - (i) the numbers of years from the date of determination to the date or dates of each successive scheduled principal payment of such Financial Indebtedness; and
 - (ii) the amount of each such principal payment; by
- (b) the sum of all such principal payments;

"Binghatti Event" shall mean each of the following events:

- (a) if default is made in the payment by Binghatti (acting in any capacity) of any amount in the nature of:
 - (i) principal (required in order to allow the Trustee (or the Principal Paying Agent on its behalf) to make payment of any Dissolution Amount (in full or in part) when due under the Trust Certificates) payable by it pursuant to any Transaction

Document to which it is a party and the default continues for a period of seven days; or

- (ii) profit (required in order to allow the Trustee (or the Principal Paying Agent on its behalf) to make payment of any Periodic Distribution Amount (in full or in part) when due under the Trust Certificates) payable by it pursuant to any Transaction Document to which it is a party and the default continues for a period of 14 days; or
- (b) occurrence of a Partial Loss Dissolution Event; or
- (c) if Binghatti (acting in any capacity)
 - fails to perform or observe any one or more of its other obligations under the Transaction Documents (other than its obligations as set out in: (A) clauses 5.1 and 5.4 of the Servicing Agency Agreement; and (B) clause 9 of the Servicing Agency Agreement (save for the delivery of the Tangibility Event Trustee Notice)), which failure is, in the sole opinion of the Delegate, incapable of remedy or, if in the sole opinion of the Delegate capable of remedy, is not, in the sole opinion of the Delegate, remedied within the period of 30 days following the service by the Delegate on Binghatti of notice requiring the same to be remedied; or
- (d) (i) any Indebtedness of Binghatti or any Material Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period; (ii) any such Indebtedness becomes due and payable prior to its stated maturity by reason of default (however described); or (iii) Binghatti or any Material Subsidiary fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any guarantee of any Indebtedness, provided that each such event shall not constitute a Binghatti Event unless the aggregate amount of all such Indebtedness, either alone or when aggregated with all other Indebtedness in respect of which such an event shall have occurred and be continuing, shall be more than U.S.\$50,000,000 (or its equivalent in any other currency or currencies); or
- (e) one or more judgments or orders for the payment of any sum in excess of U.S.\$50,000,000 is rendered against Binghatti or any Material Subsidiary and continues unsatisfied, unstayed and unappealed for a period of 30 days after the date thereof (or, if appealed, the appeal is unsuccessful and thereafter the judgment continues unsatisfied and unstayed for a period of 30 days); or
- (f) any order is made by any competent court or resolution passed for the winding-up or dissolution of Binghatti or any Material Subsidiary, save in connection with a Permitted Reorganisation; or
- (g) Binghatti or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, save in connection with a Permitted Reorganisation, or Binghatti or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits its inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (h) (1) any court or other formal proceedings are initiated under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official (and such proceedings are not being actively contested in good faith by Binghatti or the relevant Material Subsidiary), or an administrative or other receiver, manager, administrator or other similar official is appointed, in each case against or in relation to Binghatti or any Material Subsidiary or, as the case may be, in relation to all or substantially all of the undertaking or assets of Binghatti, or all or substantially all of the undertaking or assets of such Material Subsidiary, in each case, save in connection with a Permitted Reorganisation; and/or (2) an encumbrancer takes possession of all or substantially all of the undertaking or assets of

Binghatti, or all or substantially all of the undertaking or assets of any Material Subsidiary, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against any of the same; and (3) any such event as is mentioned in (1) or (2) above (other than the appointment of an administrator) is not discharged within 30 days; or

- (i) Binghatti or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) save in connection with a Permitted Reorganisation; or
- (j) any event occurs which under the laws of Dubai International Financial Centre or, to the extent applicable in Dubai International Financial Centre, the laws of Dubai or the laws of United Arab Emirates or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (f) to (i) above; or
- (k) Binghatti repudiates any, or any part of, a Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate any, or any part of, a Transaction Document to which it is a party; or
- (l) at any time it is or becomes unlawful for Binghatti to perform or comply with any or all of its obligations under or in respect of any Transaction Document or any of the material obligations of Binghatti thereunder are not or cease to be legal, valid, binding or enforceable; or
- (m) all or substantially all of any Material Subsidiaries' revenues or assets are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any national, regional or local government,

provided, however, that, in the case of the happening of any of the events described in paragraphs (c) or (other than the winding-up or dissolution of Binghatti) (e) to (m) (inclusive) above, the Delegate shall have certified in writing to Binghatti that such event is, in its opinion, materially prejudicial to the interests of the holders of the Trust Certificates.

"Borrowings" means, at any time, the aggregate outstanding principal, capital or nominal amount of any indebtedness including, in each case, any fixed or minimum premium payable on prepayment or redemption of such indebtedness, to the extent such fixed or minimum premium has become due and payable, for or in respect of Financial Indebtedness as determined by reference to the most recently available consolidated financial statements of Binghatti prepared in accordance with IFRS;

"Business Day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in U.S. dollars;

"Calculation Amount" means U.S.\$1,000;

"Call Date" means, with respect to any Financial Indebtedness, the date specified in the relevant documentation as the date on which the entire aggregate amount of principal in respect thereof may become due and payable at the option of the issuer thereof (where such right is only available to the issuer upon a specified date or dates or upon the occurrence of any contingency which has occurred, but excluding circumstances where such right forms part of a general right of repayment or prepayment);

"Cancellation Date" means the date on which Trust Certificates are to be cancelled as specified in the Cancellation Notice;

"Cancellation Notice" means a notice substantially in the form set out in Schedule 2 to the Sale and Substitution Undertaking;

"Capital Stock" means, with respect to any person, any and all shares, interests, participations or other equivalents (howsoever designated, whether voting or non-voting) or such person's equity, including any preferred stock of such person, whether outstanding on 29 February 2024 or issued after the date thereof including, without limitation, all series or classes of such Capital Stock;

"Cash Equivalents" means any of the items described in paragraphs (a) to (e) of the definition of "Permitted Investment";

a **"Change of Control"** shall occur if at any time any person other than Dr. Hussain Ghatai Al Jbori or his lineal descendants acquires, directly or indirectly, more than 50 per cent. of the issued share capital of Binghatti;

"Change of Control Dissolution Amount" means, in relation to the Trust Certificates to be redeemed on the Change of Control Dissolution Date, the sum of:

- (a) the outstanding face amount of such Trust Certificates;
- (b) any due and unpaid Periodic Distribution Amounts relating to such Trust Certificates; and
- (c) any other amounts payable following a Total Loss Event pursuant to the Servicing Agency Agreement;

"Change of Control Dissolution Date" shall be the tenth Payment Business Day after the expiry of the Change of Control Period;

"Change of Control Election" has the meaning given to it in Condition 11.5 (*Dissolution at the Option of the Certificateholders (Change of Control Put Right)*);

"Change of Control Notice" has the meaning given to it in Condition 11.5 (*Dissolution at the Option of the Certificateholders (Change of Control Put Right)*);

"Change of Control Period" has the meaning given to it in Condition 11.5 (*Dissolution at the Option of the Certificateholders (Change of Control Put Right)*);

"Change of Control Agent Notice" has the meaning given to it in Condition 11.5 (*Dissolution at the Option of the Certificateholders (Change of Control Put Right)*);

"Clean Up Dissolution Amount" means, in relation to the Trust Certificates to be redeemed on the Clean Up Dissolution Date, the sum of:

- (a) the outstanding face amount of such Trust Certificates;
- (b) any due and unpaid Periodic Distribution Amounts relating to such Trust Certificates; and
- (c) any other amounts payable following a Total Loss Event pursuant to the Servicing Agency Agreement;

"Clean Up Dissolution Date" has the meaning given to it in Condition 11.6 (*Dissolution at the Option of Binghatti (Clean Up Call Right)*);

"Clearstream, Luxembourg" means Clearstream Banking S.A.;

"Consolidated EBITDA" means, in respect of any Measurement Period, the consolidated net pre-taxation profits of the Group for such Measurement Period as adjusted by:

- (a) adding back Consolidated Net Finance Charges Payable;
- (b) taking no account of any exceptional or extraordinary item;
- (c) adding back any amount attributable to minority interests;
- (d) adding back depreciation and amortisation; and

- (e) taking no account of any revaluation of an asset or any loss or gain over book value arising on the disposal of an asset (otherwise than the ordinary course of trading) by a member of the Group during the Measurement Period,

each as determined by reference to the most recently available consolidated financial statements of Binghatti prepared in accordance with IFRS,

and:

- (i) including the net pre-taxation profits of a member of the Group or business or assets acquired during that Measurement Period for the part of that Measurement Period when it was not a member of the Group and/or the business or assets were not owned by a member of the Group; but
- (ii) excluding the net pre-taxation profits attributable to any member of the Group or to any business or assets sold during that Measurement Period;

"Consolidated Finance Charges Payable" means, in respect of any Measurement Period, all Finance Charges (but excluding Finance Charges on trade payables) incurred by the Group during such Measurement Period;

"Consolidated Finance Charges Receivable" means, in respect of any Measurement Period, all financing charges received or receivable by the Group during such Measurement Period;

"Consolidated Net Finance Charges Payable" means, in respect of any Measurement Period, Consolidated Finance Charges Payable less Consolidated Finance Charges Receivable during such Measurement Period;

"Consolidated Net Income" means, for any period, the profit after tax of the Group for such period, as determined by reference to the most recently available consolidated financial statements of Binghatti prepared in accordance with IFRS;

"Consolidated Net Interest Expense" means, for any Measurement Period, the aggregate amount of the accrued interest/profit, in respect of Financial Indebtedness (whether, in each case, paid or payable by any member of the Group (calculated on a consolidated basis)) less the aggregate amount of any finance income accrued to any member of the Group (calculated on a consolidated basis) in respect of that Measurement Period, each as determined by reference to the most recently available consolidated financial statements of Binghatti prepared in accordance with IFRS;

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement with respect to currency value (in each case, for the avoidance of doubt, including both conventional or Shari'a-compliant agreements);

"Customer Deposits" means any amounts collected from potential or actual purchasers of real estate (or from a person acting on behalf of such purchasers) of any member of the Group in the ordinary course of its day to day real estate and development activities, provided that no member of the Group has entered into or is subject to any obligation to repurchase the corresponding real estate from the relevant potential or actual purchaser;

"Day Count Fraction" has the meaning given to it in Condition 8.2 (*Determination of Periodic Distribution Amount Payable other than on a Periodic Distribution Date*);

"DIFC" means the Dubai International Financial Centre;

"Dispute" has the meaning given in Condition 23.2 (*Arbitration*);

"Dissolution Amount" means, as appropriate, the:

- (a) Scheduled Dissolution Amount;
- (b) Tax Event Dissolution Amount;
- (c) Total Loss Event Dissolution Amount;

- (d) Tangibility Event Dissolution Amount;
- (e) Change of Control Dissolution Amount;
- (f) Clean Up Dissolution Amount; or
- (g) Dissolution Event Amount;

"**Dissolution Date**" means, as the case may be, the:

- (a) Scheduled Dissolution Date;
- (b) Tax Event Dissolution Date;
- (c) Total Loss Event Dissolution Date;
- (d) Tangibility Event Dissolution Date;
- (e) Change of Control Dissolution Date;
- (f) Clean Up Dissolution Date; or
- (g) Dissolution Event Dissolution Date;

"**Dissolution Event**" has the meaning given to it in Condition 15 (*Dissolution Events*);

"**Dissolution Event Amount**" means, in relation to the Trust Certificates to be redeemed on the Dissolution Event Dissolution Date, the sum of:

- (a) the outstanding face amount of such Trust Certificates;
- (b) any due and unpaid Periodic Distribution Amounts relating to such Trust Certificates; and
- (c) any other amounts payable following a Total Loss Event pursuant to the Servicing Agency Agreement;

"**Dissolution Event Dissolution Date**" has the meaning given to it in Condition 15 (*Dissolution Events*);

"**Dissolution Event Notice**" has the meaning given to it in Condition 15 (*Dissolution Events*);

"**Euroclear**" means Euroclear Bank SA/NV;

"**Exercise Notice**" means a notice substantially in the form set out in Schedule 1 to the Sale and Substitution Undertaking or the Purchase Undertaking, as applicable;

"**Extraordinary Resolution**" has the meaning given to it in Schedule 4 to the Declaration of Trust;

"**Fair Market Value**" mean with respect to any Capital Stock, asset or property, the sale value or aggregate rent amount (as the case may be) that would be paid in an arm's-length transaction between an independent, informed and willing seller or lessor (as the case may be) under no compulsion to sell and an independent, informed and willing buyer or lessee (as the case may be) under no compulsion to buy or lease (as the case may be);

"**Finance Charges**" means, for any Measurement Period, the aggregate amount of the accrued interest or profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Financial Indebtedness (whether, in each case, paid or payable by any member of the Group (calculated on a consolidated basis)) in respect of that Measurement Period;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

- (a) moneys borrowed;

- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non- recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution excluding any performance or bid bonds;
- (i) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into the agreement is to raise finance;
- (j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above; and
- (k) any Shariah-compliant equivalent transaction of the items referred to in paragraphs (a) to (j) above.

The term "**Financial Indebtedness**" shall not include: (i) any indebtedness in respect of Customer Deposits; (ii) trade account payables arising solely in the ordinary course of business (other than promissory notes and similar obligations incurred for the purpose of finance); (iii) post-closing payment adjustments (in connection with the purchase by Binghatti or any Subsidiary of Binghatti of any business) to which the seller of such business may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing (provided, however, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter); and (iv) non-interest bearing or non-profit bearing instalment obligations and accrued liabilities incurred in the ordinary course of business that are not more than 90 days past due or that are being contested in good faith by appropriate proceedings instituted within a reasonable period of time and diligently pursued, provided that any reserve or appropriate provision as is required in conformity with IFRS has been made therefor;

"**Fitch**" means Fitch Ratings Ltd;

"**FY 2026 Liquidity Coverage Ratio**" means the ratio of Binghatti's (i) cash on hand, bank balances and fixed deposits as at 31 December 2026 (each as determined by reference to Binghatti's audited consolidated financial statements as at 31 December 2026 or other internal records or financial information of Binghatti as at 31 December 2026 prepared in accordance with its internal accounting, operations, controls and records systems) to (ii) the aggregate face amount of Trust Certificates then outstanding;

"**Group**" means Binghatti and its Subsidiaries taken as a whole;

"**IFRS**" means International Financial Reporting Standards as published by the International Accounting Standard Board;

"**Incur** and **Incurrence**" have the meanings given to them in Condition 5.2;

"Indebtedness" means all obligations, and guarantees or indemnities in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments) or any *Shari'a* compliant alternative of the foregoing other than any such obligations, guarantees or indemnities owing or given by one member of the Group to another member of the Group;

"Independent Appraiser" means (i) for the purposes of assets comprising interests in real estate and/or leases, an independent registered firm of chartered surveyors and (ii) for the purposes of any assets other than those described in (i), any independent firm of appraisers or internationally recognised investment banking firm or firm of public accountants, in the case of (i) and (ii) being of international standing, selected by Bingham;

"Insurances" means the insurances in respect of the Lease Assets, as provided for in the Servicing Agency Agreement;

"Interest/Profit Rate Agreement" means any interest/profit rate swap agreement, interest/profit rate cap agreement or other financial agreement with respect to exposure to interest/profit rates;

"Investment Grade Rating" means a rating equal to or higher than: (i) Baa3 (or the equivalent) by Moody's; (ii) BBB- (or the equivalent) by Standard & Poor's; and (iii) BBB- (or the equivalent) by Fitch;

"Investment Grade Status" means that the Trust Certificates have an Investment Grade Rating from at least two of the Rating Agencies;

"Investment Property" means any property or asset identified as an "investment property" (or similar property) in the most recently available audited or auditor reviewed consolidated financial statements of Bingham or the most recently available (if applicable, audited or auditor reviewed) financial statements of its relevant Subsidiary (as the case may be) and classified as such for financial reporting purposes in accordance with IFRS from time to time, and Investment Properties shall be construed accordingly;

"Joint Venture Company" means an entity which is at any particular time, jointly controlled (whether directly or indirectly) by Bingham and any other person or persons. For the purposes of this definition, an entity shall be considered as being "**jointly controlled**" by Bingham and such other person or persons if it is accounted for as a jointly controlled entity in the most recently available audited or auditor reviewed consolidated financial statements of Bingham;

"LCIA" means the London Court of International Arbitration;

"Lease" has the meaning given to it in the Lease Agreement;

"Lease Assets" has the meaning given to it in the Lease Agreement;

"Lessee" means Bingham in its capacity as lessee under the Lease Agreement;

"Lessor" means the Trustee in its capacity as lessor under the Lease Agreement;

"Liability" means, in respect of any person, any actual losses (excluding opportunity loss), actual damages, fees, actual costs (excluding any interest thereon, cost of funding and opportunity cost), charges, awards, claims, demands, expenses, judgments, actions, proceedings (or threats of any actions or proceedings) or other liabilities whatsoever including legal fees, travelling expenses and any Taxes and similar charges incurred by that person and references to "**Liabilities**" shall mean all of these;

"Material Subsidiary" means, at any relevant time, a Subsidiary of Bingham:

- (a) whose Consolidated EBITDA (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of Bingham and its Subsidiaries relate, are equal to) not less than 10 per cent. of the Consolidated EBITDA of Bingham, or, as the case may be, consolidated total assets,

of Binghatti and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated financial statements of Binghatti and its Subsidiaries taken as a whole, provided that in the case of a Subsidiary of Binghatti acquired after the end of the financial period to which the then latest audited consolidated financial statements of Binghatti and its Subsidiaries relate, the reference to the then latest audited consolidated financial statements of Binghatti and its Subsidiaries for the purposes of the calculation above shall, until consolidated financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned financial statements as if such Subsidiary had been shown in such financial statements by reference to its then latest relevant audited financial statements, adjusted as deemed appropriate by Binghatti;

- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of Binghatti which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this paragraph (b) on the date on which the consolidated financial statements of Binghatti and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provisions of paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated financial statements of Binghatti and its Subsidiaries relate, generate Consolidated EBITDA equal to) not less than 10 per cent. of the Consolidated EBITDA of Binghatti, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of Binghatti and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate Consolidated EBITDA equal to) not less than 10 per cent. of the Consolidated EBITDA of Binghatti, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of Binghatti and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this paragraph (c) on the date on which the consolidated financial statements of Binghatti and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated financial statements have been prepared and audited as aforesaid by virtue of the provisions of paragraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

Any report signed by an authorised signatory of Binghatti whether or not addressed to the Trustee or the Delegate that in their opinion a Subsidiary of Binghatti is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee and the Delegate without further enquiry or evidence and with no liability to any person therefor and, if relied upon by the Trustee or the Delegate, shall, in the absence of manifest error, be conclusive and binding on all parties;

"Measurement Period" means a period of 12 months ending on the last date of each period in respect of which audited or auditor reviewed consolidated financial statements of Binghatti are made available;

"Moody's" means Moody's Investors Service Limited;

"Net Cash Proceeds" means, with respect to any issuance or sale of any Capital Stock, the cash proceeds of such issuance or sale net of legal fees, underwriters' or placement agents' selling fees, discounts or management commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof;

"Net Indebtedness" means (i) the aggregate amount of all Financial Indebtedness of the Group less (ii) cash on hand (excluding any cash held in escrow), bank balances and fixed deposits, in the case of each of (i) and (ii), as shown in the most recently available consolidated financial statements of Binghatti prepared in accordance with IFRS;

"nominee" has the meaning given to it in Condition 2.1 (*Form and Denomination*);

"Officers Certificate" means a certificate substantially in the form scheduled to the Declaration of Trust, duly signed by at least one of the chief executive officer, the group chief finance officer and the managing director of Binghatti;

"Partial Loss Dissolution Event" means the termination of the Lease on the 61st day after the Partial Loss Event Date as a result of either:

- (a) the delivery by Binghatti of a Partial Loss Lease Termination Notice to the Trustee within 30 days after the Partial Loss Event Date in accordance with the terms of the Lease Agreement; or
- (b) the failure by Binghatti to replace the Lease Assets within 60 days after the Partial Loss Event Date in accordance with the terms of the Servicing Agency Agreement;

"Partial Loss Event" means the partial impairment of one or more Lease Assets in a manner that substantially deprives the Lessee from the benefits expected from the whole of the Lease Assets, as determined by the Lessee and the occurrence of which:

- (a) has been certified in writing by a recognised independent industry expert; and
- (b) does not constitute a Total Loss Event;

"Partial Loss Event Date" has the meaning given to it in the Lease Agreement;

"Partial Loss Lease Termination Notice" has the meaning given to it in the Lease Agreement;

"Payment Business Day" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets in London and New York City settle payments and are open for general business and, in the case of presentation of a Trust Certificate, in the place in which the Trust Certificate is presented;

"Periodic Distribution Amount" means, in relation to a Trust Certificate and a Return Accumulation Period, the amount of profit payable in respect of that Trust Certificate for that Return Accumulation Period as calculated in accordance with Condition 8 (*Periodic Distribution Provisions*);

"Periodic Distribution Date" means 28 February and 28 August in each year, commencing on 28 August 2024;

"Permitted Financial Indebtedness" means any one or more of the following:

- (a) any Financial Indebtedness of Binghatti or any Subsidiary of Binghatti outstanding on 29 February 2024;
- (b) any Financial Indebtedness owed by Binghatti or any Subsidiary of Binghatti to Binghatti or any other Subsidiary of Binghatti; provided, however, that any subsequent disposition, pledge or transfer of such Financial Indebtedness (other than to Binghatti or a Subsidiary of Binghatti) shall be deemed, in each case, to constitute the Incurrence of such Financial Indebtedness by the obligor thereof;

- (c) any Financial Indebtedness of Binghatti or any Subsidiary of Binghatti Incurred and outstanding on or prior to the date on which such Subsidiary became a Subsidiary of Binghatti (other than Financial Indebtedness Incurred in connection with, or to provide all or any portion of the funds or credit support utilised to consummate, the transaction or series of related transactions pursuant to which the Subsidiary became a Subsidiary of Binghatti);
- (d) any amounts owed by Binghatti or any Subsidiary of Binghatti to suppliers, contractors, subcontractors and/or project consultants in respect of goods supplied and/or services provided, in each case in the ordinary course of business;
- (e) any Project Finance Indebtedness of Binghatti or a Subsidiary of Binghatti or any Securitisation Indebtedness;
- (f) any Financial Indebtedness for or in respect of any derivative transaction entered into solely to protect Binghatti or any Subsidiary from fluctuations in profit/interest rates or financing costs or currencies (and is not for speculation);
- (g) Financial Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument drawn against insufficient funds in the ordinary course of business, provided that such Financial Indebtedness is extinguished within 30 business days of its Incurrence;
- (h) any Financial Indebtedness arising in the form of deferred payment obligations of Binghatti or a Subsidiary of Binghatti in respect of the acquisition of any business, assets or Capital Stock, in each case in the ordinary course of business; and
- (i) any Refinancing Financial Indebtedness Incurred by Binghatti or a Subsidiary of Binghatti in respect of Financial Indebtedness Incurred by Binghatti or a Subsidiary of Binghatti:
 - (i) at any time when Binghatti had Investment Grade Status; or
 - (ii) pursuant to paragraph (a), (b), (c), (d), (e), (f), (g) or (h) above;

"Permitted Investment" means any one or more of the following:

- (a) securities issued or directly and fully guaranteed or insured by the United Arab Emirates, the United Kingdom, the United States, Canada, Switzerland or any member of the European Union; or
- (b) demand or time deposits, certificates of deposit (including for the avoidance of doubt any monies on deposit in any bank account) and other short-term unsecured debt obligations provided that, in each case, at the time the deposit is made or the certificate or obligation is acquired the institution (or, where the investment in question is guaranteed, of the guaranteeing institution) is licensed and regulated by the central banking regulatory and/or supervisory authority of the jurisdiction in which it is incorporated; or
- (c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in paragraph (a) above entered into with a bank or institution meeting the qualifications described in paragraph (b) above; or
- (d) short-term unsecured debt obligations (including commercial paper) issued by a body corporate provided that the then current rating of the unsecured and unguaranteed debt obligations of that body corporate (or where the debt obligations in question are guaranteed, of the guaranteeing institution) is at least equal to an Investment Grade Rating as affirmed by any Rating Agency; or
- (e) investments in money market funds that invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above; or
- (f) any Investment in another Person if, as a result of such Investment, such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its

assets to, Binghatti or a Subsidiary of Binghatti; provided, however, that such Person's primary business is a Related Business; or

- (g) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business; or
- (h) loans or advances to employees made in the ordinary course of business consistent with past practices of Binghatti or the relevant Subsidiary of Binghatti; or
- (i) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to Binghatti or the relevant Subsidiary of Binghatti or in satisfaction of judgments; or
- (j) any Investment in a Person solely for the purposes of facilitating the conduct by Binghatti or the relevant Subsidiary of Binghatti of the Related Business in the ordinary course of business, including the acquisition of land, and whether through a joint venture arrangement or otherwise; or
- (k) any Investment in a Person to the extent such Investment exists on the Signing Date, and any extension, modification or renewal of any such Investments existing on the Signing Date, but only to the extent not involving additional advances, contributions or other Investments of cash or other assets or other increases thereof (other than as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities, in each case, pursuant to the terms of such Investment as in effect on the Signing Date); or
- (l) any Investment (other than any Permitted Investment otherwise permitted under any other paragraph of this definition) that, when aggregated with any other Investments made under this paragraph (l), does not exceed during any calendar year the greater of (i) U.S.\$30,000,000 or (ii) 5 per cent. of Total Assets, in each case provided that any such Investments shall not exceed U.S.\$15,000,000 per calendar quarter;

"Permitted Reorganisation" means:

- (a) any disposal by any Subsidiary of Binghatti of all or substantially all of its business, undertaking or assets to:
 - (i) any of its own wholly-owned Subsidiaries;
 - (ii) Binghatti; or
 - (iii) any wholly-owned Subsidiary of Binghatti;
- (b) any disposal by Binghatti of all or substantially all of its business, undertaking or assets to any of its wholly-owned Subsidiaries provided that, at the same time or prior to any such disposal, all amounts payable by Binghatti under each Transaction Document to which it is a party have been assumed by such Subsidiary on terms previously approved by an Extraordinary Resolution;
- (c) any amalgamation, consolidation or merger of a Subsidiary of Binghatti with Binghatti or with any other Subsidiary of Binghatti; or
- (d) any amalgamation, consolidation, restructuring, merger or reorganisation on terms previously approved by the Delegate or by an Extraordinary Resolution;

"Permitted Restriction" means any one or more of the following:

- (a) with respect to Condition 5.3(f):
 - (i) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Signing Date;

- (ii) any encumbrance or restriction existing at the time that the relevant person is merged into, or consolidated with, Binghatti or the relevant Subsidiary of Binghatti, as the case may be, provided that such encumbrance or restriction was not created in contemplation of such merger or consolidation;
 - (iii) any encumbrance or restriction pursuant to any Refinancing Financial Indebtedness Incurred pursuant to an agreement referred to in paragraph (i) above or an arrangement referred to in paragraph (ii) above or contained in any amendment to an agreement referred to in paragraph (i) above or an arrangement referred to in paragraph (ii) above; provided, however, that the encumbrances and restrictions with respect to Binghatti or the relevant Subsidiary of Binghatti contained in any such refinancing agreement or amendment are no less favourable to the Certificateholders than encumbrances and restrictions, taken as a whole, with respect to Binghatti or such Subsidiary contained in such predecessor agreements;
 - (iv) any encumbrance or restriction with respect to a Subsidiary of Binghatti imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Subsidiary pending the closing of such sale or disposition;
 - (v) any encumbrance or restriction contained in the terms of any Financial Indebtedness permitted to be Incurred pursuant to Condition 5.2 or any agreement pursuant to which such Financial Indebtedness was issued if (a) either (i) the encumbrance or restriction applies only in the event of and during the continuance of a payment default or a default with respect to a financial covenant contained in such Financial Indebtedness or agreement or (ii) Binghatti determines at the time any such Financial Indebtedness is Incurred (and at the time of any modification of the terms of any such encumbrance or restriction) that any such encumbrance or restriction will not adversely affect Binghatti's ability to fulfil its payment obligations under the Transaction Documents and any other Financial Indebtedness that is an obligation of Binghatti; and (b) the encumbrance or restriction is not materially more disadvantageous to the holders of the Certificates than is customary in comparable financings or agreements (as determined by Binghatti in good faith);
 - (vi) any encumbrance or restriction that is as a result of applicable law or regulation; and
 - (vii) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in paragraphs (i) through (vi) above; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the board of directors of Binghatti, not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in the dividends or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing; and
- (b) with respect to Condition 5.3(f)(iii) only:
- (i) any encumbrance or restriction consisting of customary non-assignment provisions in leases governing leasehold interests to the extent such provisions restrict the transfer of the lease or the property leased thereunder; and
 - (ii) any encumbrance or restriction contained in security agreements or mortgages securing Financial Indebtedness of a Subsidiary of Binghatti to the extent such encumbrance or restriction restricts the transfer of the property subject to such security agreements or mortgages;

"Permitted Security" means:

- (a) any Security existing on 29 February 2024;
- (b) any Security created or outstanding with the approval of the Certificateholders by an Extraordinary Resolution;
- (c) any Security on assets or property existing at the time Binghatti or any Subsidiary acquired such assets or property provided that such Security was not created in contemplation of such acquisition;
- (d) any Security securing Indebtedness of any person and/or its Subsidiaries existing at the time that such person is merged into or consolidated with Binghatti or a Subsidiary provided that such Security was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of Binghatti or any Subsidiary;
- (e) any Security arising by operation of law and in the ordinary course of trading and not as result of any default or omission by Binghatti or any Subsidiary; or
- (f) any renewal of or substitution for any Security permitted by any of the preceding paragraphs (a) through (f), provided that with respect to any such Security incurred pursuant to this paragraph (g), the principal amount secured has not increased and the Security has not been extended to any additional property (other than the proceeds of such property);

"person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Potential Dissolution Event" means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing) could constitute a Dissolution Event;

"Project Finance Indebtedness" means any Financial Indebtedness issued, borrowed or raised by Binghatti or any of its Subsidiaries to finance or refinance the ownership, acquisition, construction, development and/or operation of an asset or project where there is no recourse whatsoever for repayment thereof other than:

- (a) recourse solely to the property, income, assets or revenues from such asset or project (including insurance proceeds); and/or
- (b) recourse, for the purpose only of enabling amounts to be claimed in respect of such Financial Indebtedness, over such asset or project or the income, cash flow or other proceeds deriving therefrom, provided that the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement;

"Rating Agency" means:

- (a) Standard & Poor's;
- (b) Moody's;
- (c) Fitch; and
- (d) if any one or more of Standard & Poor's, Moody's or Fitch do not make a rating of Binghatti publicly available, one or more internationally recognised securities rating agencies selected by Binghatti;

"Record Date" means:

- (a) in respect of a Global Trust Certificate, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business)

before the relevant Periodic Distribution Date or the relevant Dissolution Date, as the case may be; and

- (b) in respect of Trust Certificates in definitive form, the date falling on the seventh day before the relevant Periodic Distribution Date or the relevant Dissolution Date, as the case may be;

"Refinancing" means, in respect of any Financial Indebtedness, to refinance, extend, renew, refund, repay or pay, prepay, purchase, redeem, defease or retire, or to issue other Financial Indebtedness in exchange or replacement for, such Financial Indebtedness, and "Refinanced" and similar terms are to be construed accordingly;

"Refinancing Financial Indebtedness" means Financial Indebtedness that Refinances any Financial Indebtedness of Binghatti or any Subsidiary of Binghatti, including Financial Indebtedness that Refinances Refinancing Financial Indebtedness; provided, however, that:

- (a) such Refinancing Financial Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Financial Indebtedness being Refinanced;
- (b) such Refinancing Financial Indebtedness has an Average Life at the time such Refinancing Financial Indebtedness is Incurred that is equal to or greater than the Average Life of the Financial Indebtedness being Refinanced;
- (c) such Refinancing Financial Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including any premium) under the Financial Indebtedness being Refinanced; and
- (d) if the Financial Indebtedness being Refinanced is subordinated in right of payment to Binghatti's payment obligations under the Transaction Documents, such Refinancing Financial Indebtedness is subordinated in right of payment to Binghatti's payment obligations under the Transaction Documents at least to the same extent as the Financial Indebtedness being Refinanced;

"Register" has the meaning given in Condition 2.2 (*Register*);

"Related Business" means any business in which Binghatti and/or any of its Subsidiaries was engaged on the Signing Date and any businesses related, ancillary or complementary to such business (which shall include, for the avoidance of doubt, hospitality activities, activities related to the food and beverage sector, warehousing and investment properties);

"Relevant Date" means, in relation to any payment, the date on which the payment in question first becomes due or, if the full amount payable has not been received by the Principal Paying Agent on or prior to such due date, the date on which the full amount has been so received or (if earlier) the date seven days after that on which notice is duly given to Certificateholders in accordance with Condition 18 (*Notices*) that, upon further presentation or surrender, as applicable, of the Trust Certificate being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation or surrender, as applicable;

"Relevant Indebtedness" means any present or future indebtedness, other than any Project Finance Indebtedness or Securitisation Indebtedness, which is in the form of, or which is represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"Relevant Jurisdiction" means the DIFC, the Emirate of Dubai or the United Arab Emirates or, in either case, any political subdivision or authority thereof or therein having the power to tax;

"Relevant Period" has the meaning given to it in Condition 8.2 (*Determination of Periodic Distribution Amount Payable other than on a Periodic Distribution Date*);

"Relevant Sukuk Obligation" means any Sukuk Obligation, other than any Project Finance Indebtedness or Securitisation Indebtedness, in respect of which the relevant trust certificates or other securities are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"Reserved Matter" has the meaning given in Condition 19 (*Meetings of Certificateholders; Modification*);

"Return Accumulation Commencement Date" means 29 February 2024;

"Return Accumulation Period" means the period from (and including) a Periodic Distribution Date (or the Return Accumulation Commencement Date) to (but excluding) the next (or first) Periodic Distribution Date;

"Rules" has the meaning given in Condition 23.2 (*Arbitration*);

"Scheduled Dissolution Amount" means, in relation to the Trust Certificates to be redeemed on the Scheduled Dissolution Date, the sum of:

- (a) the outstanding face amount of such Trust Certificates;
- (b) any due and unpaid Periodic Distribution Amounts relating to such Trust Certificates; and
- (c) any other amounts payable following a Total Loss Event pursuant to the Servicing Agency Agreement;

"Scheduled Dissolution Date" means 28 February 2027;

"Securitisation Indebtedness" means any Financial Indebtedness issued, borrowed or raised by Binghatti or any of its Subsidiaries in connection with any securitisation (Islamic or otherwise) of existing or future assets and/or revenues, provided that:

- (a) any Security given by Binghatti or any Subsidiary in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation;
- (b) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and
- (c) there is no other recourse to Binghatti or any Subsidiary in respect of any default by any person under the securitisation;

"Security" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"Service Charge Amounts" has the meaning given to it in the Servicing Agency Agreement;

"Servicing Agent" means Binghatti in its capacity as servicing agent under the Servicing Agency Agreement;

"Shari'a Adviser" has the meaning given to it in the Servicing Agency Agreement;

"Specified Denominations" has the meaning given to it in Condition 2.1 (*Form and Denomination*);

"Standard & Poor's" means S&P Global Ratings Europe Limited;

"Stated Maturity" means, with respect to any Financial Indebtedness, the date specified in the relevant documentation as the fixed date on which the final payment of principal in respect thereof is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or redemption of such Financial Indebtedness at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred);

"Subsidiary" means in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half of the Capital Stock of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

"Sukuk Obligation" means any undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of Shari'a, whether or not in return for consideration of any kind;

a **"Tangibility Event"** shall occur if, at any time, the Tangible Asset Ratio, other than as a result of the occurrence of a Total Loss Event or a Partial Loss Event, falls to below 33 per cent.;

"Tangibility Event Certificateholder Notice" has the meaning given to it in Condition 11.4 (*Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)*);

"Tangibility Event Dissolution Amount" means, in relation to the Trust Certificates to be redeemed on the Tangibility Event Dissolution Date, the sum of:

- (a) the outstanding face amount of such Trust Certificates;
- (b) any due and unpaid Periodic Distribution Amounts relating to such Trust Certificates; and
- (c) any other amounts payable following a Total Loss Event pursuant to the Servicing Agency Agreement;

"Tangibility Event Dissolution Date" shall be a date falling not less than 75 days following the expiry of the Tangibility Event Period as specified in the relevant Exercise Notice;

"Tangibility Event Election" has the meaning given to it in Condition 11.4 (*Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)*);

"Tangibility Event Trustee Notice" has the meaning given to it in the Servicing Agency Agreement;

"Tangibility Event Period" shall be the period of 30 days commencing on the date that is the 60th day after a Tangibility Event Certificateholder Notice is given;

"Tangible Asset Ratio" has the meaning given to it in the Servicing Agency Agreement

"Tax" means any present or future taxes, levies, imposts, duties (including stamp duties), fees, assessments or other charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction;

"Tax Event" has the meaning given to it in Condition 11.2 (*Early Dissolution for Tax Reasons*);

"Tax Event Dissolution Amount" means, in relation to the Trust Certificates to be redeemed on the Tax Event Dissolution Date, the sum of:

- (a) the outstanding face amount of such Trust Certificates;
- (b) any due and unpaid Periodic Distribution Amounts relating to such Trust Certificates; and
- (c) any other amounts payable following a Total Loss Event pursuant to the Servicing Agency Agreement;

"Tax Event Dissolution Date" has the meaning given to it in Condition 11.2 (*Early Dissolution for Tax Reasons*);

"Total Assets" means the total assets of the Group as shown in the most recently available consolidated financial statements of Binghatti prepared in accordance with IFRS;

"Total Equity" means the share capital of the Group for the time being issued and paid up or credited as paid up, and the aggregate of the amounts standing to the credit of the consolidated capital and revenue reserves (including share premium account, statutory reserves and profit and loss account but excluding hedging reserves) of the Group, all as shown in the most recently available consolidated financial statements of Binghatti prepared in accordance with IFRS;

"Total Loss Event" has the meaning given to it in Condition 11.3 (*Dissolution following a Total Loss Event*);

"Total Loss Event Dissolution Amount" means, in relation to the Trust Certificates to be redeemed on the Total Loss Event Dissolution Date, the sum of:

- (a) the outstanding face amount of such Trust Certificates;
- (b) any due and unpaid Periodic Distribution Amounts relating to such Trust Certificates;
- (c) an amount equal to the Periodic Distribution Amounts relating to such Trust Certificates, which would have accrued had the relevant Total Loss Event not occurred, from and including the date on which such Total Loss Event occurred, to but excluding the Total Loss Event Dissolution Date; and
- (d) any other amounts payable following a Total Loss Event pursuant to the Servicing Agency Agreement;

"Total Loss Event Dissolution Date" has the meaning given to it in Condition 11.3 (*Dissolution following a Total Loss Event*);

"Transaction Account" has the meaning given to it in the Declaration of Trust;

"Trust Assets" means the assets, rights and/or cash described in Condition 6.1 (*Trust Assets*);

"Trustee Certificate" means a certificate substantially in the form scheduled to the Declaration of Trust, duly signed by one director of the Trustee; and

"U.S. Dollar Equivalent" means with respect to any amount denominated in a currency other than U.S. Dollars, at any time for the determination thereof, the amount of U.S. Dollars obtained by converting such other currency involved into U.S. Dollars at the spot rate for the purchase of U.S. Dollars with the applicable foreign currency as quoted by Reuters at approximately 11am (New York time) on the date not more than two Business Days prior to the date of determination.

- 1.2 All references to the face amount of a Certificate shall be deemed to include the Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the Tangibility Event Dissolution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 10 and any other amount in the nature of face amounts payable pursuant to these Conditions.
- 1.3 All references to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 10 and any other amount in the nature of a profit distribution payable pursuant to these Conditions.
- 1.4 All references to U.S.\$, U.S. dollars and \$ are to the lawful currency of the United States of America.
- 1.5 References to Trust Certificates being "outstanding" shall be construed in accordance with the Declaration of Trust.

1.6 Any reference to a Transaction Document shall be construed as a reference to that Transaction Document as amended and/or supplemented up to and including the Issue Date.

2. **Form, Denomination and Title**

2.1 ***Form and Denomination***

The Trust Certificates are issued in registered form in face amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each a "**Specified Denomination**") and, in the case of Trust Certificates in definitive form, are serially numbered.

Upon issue, the Trust Certificates will be represented by the Global Trust Certificate which will be registered in the name of nominees for Euroclear and Clearstream, Luxembourg.

For so long as any of the Trust Certificates are represented by the Global Trust Certificate held on behalf of Euroclear and Clearstream, Luxembourg, each person (other than Euroclear and Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and Clearstream, Luxembourg as the holder of a particular face amount of such Trust Certificates (in which regard any certificate or other document issued by Euroclear and Clearstream, Luxembourg as to the face amount of such Trust Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, Binghatti, the Delegate and the Agents as the holder of such face amount of such Trust Certificates for all purposes other than with respect to payment in respect of such Trust Certificates, for which purpose the registered holder (the "**nominee**") of the Global Trust Certificate shall be treated by the Trustee, Binghatti, the Delegate and any Agent as the holder of such face amount of such Trust Certificates in accordance with and subject to the terms of the relevant Global Trust Certificate, and the expressions "**Certificateholder**" and "**holder**" in relation to any Trust Certificates and related expressions shall be construed accordingly. Each Certificateholder must look solely to Euroclear and Clearstream, Luxembourg for its share of each payment made to the nominee.

Trust Certificates which are represented by the Global Trust Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg.

These Conditions are modified by certain provisions contained in the Global Trust Certificate. Except in certain limited circumstances, owners of interests in the Global Trust Certificate will not be entitled to receive definitive Trust Certificates representing their holdings of Trust Certificates. See "Global Trust Certificate".

2.2 ***Register***

The Registrar will maintain a register (the "**Register**") of Certificateholders in respect of the Trust Certificates in accordance with the provisions of the Agency Agreement. In the case of Trust Certificates in definitive form, a definitive Trust Certificate will be issued to each Certificateholder in respect of its registered holding of Trust Certificates.

2.3 ***Title***

The Trustee, Binghatti, the Delegate and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Trust Certificate is for the time being registered (as set out in the Register) as the holder of such Trust Certificate or of a particular face amount of the Trust Certificates for all purposes (whether or not such Trust Certificate or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Trustee, Binghatti, the Delegate and the Agents shall not be affected by any notice to the contrary.

All payments made to such registered holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for monies payable in respect of such Trust Certificate or face amount.

3. **Transfers of Trust Certificates**

3.1 ***Transfers of Beneficial Interests in the Global Trust Certificate***

Transfers of beneficial interests in the Global Trust Certificate will be effected by Euroclear and Clearstream, Luxembourg, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Trust Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Trust Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear and Clearstream, Luxembourg and in accordance with the terms and conditions specified in the Declaration of Trust and the Agency Agreement.

3.2 ***Transfers of Trust Certificates in Definitive Form***

(a) *Transfer*

Subject to this Condition 3.2 and Conditions 3.3 (*Closed Periods*) and 3.4 (*Formalities Free of Charge*), a definitive Trust Certificate may be transferred in whole or in an amount equal to the Specified Denomination or any integral multiple thereof by depositing the definitive Trust Certificate, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar.

(b) *Delivery of new definitive Trust Certificates*

Each new definitive Trust Certificate to be issued upon transfer of definitive Trust Certificates will, within five business days of receipt by the Registrar of the duly completed form of transfer endorsed on the relevant definitive Trust Certificate, be mailed by uninsured mail at the risk of the holder entitled to the definitive Trust Certificate to the address specified in the form of transfer.

Where some but not all of the Trust Certificates in respect of which a definitive Trust Certificate is issued are to be transferred, a new definitive Trust Certificate in respect of the Trust Certificates not so transferred will, within five business days of receipt by the Registrar of the original definitive Trust Certificate, be mailed by uninsured mail at the risk of the holder of the Trust Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Registrar is located.

(c) *Regulations*

All transfers of definitive Trust Certificates and entries on the Register will be made subject to the detailed regulations concerning the transfer of Trust Certificates scheduled to the Declaration of Trust. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests one. Notwithstanding the above, the Trustee may from time to time agree with the Registrar reasonable regulations to govern the transfer and registration of definitive Trust Certificates.

3.3 ***Closed Periods***

No Certificateholder may require the transfer of a definitive Trust Certificate to be registered during the period of 15 days ending on a Periodic Distribution Date or a Dissolution Date or any other date on which any payment of the face amount or payment of any profit in respect of a Trust Certificate falls due.

3.4 ***Formalities Free of Charge***

Transfers of Trust Certificates on registration or exercise of an early dissolution right will be effected without charge by or on behalf of the Trustee, the Registrar or the Transfer Agents, but upon payment (or the giving of such indemnity as the Trustee, the Registrar and/or the Transfer

Agents may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

3.5 **Regulations**

All transfers of definitive Trust Certificates and entries on the Register will be made subject to the detailed regulations concerning the transfer of Trust Certificates scheduled to the Declaration of Trust. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests one. Notwithstanding the above, the Trustee may from time to time agree with the Registrar reasonable regulations to govern the transfer and registration of definitive Trust Certificates.

4. **Status and Limited Recourse**

4.1 **Status**

Each Trust Certificate evidences an undivided ownership interest in the Trust Assets subject to the terms of the Declaration of Trust and these Conditions, and is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee. Each Trust Certificate ranks *pari passu*, without any preference or priority, with the other Trust Certificates.

The payment obligations of Binghatti (in any capacity) to the Trustee under the Transaction Documents to which it is a party are and will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 5.1 (Negative Pledge)) unsecured obligations of Binghatti and (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 5.1 (Negative Pledge)) at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of Binghatti from time to time outstanding.

4.2 **Limited Recourse**

The proceeds of the Trust Assets are the sole source of payments on the Trust Certificates. Save as provided in the next sentence, the Trust Certificates do not represent an interest in or obligation of any of the Trustee, Binghatti, the Delegate, the Agents or any of their respective affiliates. Accordingly, Certificateholders, by subscribing for or acquiring the Trust Certificates, acknowledge that:

- (a) they will not have recourse to any assets of the Trustee, the Delegate, the Agents, or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished; and
- (b) any recourse to the assets of Binghatti shall be limited to the Trust Assets, which include obligations of Binghatti under the Transaction Documents.

Binghatti is obliged to make certain payments under the Transaction Documents directly to the Trustee (for and on behalf of the Certificateholders), and the Delegate will have recourse against Binghatti to recover such payments.

The net proceeds of realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Trust Certificates. If, following the distribution of such proceeds, there remains a shortfall in payments due under the Trust Certificates, subject to Condition 16 (*Enforcement and Exercise of Rights*), no holder of Trust Certificates will have any claim against the Trustee, Binghatti (to the extent that it fulfils all of its obligations under the Transaction Documents), the Delegate, the Agents or any of their respective affiliates or against any assets (other than the Trust Assets to the extent not exhausted) in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In particular, no holder of Trust Certificates will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding-up or receivership of the Trustee, Binghatti (to the extent that it fulfils all of its obligations under the Transaction Documents), the Delegate, the Agents or any of their respective affiliates as a consequence of such shortfall or otherwise.

4.3 *Agreement of Certificateholders*

By subscribing for or acquiring the Trust Certificates, each Certificateholder acknowledges and agrees that notwithstanding anything to the contrary contained herein or in any other Transaction Document:

- (a) no payment of any amount whatsoever shall be made by any of the Trustee, the Delegate (acting in the name and on behalf of the Trustee) or any of their respective agents on their behalf except to the extent funds are available therefor from the Trust Assets;
- (b) no recourse shall be had for the payment of any amount owing hereunder or under any relevant Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee (and/or its directors, officers, shareholders or administrators), Binghatti (and/or its officers) (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, any Agent or any of their respective agents or affiliates to the extent the Trust Assets have been exhausted following which all obligations of the Trustee, Binghatti (to the extent that it fulfils all of its obligations under the Transaction Documents), the Delegate, any Agents and their respective agents or affiliates shall be extinguished;
- (c) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, it will not institute against, or join with any other person in instituting against, the Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law;
- (d) no recourse under any obligation, covenant or agreement contained in any Transaction Document shall be had against any officer, agent, shareholder or director of the Trustee, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise. The obligations of the Trustee under the Transaction Documents to which it is a party are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the officers, agents, shareholders or directors of the Trustee save in the case of their wilful default or actual fraud. Reference in these Conditions to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and
- (e) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Trust Certificate. No collateral is or will be given for the payment obligations by the Trustee under the Trust Certificates.

5. **Covenants**

5.1 *Negative Pledge*

So long as any Trust Certificate remains outstanding, Binghatti covenants and undertakes with the Trustee that it shall not, and it shall procure that no Material Subsidiary (other than a Material Subsidiary that is a Joint Venture Company) will, create or permit to subsist any Security, other than Permitted Security, upon the whole or any part of its present or future assets or revenues (including uncalled capital) to secure any of its Relevant Indebtedness or Relevant Sukuk Obligation or any guarantee or indemnity of its Relevant Indebtedness or Relevant Sukuk Obligation without at the same time or prior thereto securing equally and rateably therewith its obligations under the Transaction Documents to which it is a party or providing such other Security for those obligations as may be approved by the holders of the Trust Certificates by an Extraordinary Resolution.

5.2 *Financial Covenants*

Binghatti covenants that, for so long as any Trust Certificate is outstanding:

- (a) *Limitation on indebtedness*: it will not (and will procure that none of its Subsidiaries) create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of (individually and collectively, to "**Incur**" or, as appropriate, an "**Incurrence**") any Financial Indebtedness (other than Permitted Financial Indebtedness); provided that Binghatti or any of its Subsidiaries, as the case may be, will be permitted to Incur additional Financial Indebtedness if on the date of such Incurrence and after giving effect thereto on a *pro forma* basis:
- (i) no Potential Dissolution Event or Dissolution Event has occurred and is continuing or would occur as a consequence of such Incurrence;
 - (ii) the ratio of Net Indebtedness at the end of the immediately preceding Measurement Period to Total Equity for such Measurement Period does not exceed 1.25:1;
 - (iii) the ratio of Consolidated EBITDA for the immediately preceding Measurement Period to Consolidated Net Interest Expense for such Measurement Period is not less than 2:1, provided, however that, if the Consolidated Net Interest Expense for the relevant Measurement Period is equal to or less than zero, this paragraph (iii) shall not apply; and
 - (iv) the ratio of Net Indebtedness at the end of the immediately preceding Measurement Period to Consolidated EBITDA for such Measurement Period does not exceed a ratio of 2.5:1.

For the purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Financial Indebtedness where the Financial Indebtedness Incurred is denominated in a different currency, the amount of such Financial Indebtedness will be the U.S. Dollar Equivalent determined on the date of the Incurrence of such Financial Indebtedness; provided, however, that if any such Financial Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Financial Indebtedness, the amount of such Financial Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any Refinancing Financial Indebtedness Incurred in the same currency as the Financial Indebtedness being Refinanced will be the U.S. Dollar Equivalent, as appropriate, of the Financial Indebtedness Refinanced, except to the extent that (i) such U.S. Dollar Equivalent was determined based on a Currency Agreement, in which case the principal amount of such Refinancing Financial Indebtedness will be determined in accordance with the preceding sentence, and (ii) if the principal amount of the Refinancing Financial Indebtedness exceeds the principal amount of the Financial Indebtedness being Refinanced, then the U.S. Dollar Equivalent of such excess, as appropriate, will be determined on the date such Refinancing Financial Indebtedness is Incurred. Notwithstanding any other provision of this Condition 5.2(a), the maximum amount that Binghatti or its Subsidiaries may Incur pursuant to this Condition 5.2(a) shall not be deemed to be exceeded, with respect to outstanding Indebtedness, due solely as a result of fluctuations in the exchange rates of currencies. The amount of any Financial Indebtedness outstanding as of any date will be (without double counting) calculated in accordance with IFRS.

For the purposes of determining compliance with this Condition 5.2(a), if an item of Financial Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Financial Indebtedness described in the definition of "Permitted Financial Indebtedness", or is entitled to be Incurred pursuant to this Condition 5.2(a), Binghatti, in its sole discretion, will be permitted to classify and from time to time, to reclassify such item of Financial Indebtedness (or any portion thereof) in any manner that complies with this Condition 5.2(a) and, where applicable, in accordance with IFRS;

5.3 **Other Covenants**

- (a) *Minimum Total Assets*: it will ensure that, at all times, the value of the Total Assets are greater than 150 per cent. of Net Indebtedness;
- (b) *Disposals*: it will not, and will ensure that none of its Subsidiaries will, directly or indirectly enter into an Asset Sale, unless:
 - (i) the consideration received by Binghatti or its Subsidiary (as the case may be) is at least equal to the Fair Market Value (including as to the value of all non-cash consideration) of the assets sold or disposed of; and
 - (ii) at least 75 per cent. of the consideration thereof received by Binghatti or its Subsidiary (as the case may be) is in the form of (i) cash, (ii) Cash Equivalents, (iii) Additional Assets, or (iv) a combination of the consideration specified in (i) to (iii) (inclusive).

In the case of each of (i), (ii) and (iii) below, the determination as to whether such Asset Sale complies with this Condition 5.3(b) shall be made by an Independent Appraiser at the time of such Asset Sale (which, for the avoidance of doubt, shall in the case of paragraph (iii) below also require a determination of the Fair Market Value of the non-cash consideration received):

- (i) any Asset Sale other than to an Affiliate of Binghatti in respect of an asset with a book value (as determined by reference to the most recently available consolidated financial statements of Binghatti or the most recently available consolidated financial statements of its relevant Subsidiary (as the case may be) prepared in accordance with IFRS) that exceeds 5 per cent. of the Total Assets at the time of any such proposed Asset Sale;
 - (ii) any Asset Sale to any Affiliate of Binghatti (other than a Subsidiary of Binghatti) in respect of any asset with a book value (as determined by reference to the most recently available consolidated financial statements of Binghatti or the most recently available consolidated financial statements of its relevant Subsidiary (as the case may be) prepared in accordance with IFRS) that, when aggregated with all other Asset Sales to any Affiliate of Binghatti (other than a Subsidiary of Binghatti) during the calendar year in which the date of the relevant Asset Sale occurs, exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies) in aggregate; and
 - (iii) any Asset Sale where the consideration is other than in the form of cash and where the asset has a book value (as determined by reference to the most recently available consolidated financial statements of Binghatti or the most recently available consolidated financial statements of its relevant Subsidiary (as the case may be) prepared in accordance with IFRS) that, when aggregated with all other Asset Sales where the consideration is other than in the form of cash during the calendar year in which the date of the relevant Asset Sale occurs, exceeds U.S.\$10,000,000 (or its equivalent in any other currency or currencies) in aggregate;
- (c) *Restricted Payments*: it will not, and will ensure that none of its Subsidiaries will, directly or indirectly:
 - (i) declare or pay any dividend, in cash or otherwise, or make any other payment or distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital (other than dividends, payments or distributions payable to Binghatti or any of its Subsidiaries and other than dividends or distributions payable in the form of shares of Binghatti); or
 - (ii) voluntarily purchase, redeem or otherwise acquire or retire for value any Capital Stock of Binghatti or any of its Affiliates; or

- (iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Financial Indebtedness of Binghatti that is contractually subordinated to the obligations of Binghatti under the Transaction Documents (excluding any intercompany Financial Indebtedness between or among Binghatti and any of its Subsidiaries) (the Subordinated Financial Indebtedness), except a payment of interest/profit or principal (or equivalent amounts) at either the Stated Maturity thereof or on any Call Date in respect thereof; or
- (iv) make any Investment (other than a Permitted Investment) in any person,

(all such payments and other actions set out in (i) to (iv) (inclusive) above being together referred to herein as Restricted Payments), unless at the time of and after giving effect to such Restricted Payment:

- (A) no Potential Dissolution Event or Dissolution Event has occurred and is continuing or would occur as a consequence of such Restricted Payment;
- (B) the ratio of Net Indebtedness at the end of the immediately preceding Measurement Period to Total Equity for such Measurement Period does not exceed 1.25:1;
- (C) the ratio of Consolidated EBITDA for the immediately preceding Measurement Period to Consolidated Net Interest Expense for such Measurement Period is not less than 2:1, provided, however that, if the Consolidated Net Interest Expense for the relevant Measurement Period is equal to or less than zero, this paragraph (C) shall not apply;
- (D) the ratio of Net Indebtedness at the end of the immediately preceding Measurement Period to Consolidated EBITDA for such Measurement Period does not exceed a ratio of 2.5:1; and
- (E) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made subsequent to 29 February 2024 is equal to or less than the sum of:
 - 1) 50 per cent. of the Consolidated Net Income for the period (treated as one accounting period) from 30 June 2022 to the end of the most recent Measurement Period ending prior to the date of such Restricted Payment (or, in case such Consolidated Net Income is a deficit, minus 100 per cent. of such deficit); and
 - 2) 100 per cent. of the aggregate Net Cash Proceeds received by Binghatti from the issuance or sale of its Capital Stock subsequent to 30 June 2022; and
 - 3) 100 per cent. of any cash capital contribution received by Binghatti from its shareholders subsequent to 30 June 2022.

The preceding provisions will not prohibit any of the following (collectively, Permitted Payments):

- (1) the payment of any dividend within 60 days after the date of declaration of the dividend and provided no Binghatti Event subsists at the time of payment, if at the date of declaration the dividend payment would have complied with the provisions of these Conditions; or
- (2) the making of any Restricted Payment in exchange for, or out of the Net Cash Proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of Binghatti) of, Capital Stock of Binghatti or any of its Subsidiaries

or from the substantially concurrent cash capital contribution to Binghatti or any of its Subsidiaries; or

- (3) payments or distributions to dissenting shareholders pursuant to applicable law in connection with or contemplation of a merger, consolidation or transfer of assets; or
- (4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Financial Indebtedness of Binghatti made by exchange for, or out of the proceeds of the substantially concurrent Incurrence of Subordinated Financial Indebtedness of Binghatti or any of its Subsidiaries which is permitted to be incurred pursuant to Condition 5.2(a), provided, however, that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value shall be excluded from the calculation of the amount of Restricted Payments under paragraph (E) above.

(d) *Transactions with Affiliates:*

- (i) it will not, and will ensure that none of its Subsidiaries will, directly or indirectly, conduct any business, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate (an Affiliate Transaction) including, without limitation, intercompany loans, unless the terms of such Affiliate Transaction are no less favourable to such entity than those that could be obtained (at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor) in a comparable arm's length transaction with a person that is not an Affiliate of such entity;
- (ii) Condition 5.3(d)(i) above does not apply to:
 - (A) any Affiliate Transaction between Binghatti and its Subsidiaries and/or between Binghatti 's Subsidiaries; or
 - (B) any Affiliate Transaction which, when aggregated with all other Affiliate Transactions in the calendar year in which the date of the relevant Affiliate Transaction occurs, involves payments or value over time of less than U.S.\$25,000,000 (or its equivalent in any other currency or currencies) in aggregate (provided that such exception shall be without prejudice to the requirements of Condition 5.3(b) in respect of Asset Sales which are also Affiliate Transactions); or
 - (C) compensation or employee benefit arrangements with any employee, officer or director of Binghatti or any of its Subsidiaries arising as a result of their employment contract; or
 - (D) payment of reasonable fees to, reasonable reimbursements of expenses, and reasonable indemnity provided on behalf of officers, directors and members of the board of directors of Binghatti or any Subsidiary and provided that any such payments, reimbursements or indemnities do not exceed, in aggregate, U.S.\$20,000,000 in any 12-month period; or
 - (E) transactions with customers, suppliers, or other providers of goods or services in the ordinary course of business and on terms at least as favourable to Binghatti or its Subsidiaries as might reasonably have been obtained at such time from an unaffiliated party; or
 - (F) any issuance of Capital Stock of Binghatti or its Subsidiaries to Affiliates of Binghatti; or

- (G) loans and advances to employees, officers and directors arising as a result of their employment and provided that any such loans and advances do not exceed, in aggregate, U.S.\$1,000,000 in any 12-month period; or
 - (H) transactions effected pursuant to or contemplated by agreements or arrangements between any person and an Affiliate of such person existing at the time such person is acquired by Binghatti (provided that such agreements or arrangements were not entered into in contemplation of such acquisition); or
 - (I) Restricted Payments permitted to be made pursuant to Condition 5.3(c) or Permitted Investments; or
 - (J) any other arrangement existing on the Signing Date;
- (e) *Financial information:* it will (i) provide its latest semi-annual consolidated financial statements prepared in accordance with IFRS to the Delegate within a period of 90 days from the end of each relevant period; and (ii) provide its audited annual consolidated financial statements prepared in accordance with IFRS to the Delegate within a period of 120 days from the end of each financial year and (iii) so long as the Trust Certificates are admitted to trading on the London Stock Exchange's International Securities Market (the "ISM") and the rules of the ISM so require, arrange for all such financial statements to be published in accordance with the listing rules of ISM;
- (f) *Limitation on Restrictions on Distributions from Subsidiaries:* it will not, and will ensure that none of its Subsidiaries will, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of Binghatti to (i) pay dividends or make any other distributions on its Capital Stock to Binghatti or a Subsidiary of Binghatti or pay any Financial Indebtedness owed to Binghatti or a Subsidiary of Binghatti, (ii) make any loans or advances to Binghatti or a Subsidiary of Binghatti or (iii) transfer any of its property or assets to Binghatti or a Subsidiary of Binghatti, except for a Permitted Restriction;
- (g) *Merger and Consolidation:* it will not consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, any person, unless
- (i) the resulting, surviving or transferee person (the Successor Company) shall be a person organised and existing under the laws of the DIFC, the United Arab Emirates, any state which is a member of the European Union, Canada, the United States, the United Kingdom any state thereof or the District of Columbia and the Successor Company (if not Binghatti) shall expressly assume, by a guarantee supplemental thereto, executed and delivered to the Trustee and the Delegate, in form satisfactory to Trustee and the Delegate, all the obligations of Binghatti under the Transaction Documents to which it is a party;
 - (ii) immediately after giving pro forma effect to such transaction (and treating any Financial Indebtedness which becomes an obligation of the Successor Company or any Subsidiary of Binghatti as a result of such transaction as having been Incurred by such Successor Company or such Subsidiary at the time of such transaction), no Potential Dissolution Event or Dissolution Event has occurred and is continuing or would occur as a result;
 - (iii) the Successor Company would, on the date of such transaction and after giving pro forma effect thereto as if the same had occurred at the beginning of the applicable Measurement Period, be permitted to incur at least U.S.\$1.00 of additional Financial Indebtedness pursuant to Condition 5.2;
 - (iv) Binghatti shall have delivered to the Trustee and the Delegate an Officers Certificate and an opinion of independent legal advisers of recognised standing,

each stating that such consolidation, merger or transfer and such supplemental guarantee (if any) comply with the foregoing,

provided, however, that subparagraph (i) above will not be applicable to (x) a Subsidiary of Binghatti consolidating with, merging into or transferring all or part of its properties and assets to Binghatti (so long as no Capital Stock of Binghatti is distributed to any person) or (y) Binghatti merging with an Affiliate of Binghatti solely for the purpose and with the sole effect of reincorporating Binghatti in another jurisdiction.

For the purposes of this Condition 5.3(g), the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of Binghatti, which properties and assets, if held by Binghatti instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of Binghatti on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of Binghatti.

The Successor Company will be the successor to Binghatti and shall succeed to, and be substituted for, and may exercise every right and power of, Binghatti under the Transaction Documents to which Binghatti is a party, and the predecessor Binghatti, except in the case of a lease, shall be released from the obligation to pay all amounts in respect of the face amount of and Periodic Distribution Amounts on the Certificates and the Transaction Documents.

- (h) *Officers Certificate*: it will furnish to the Delegate an Officers Certificate together with each copy of its financial statements referred to in Condition 5.3(e) and otherwise as soon as reasonably practicable following a request by the Delegate (and in any event within 10 Business Days of such request): (a) certifying compliance with the provisions of Condition 5; (b) listing its Material Subsidiaries (if any) as at such date; (c) setting out the ratio of Net Indebtedness to Total Equity for the immediately preceding Measurement Period; (d) setting out the ratio of Consolidated EBITDA to Consolidated Net Interest Expense for the immediately preceding Measurement Period; (e) setting out the ratio of Net Indebtedness to Consolidated EBITDA for the immediately preceding Measurement Period; and (f) stating whether since the date of the last Officers Certificate or (if none) the Issue Date, any Dissolution Event, Potential Dissolution Event, Change of Control or a Tangibility Event has occurred and, if any such event shall have occurred, providing details in respect thereof and stating what action Binghatti is taking or proposes to take with respect thereto;
- (i) *Rating*: it will maintain a corporate rating with at least one Rating Agency
- (j) *Liquidity Coverage Ratio*: it will:
 - (i) ensure that (i) the FY 2026 Liquidity Coverage Ratio shall be greater than or equal to 0.50:1.0; and
 - (ii) send to the Delegate a certificate (the form and content of which the Delegate shall not be required to approve and upon which the Delegate shall rely conclusively and without enquiry) signed by two Authorised Representatives of Binghatti:
 - (A) within a period of 15 business days from 31 December 2026, setting out the FY 2026 Liquidity Coverage Ratio.
- (k) *Total equity*: it will ensure, at all times, that its total equity at the end of the immediately preceding Measurement Period is not less than AED 1,000,000,000.
- (l) *Limitation on Line of Business*: it will not, and will not permit any Subsidiary to, engage in any business other than a Related Business.

5.4 **Listing**

Each of the Trustee and Binghatti will use all reasonable endeavours to maintain (i) the admission of the Trust Certificates to trading on the ISM and (ii) the admission of the Trust Certificates to the

official list of securities of the Dubai Financial Services Authority and to trading on the Nasdaq Dubai for so long as any Trust Certificate is outstanding. If, however, the Trustee and Binghatti are unable to do so, having used such reasonable endeavours, or the maintenance of such listing and/or admission to trading has become unduly onerous, each of the Trustee and Binghatti will maintain a listing and admission to trading of the Trust Certificates on such other internationally recognised stock exchange or exchanges as the Issuer and Binghatti may decide.

5.5 ***Covenant Fall-Away***

To the extent that the Trust Certificates have satisfied all conditions of the Investment Grade Status and at all times thereafter, Binghatti will be released from its obligations to comply with Conditions 5.2 and 5.3 (other than 5.3(e) and (h)) and, in each case, any related Dissolution Events under Condition 15.

5.6 ***Delegate Reliance***

The Trustee and Binghatti have respectively undertaken in the Declaration of Trust to deliver a Trustee Certificate and an Officers Certificate (as applicable) to the Delegate in certain circumstances. The Delegate will be entitled to rely on any such Trustee Certificate or Officers Certificate without liability to any person and shall not be obliged to independently monitor compliance by the Trustee or Binghatti with the covenants set forth in this Condition 5 (and will not be liable to any person for not so doing) and need not enquire further as regards the circumstances existing on the date of any such Trustee Certificate or Officers Certificate.

6. **The Trust**

6.1 ***Trust Assets***

The "**Trust Assets**" will comprise:

- (a) the cash proceeds of the Trust Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
- (b) the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Lease Assets;
- (c) the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding: (i) any representations given by Binghatti to the Trustee and the Delegate pursuant to the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to clause 14.1 of the Declaration of Trust);
- (d) all monies standing to the credit of the Transaction Account from time to time; and
- (e) all proceeds of the foregoing.

6.2 ***Application of Proceeds from the Trust Assets***

Pursuant to the Declaration of Trust, the Trustee holds the Trust Assets on trust absolutely for and on behalf of the Certificateholders. On each Periodic Distribution Date, or on any Dissolution Date, the Principal Paying Agent, notwithstanding any instructions to the contrary from the Trustee, will apply the monies standing to the credit of the Transaction Account in the following order of priority:

- (a) *first*, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate;
- (b) *secondly*, (to the extent not previously paid) to each Agent and/or any Appointee (as defined in the Declaration of Trust) in respect of all amounts owing to it under the Transaction Documents in its capacity as Agent (in accordance with the Agency Agreement) or Appointee, as applicable;
- (c) *thirdly*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;

- (d) *fourthly*, only if such payment is made on any Dissolution Date, to the Principal Paying Agent in or towards payment *pari passu* and rateably of the Dissolution Amount;
- (e) *fifthly*, only if such payment is made on any Dissolution Date on which all outstanding Trust Certificates are redeemed in full, to the Servicing Agent in or towards payment of all outstanding Service Charge Amounts (if any); and
- (f) *sixthly*, only if such payment is made on any Dissolution Date on which all outstanding Trust Certificates are redeemed in full, to Binghatti in or towards payment of the residual amount (if any) as an incentive payment for its performance under the Servicing Agency Agreement.

7. **Trustee Covenants**

The Trustee covenants that, for so long as any Trust Certificate is outstanding, it will not (without the prior written consent of the Delegate):

- (a) incur any indebtedness, in respect of borrowed money whatsoever (including any Islamic financing), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) or any other certificates except, in all cases, as contemplated in the Transaction Documents;
- (b) save as permitted by the Transaction Documents, grant or permit to be outstanding any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law);
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets, except pursuant to the Transaction Documents;
- (d) use the proceeds of the issue of the Trust Certificates for any purpose other than as stated in the Transaction Documents;
- (e) except as provided in Condition 19 (*Meetings of Certificateholders; Modification*), amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its memorandum and articles of association and by-laws;
- (f) act as trustee in respect of any trust (other than pursuant to the Declaration of Trust);
- (g) have any subsidiaries or employees;
- (h) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders (excluding any consideration payable by the Trustee (acting in any capacity) to Binghatti (acting in any capacity) as contemplated by the Transaction Documents or these Conditions);
- (i) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up, liquidation or dissolution or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or any permitted amendment or supplement

thereto or as expressly permitted or required thereunder or engage in any business or activity other than:

- (i) any such contract, transaction, amendment, obligation or liability in relation to its operations that is of a routine or administrative nature;
- (ii) as provided for or permitted in the Transaction Documents;
- (iii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
- (iv) such other matters which are incidental thereto.

8. **Periodic Distribution Provisions**

8.1 ***Periodic Distribution Amount***

The Trustee shall distribute to Certificateholders, out of amounts transferred to the Transaction Account in accordance with the Transaction Documents, Periodic Distribution Amounts, *pro rata* to their respective holdings on each Periodic Distribution Date in arrear in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date, in accordance with these Conditions.

Profit to be paid in respect of the Trust Certificates shall accrue at 9.625 per cent. per annum and, subject to these Conditions, profit distributions to be paid on each Periodic Distribution Date shall be U.S.\$48.125 per U.S.\$1,000 in face amount of the Trust Certificates.

8.2 ***Determination of Periodic Distribution Amount Payable other than on a Periodic Distribution Date***

If a Periodic Distribution Amount is required to be calculated in respect of a period of less than a full Return Accumulation Period (the "**Relevant Period**"), it shall be calculated as an amount equal to the product of:

- (a) 9.625 per cent. per annum;
- (b) the face amount of the Trust Certificate; and
- (c) the Day Count Fraction for such period,

with the result being rounded to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards. For these purposes, "**Day Count Fraction**" means, the actual number of days in the period divided by 360 (the number of days in such period to be calculated on the basis of a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed of the Return Accumulation Period in which the Relevant Period falls (including the first day but excluding the last)).

8.3 ***Cessation of Profit Entitlement***

No further amounts will be payable on any Trust Certificate from and including:

- (a) the Dissolution Date (excluding a Total Loss Event Dissolution Date), unless default is made in the payment of the Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Trust Certificates in the manner provided in this Condition 8 to the earlier of:

- (i) the Relevant Date; or
- (ii) the date on which a sale agreement is executed pursuant to the Sale and Substitution Undertaking or the Purchase Undertaking,

as the case may be; and

- (b) the date on which a Total Loss Event occurs until and excluding the Replacement Lease Assets Date. No profit shall accrue under the Trust Certificates in respect of the period from and including the date of the Total Loss Event until and excluding the Replacement Lease Assets Date. The amount of the profit payable under the Trust Certificates on the first Periodic Distribution Date following the acquisition of the Replacement Lease Assets by the Trustee will be increased to include the amount of profit that would have accrued (had such Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurred and ending on but excluding the date on which the Replacement Lease Assets are acquired by the Trustee.

9. **Payment**

Payment of Dissolution Amounts and Periodic Distribution Amounts will be made by transfer to the registered account (as defined below) of a Certificateholder. Payments of Dissolution Amounts (where all of the Trust Certificates are to be redeemed in full) will only be made against surrender of the relevant Trust Certificate (or the certificate representing such Trust Certificate) at the specified office of the Registrar or the Principal Paying Agent. Dissolution Amounts and Periodic Distribution Amounts will be paid to the Certificateholder shown on the Register at the close of business on the relevant Record Date.

For the purposes of this Condition 9, a Certificateholder's "**registered account**" means the U.S.\$ account maintained by or on behalf of such Certificateholder with a bank that processes payments in U.S.\$, details of which appear on the Register at the close of business on the relevant Record Date.

All such payments will be made subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions described in Condition 13 (*Taxation*). No commissions or expenses shall be charged to the Certificateholders in respect of such payments.

Payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the Payment Business Day preceding the due date for payment or, in the case of a payment of face amounts (where all of the Trust Certificates are to be redeemed in full) if later, on the Payment Business Day on which the relevant Trust Certificate is surrendered (where such surrender is required) at the specified office of the Registrar or the Principal Paying Agent (for value as soon as practicable thereafter).

Certificateholders will not be entitled to any payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Certificateholder is late in surrendering its Trust Certificate (if required to do so in accordance with this Condition 9).

If the amount of any Dissolution Amount or Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount of such Dissolution Amount or Periodic Distribution Amount in fact paid.

10. **Agents**

10.1 *Agents of Trustee*

In acting under the Agency Agreement and in connection with the Trust Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders.

10.2 *Specified Offices*

The names of the initial Agents are set out above. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that:

- (a) there will at all times be a Principal Paying Agent; and
- (b) there will at all times be a Registrar (which may be the Principal Paying Agent).

Notice of any variation, termination or appointment and of any changes in specified offices will be given to the Certificateholders promptly by the Trustee in accordance with Condition 18 (*Notices*).

11. **Capital Distributions of Trust**

11.1 ***Scheduled Dissolution***

Unless the Trust Certificates are redeemed, purchased and/or cancelled earlier, each Trust Certificate shall be redeemed on the Scheduled Dissolution Date at its Scheduled Dissolution Amount. Upon payment in full of the Scheduled Dissolution Amount and the execution of the relevant Sale Agreement, the Trust will be dissolved, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

11.2 ***Early Dissolution for Tax Reasons***

If a Tax Event occurs, upon receipt of an Exercise Notice from Binghatti in accordance with the Sale and Substitution Undertaking, the Trust Certificates shall be redeemed by the Trustee in whole, but not in part, on any date (such date, the "**Tax Event Dissolution Date**") upon giving not less than 30 nor more than 60 days' notice to the Delegate and the Certificateholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable) at the Tax Event Dissolution Amount, where "**Tax Event**" means the determination by Binghatti that:

- (a) (i) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and (ii) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
- (b) (i) Binghatti has or will become obliged to pay additional amounts pursuant to any Transaction Document to which it is a party as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and (ii) such obligation cannot be avoided by Binghatti taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which: (1) (in the case of (a) above) the Trustee would be obliged to pay such additional amounts if a payment in respect of the Trust Certificates were then due; or (2) (in the case of (b) above) Binghatti would be obliged to pay such additional amounts if a payment to the Trustee under the relevant Transaction Document was then due.

Prior to the publication of any notice of redemption pursuant to this Condition 11.2, the Trustee shall deliver to the Delegate: (A) a certificate signed by two directors of the Trustee (in the case of (a) above) or any two authorised signatories of Binghatti (in the case of (b) above) stating that the Trustee is entitled to effect such dissolution and redemption and setting forth a statement of facts showing that the conditions precedent in (a) or (b) above to the right of the Trustee so to dissolve have occurred; and (B) an opinion of independent legal or tax advisers of recognised international standing to the effect that the Trustee or, as the case may be, Binghatti has or will become obliged to pay such additional amounts as a result of such change or amendment. The Delegate shall be entitled to accept (without further investigation) any such certificate and opinion as sufficient evidence thereof without incurring any liability to any person in which event it shall be conclusive and binding on the Certificateholders.

Upon the expiry of any such notice as is referred to in this Condition 11.2, the Trustee shall be bound to redeem the Trust Certificates at the Tax Event Dissolution Amount and, upon payment in full of the Tax Event Dissolution Amount to the Certificateholders and the execution of the relevant Sale Agreement, the Trust will be dissolved, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

11.3 *Dissolution following a Total Loss Event*

The Trustee shall, upon receipt of notice from Binghatti or otherwise becoming aware of the occurrence of a Total Loss Event (as defined below) and unless the Lease Assets are replaced as provided in the Servicing Agency Agreement by no later than the 60th day after the occurrence of a Total Loss Event, redeem the Trust Certificates in whole, but not in part, on the close of business in London on the 61st day after the occurrence of the Total Loss Event (or, if such date is not a Payment Business Day, on the immediately following Payment Business Day) (the "**Total Loss Event Dissolution Date**") at the Total Loss Event Dissolution Amount.

Upon payment in full of the Total Loss Event Dissolution Amount to the Certificateholders, the Trust will be dissolved, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

A "**Total Loss Event**" is the total loss or destruction of, or damage to or expropriation of the whole of, the Lease Assets or any event or occurrence that renders the whole of the Lease Assets permanently unfit for any economic use and (in the case of total destruction or damage) the repair or remedial work in respect thereof is wholly uneconomical.

Upon the occurrence of a Total Loss Event, the Servicing Agent shall promptly notify the Lessor, the Delegate and the Trustee of the same and the Trustee shall promptly notify Certificateholders (the "**Trading Notice**"): (a) of the occurrence of a Total Loss Event; and (b) from the date of the Trading Notice and until any further notice from the Trustee, in consultation with the *Shari'a* Adviser, the Trust Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis). Following replacement of the Lease Assets in accordance with the Servicing Agency Agreement, the Servicing Agent shall notify the Trustee and the Delegate of the same and the Trustee shall promptly, following receipt of such notice from the Servicing Agent and in consultation with the *Shari'a* Adviser, deliver a notice to the Certificateholders in accordance with Condition 18 that from the date of that notice the Trust Certificates may be traded at any price.

For the avoidance of doubt, neither the Delegate nor any Agent will have any responsibility for monitoring or ensuring compliance with any such *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis) nor shall it be liable to any Certificateholder or any other persons in respect thereof.

11.4 *Dissolution at the Option of the Certificateholders (Tangibility Event Put Right)*

If a Tangibility Event occurs, upon receipt of a Tangibility Event Trustee Notice from Binghatti in accordance with the Servicing Agency Agreement, the Trustee shall promptly give notice to the Certificateholders (a "**Tangibility Event Certificateholder Notice**") in accordance with Condition 18 (*Notices*) specifying:

- (a) that a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence;
- (b) that as determined in consultation with the *Shari'a* Adviser, the Trust Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis);
- (c) on the date falling 15 days following the Tangibility Event Dissolution Date, the Trust Certificates will be delisted from any stock exchange (if any) on which the Trust Certificates have been admitted to trading or if such date is not a business day, the next following business day ("**business day**" being, for this purpose, a day on which the stock exchange on which the Trust Certificates are admitted to trading is open for business); and
- (d) the Tangibility Event Period, during which period any Certificateholder shall have the right to require the redemption of all or any of its Trust Certificates.

Upon receipt of the Tangibility Event Certificateholder Notice, the Certificateholder of any Trust Certificates may elect (the "**Tangibility Event Election**") within the Tangibility Event Period to require the redemption of all or any of its Trust Certificates.

If any Certificateholder exercises its right to redeem its Trust Certificates in accordance with this Condition 11.4, the Trustee shall redeem such Trust Certificates on the Tangibility Event Dissolution Date at the Tangibility Event Dissolution Amount.

If the relevant Trust Certificate is represented by a Definitive Trust Certificate and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption thereof the holder of such Trust Certificate must deposit its Trust Certificates with the Registrar on any business day in the city of the specified office of the Registrar falling within the Tangibility Event Period, giving notice to the Registrar of such exercise (a "**Tangibility Event Agent Notice**") in the form obtainable from the Registrar.

If the relevant Trust Certificate is represented by a Global Trust Certificate and/or held through Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption thereof the holder of such Trust Certificate must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Certificateholder's instruction by Euroclear and Clearstream, Luxembourg or any depositary or custodian (as applicable) for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time (which shall, if acceptable to the relevant clearing system, be in the form of a duly completed Tangibility Event Agent Notice in the form obtainable from the Principal Paying Agent or the Registrar) and at the same time present or procure the presentation of the Global Trust Certificate to the Principal Paying Agent for notation accordingly.

No Tangibility Event Agent Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Trust Certificate pursuant to this Condition 11.4 may be withdrawn without the prior consent of the Trustee except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Trust Certificates are to be redeemed pursuant to Condition 15 (*Dissolution Events*), in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 11.4.

If all (and not some only) of the Trust Certificates are to be redeemed on any Tangibility Event Dissolution Date in accordance with this Condition 11.4, upon payment in full of the Tangibility Event Dissolution Amount to the Certificateholders and the execution of the relevant Sale Agreement, the Trust will be dissolved, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the avoidance of doubt, neither the Delegate nor any Agent will have any responsibility for monitoring or ensuring compliance with any such *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis) referred to in (b) above nor shall it be liable to any Certificateholder or any other person in respect thereof.

11.5 ***Dissolution at the Option of the Certificateholders (Change of Control Put Right)***

The Trustee, upon receipt of notice from Binghatti or otherwise upon becoming aware of the occurrence of a Change of Control, and at any time following the occurrence of a Change of Control, shall promptly give notice (a "**Change of Control Notice**") to the Certificateholders in accordance with Condition 18 (*Notices*) of the Change of Control, specifying the nature and details of the Change of Control and require Certificateholders to elect (the "**Change of Control Election**") at any time during the period of 30 days from and including the date on which the Change of Control Notice is given (the "**Change of Control Period**") if they wish all or any of their Trust Certificates to be redeemed.

If a Change of Control occurs, upon a Certificateholder electing to redeem its Trust Certificates, the Trustee shall redeem such Trust Certificates on the Change of Control Dissolution Date at the Change of Control Dissolution Amount.

If the relevant Trust Certificate is represented by a Definitive Trust Certificate and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption thereof the holder of such Trust Certificate must deposit its Trust Certificates with the Registrar on any business day in the city of the specified office of the Registrar falling within the Change of Control Period, giving notice to the Registrar of such exercise (a "**Change of Control Agent Notice**") in the form obtainable from the Registrar.

If the relevant Trust Certificate is represented by a Global Trust Certificate and/or held through Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption thereof the holder of such Trust Certificate must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Certificateholder's instruction by Euroclear and Clearstream, Luxembourg or any depository or custodian (as applicable) for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time (which shall, if acceptable to the relevant clearing system, be in the form of a duly completed Change of Control Agent Notice in the form obtainable from the Principal Paying Agent or the Registrar) and at the same time present or procure the presentation of the Global Trust Certificate to the Principal Paying Agent for notation accordingly.

No Change of Control Agent Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Trust Certificate pursuant to this Condition 11.5 may be withdrawn without the prior consent of the Trustee except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Trust Certificates are to be redeemed pursuant to Condition 15 (*Dissolution Events*), in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 11.5.

If all (and not some only) of the Trust Certificates are to be redeemed on any Change of Control Dissolution Date in accordance with this Condition 11.5, upon payment in full of the Change of Control Dissolution Amount to the Certificateholders and the execution of the relevant Sale Agreement, the Trust will be dissolved, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

11.6 ***Dissolution at the Option of Bingham*** (*Clean Up Call Right*)

If 75 per cent. or more of the aggregate face amount of the Trust Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 11 or Condition 12 (*Purchase and Cancellation of Trust Certificates*), and upon receipt of an Exercise Notice from Bingham in accordance with the Sale and Substitution Undertaking, the Trustee shall redeem the Trust Certificates in whole but not in part, on the Trustee giving not less than 30 days' nor more than 60 days' notice to the Delegate and the Certificateholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable) on the date specified in such notice (the "**Clean Up Dissolution Date**") at the Clean Up Dissolution Amount.

11.7 ***Dissolution following a Dissolution Event***

Upon the occurrence of a Dissolution Event, the Trust Certificates shall be redeemed at the Dissolution Event Amount, subject to and as more particularly described in Condition 15 (*Dissolution Events*) and this Condition 11 (*Capital Distributions of Trust*).

11.8 ***No Other Optional Early Dissolution***

Neither the Trustee nor the Certificateholders shall be entitled to redeem, or cause to be redeemed, as applicable, the Trust Certificates, otherwise than as provided in this Condition 11 (*Capital Distributions of Trust*) and Condition 15 (*Dissolution Events*).

11.9 ***Cancellation***

All Trust Certificates which are redeemed will forthwith be forwarded by or on behalf of the Trustee to the Registrar, cancelled and destroyed and accordingly may not be held, reissued or resold.

12. **Purchase and Cancellation of Trust Certificates**

12.1 ***Purchases***

Binghatti and/or any Subsidiary of Binghatti may at any time purchase Trust Certificates at any price in the open market or otherwise at any price. Following any purchase of Trust Certificates pursuant to this Condition 12.1, such Trust Certificates may be held, resold or, at the discretion of the holder thereof, cancelled (subject to such Trust Certificates being deemed not to remain outstanding for certain purposes as provided under the Declaration of Trust and these Conditions if so held, as more particularly set out in Condition 19 (*Meetings of Certificateholders; Modification*)).

12.2 ***Cancellation***

Upon receipt of a Cancellation Notice from Binghatti in accordance with the Sale and Substitution Undertaking, Trust Certificates purchased by or on behalf of Binghatti or any Subsidiary and identified for cancellation in such Cancellation Notice will forthwith be forwarded by or on behalf of the Trustee to the Registrar, cancelled and destroyed and accordingly may not be held, reissued or resold.

13. **Taxation**

All payments in respect of the Trust Certificates shall be made in U.S.\$ without set-off or counterclaim of any kind and free and clear of, and without withholding or deduction for, any Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction or any authority therein or thereof having power to tax, unless the withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as will result in receipt by the Certificateholders of such amounts as would have been received by them, had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of any Trust Certificate:

- (a) held by or on behalf of a holder who is liable for such Taxes in respect of such Trust Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of the Trust Certificate; or
- (b) where the relevant Trust Certificate is required to be surrendered for payment and is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Certificateholder would have been entitled to such additional amount if it surrendered the relevant Trust Certificate for payment on the last day of such period of 30 days.

The Transaction Documents provide that payments thereunder by Binghatti shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment by Binghatti of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.

14. **Prescription**

The rights to receive distributions in respect of the Trust Certificates will be forfeited unless claimed within periods of 10 years (in the case of Dissolution Amounts) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof.

15. **Dissolution Events**

If any of the following events occurs and is continuing (each, a "**Dissolution Event**"):

- (a) default is made in the payment of the Dissolution Amount on the date fixed for payment thereof or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof and, in the case of the Dissolution Amount, such default continues unremedied for a period of seven days and, in the case of a Periodic Distribution Amount, such default continues unremedied for a period of 14 days; or

- (b) the Trustee fails to perform or comply with any one or more of its other duties, obligations or undertakings under the Trust Certificates or the Transaction Documents, which failure is, in the sole opinion of the Delegate, incapable of remedy or, if in the sole opinion of the Delegate is capable of remedy, is not remedied within the period of 30 days following the service by the Delegate of a written notice on the Trustee requiring the same to be remedied; or
- (c) a Bingham Event occurs; or
- (d) the Trustee is insolvent or bankrupt or unable to pay its debts as they fall due, makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Trustee; or
- (e) a corporate administrator of all or substantially all of the undertaking assets and revenues of the Trustee is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee applies or petitions for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution or the Delegate; or
- (f) any event occurs that under the laws of the Dubai International Financial Centre or, to the extent applicable in the Dubai International Financial Centre, the laws or the Emirate of Dubai or the laws of the United Arab Emirates has an analogous effect to any of the events referred to in paragraphs (d) or (e) above; or
- (g) the Trustee repudiates any, or any part of a, Trust Certificate or Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate any, or any part of a, Trust Certificate or Transaction Document to which it is a party;
- (h) at any time it is or will become unlawful for the Trustee (by way of insolvency or otherwise) to perform or comply with any or all of its duties, obligations and undertakings under the Trust Certificates or the Transaction Documents or any of the obligations of the Trustee under the Trust Certificates or the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or
- (i) the Servicing Agent delivers a notice to the Trustee and/or the Delegate pursuant to clause 5.1(d) of the Servicing Agency Agreement,

the Delegate, upon receiving notice thereof in accordance with the Declaration of Trust and subject to it being indemnified and/or secured and/or prefunded to its satisfaction, shall give notice of the occurrence of such Dissolution Event to the holders of Trust Certificates in accordance with Condition 18 (*Notices*) with a request to such holders to indicate to the Trustee and the Delegate if they wish the Trust Certificates to be redeemed and the Trust to be dissolved. Following the issuance of such notice, the Delegate in its sole discretion may, and if so requested by Extraordinary Resolution or in writing by the holders of at least 25 per cent. of the aggregate face amount of Trust Certificates then outstanding shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a "**Dissolution Event Notice**") to the Trustee, Bingham and the holders of the Trust Certificates in accordance with Condition 18 (*Notices*) that the Trust Certificates are immediately due and payable at the Dissolution Event Amount, on the date of such notice (the "**Dissolution Event Dissolution Date**"), whereupon they shall become so due and payable.

Upon payment in full of such amounts, the Trust will be dissolved, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

16. **Enforcement and Exercise of Rights**

16.1 ***Limitation on Liability of the Trustee***

Following the enforcement, realisation and ultimate distribution of the proceeds of the Trust Assets in respect of the Trust Certificates to the Certificateholders in accordance with these Conditions and the Declaration of Trust, the Trustee shall not be liable for any further sums, and accordingly no Certificateholder may take any action against the Trustee or any other person to recover any such sum in respect of the Trust Certificates or Trust Assets.

16.2 ***Delegate not Obligated to take Action***

The Delegate shall not be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action, step or proceedings against Binghatti and/or the Trustee under any Transaction Document unless directed or requested to do so by Extraordinary Resolution or in writing by the holders of at least 25 per cent. in aggregate face amount of the Trust Certificates then outstanding and subject, in each case, to it being indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

16.3 ***Direct enforcement by Certificateholders***

No Certificateholder shall be entitled to proceed directly against the Trustee or Binghatti, under any Transaction Document, unless the Delegate, having become so bound to proceed:

- (a) fails to do so within 30 days of becoming so bound; or
- (b) is unable by reason of an order of a court having competent jurisdiction,

and such failure or inability is continuing.

Under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents and/or these Conditions), and the sole right of the Trustee, the Delegate and the Certificateholders against the Trustee and Binghatti, as applicable, shall be to enforce their respective obligations under the Transaction Documents.

16.4 ***Limited Recourse***

Conditions 16.1 (*Limitation on Liability of the Trustee*), 16.2 (*Delegate not Obligated to take Action*) and 16.3 (*Direct enforcement by Certificateholders*) are subject to this Condition 16.4.

After enforcing or realising the Trust Assets in respect of the Trust Certificates and distributing the net proceeds of the Trust Assets in accordance with Condition 6.2 (*Application of Proceeds from the Trust Assets*) and the Declaration of Trust, the obligations of the Trustee in respect of the Trust Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee or the Delegate or any other person to recover any further sums in respect of the Trust Certificates and the right to receive any such sums unpaid shall be extinguished.

17. **Replacement of Definitive Trust Certificates**

Should any definitive Trust Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Trustee and/or the Registrar may reasonably require (in light of prevailing market practice). Mutilated or defaced definitive Trust Certificates must be surrendered and cancelled before replacements will be issued.

18. **Notices**

All notices to the Certificateholders will be valid if mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the Register.

The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) on which the Trust Certificates are for the time being admitted to trading and/or quotation (as applicable).

Any notice shall be deemed to have been given on the fourth day (other than a Saturday or Sunday) after being mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

So long as the Global Trust Certificate representing the Trust Certificates is held in its entirety on behalf of Euroclear and Clearstream, Luxembourg, there may be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Certificateholders. Any such notice shall be deemed to have been given to the Certificateholders on the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same with the Principal Paying Agent. Whilst any of the Trust Certificates are represented by the Global Trust Certificate, such notice may be given by any holder of a Trust Certificate to the Principal Paying Agent through Euroclear and Clearstream, Luxembourg, in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

19. **Meetings of Certificateholders; Modification**

19.1 The Declaration of Trust contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Declaration of Trust. Such a meeting may be convened by the Trustee, Binghatti or the Delegate, and shall be convened by the Trustee, or, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, the Delegate, if the Trustee or the Delegate (as the case may be) receives a request in writing from Certificateholders holding not less than 10 per cent. in aggregate face amount of the Trust Certificates for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more Persons holding or representing more than 50 per cent. in aggregate face amount of the Trust Certificates for the time being outstanding, or at any adjourned meeting one or more Persons being or representing Certificateholders whatever the aggregate face amount of the Trust Certificates held or represented, unless the business of such meeting includes consideration of proposals to (each, a "**Reserved Matter**"):

- (a) amend any Dissolution Date in respect of the Trust Certificates or any date for payment of Periodic Distribution Amounts on the Trust Certificates;
- (b) reduce or cancel the face amount of, or any premium payable on redemption of, the Trust Certificates;
- (c) reduce the rate of profit in respect of the Trust Certificates or to vary the method or basis of calculating the rate or amount of profit or the basis for calculating any Periodic Distribution Amount in respect of the Trust Certificates;
- (d) vary any method of, or basis for, calculating any Dissolution Amount;
- (e) vary the currency of payment or denomination of the Trust Certificates;
- (f) modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution;
- (g) modify or cancel the payment obligations of Binghatti (in any capacity) and/or the Trustee under the Transaction Documents and/or the Trust Certificates (as the case may be);
- (h) amend any of Binghatti's covenants included in the Purchase Undertaking;
- (i) amend the order of application of monies set out in Condition 6.2 (*Application of Proceeds from Trust Assets*); or

- (j) amend this definition,

in which case the necessary quorum shall be one or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate face amount of the Trust Certificates for the time being outstanding.

Any Extraordinary Resolution duly passed shall be binding on all Certificateholders (whether or not they voted on the resolution).

The Declaration of Trust provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Trust Certificates outstanding or a resolution approved by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Principal Paying Agent or another specified agent and/or the Delegate in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in face amount of the Trust Certificates outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Any such resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders.

19.2 The Delegate may, without the consent or sanction of the Certificateholders and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time:

- (a) agree to any modification of any of the provisions of the Declaration of Trust or any other Transaction Document that is, in the sole opinion of the Delegate, of a formal, minor or technical nature or is made to correct a manifest error or is not materially prejudicial to the interests of the outstanding Certificateholders and provided that such modification is other than in respect of a Reserved Matter; or
- (b) (i) agree to waive or authorise any breach or proposed breach of any of the provisions of the Declaration of Trust or any other Transaction Document; (ii) determine that any Dissolution Event shall not be treated as such; or (iii) provide its consent to any matter in any Transaction Documents, provided that such waiver, consent, authorisation or determination is in the sole opinion of the Delegate not materially prejudicial to the interests of the outstanding Certificateholders and is other than in respect of a Reserved Matter and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of Trust Certificates. No such direction or request will affect a previous waiver, consent, authorisation or determination.

Any such modification, authorisation, determination, waiver or consent shall be binding on all Certificateholders and, unless the Delegate agrees otherwise, such modification, waiver, consent, authorisation or determination shall be notified by the Trustee (or Binghatti on its behalf) to the Certificateholders in accordance with Condition 18 (*Notices*) as soon as practicable.

19.3 In connection with the exercise of its rights, powers, trusts (in the case of the Trustee only), authorities and discretions under the Declaration of Trust (including, without limitation, any modification), these Conditions and each other Transaction Document, the Trustee and the Delegate shall have regard to the general interests of the Certificateholders as a class and shall not have regard to any interest arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof or taxing jurisdiction and neither the Delegate nor the Trustee shall be entitled to require, nor shall any Certificateholder be entitled to claim from the Trustee, Binghatti or the Delegate or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders (except, in the case of the Trustee and Binghatti to the extent already provided for in Condition 13 (*Taxation*)).

20. **Indemnification and Liability of the Delegate**

20.1 The Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

20.2 The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of Binghatti (acting in any capacity) under any Transaction Document and shall not under any circumstances have any Liability or be obliged to account to the Certificateholders in respect of any payment which should have been made by Binghatti (acting in any capacity), but is not so made, and shall not in any circumstances have any Liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.

20.3 Each of the Delegate and the Trustee is exempted from:

- (a) any Liability in respect of any loss or theft of the Trust Assets;
- (b) any obligation to insure the Trust Assets or any cash; and
- (c) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depository or clearing system or are registered in the name of the Trustee or its nominee.

21. **Further Issues**

The Trustee shall, subject to and in accordance with the Declaration of Trust, be at liberty from time to time without the consent of the Certificateholders to create and issue additional Trust Certificates having the same terms and conditions as the outstanding Trust Certificates (or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue), and so that the same shall be consolidated and form a single series with the outstanding Trust Certificates.

Any additional Trust Certificates which are to form a single series with the outstanding Trust Certificates previously constituted by the Declaration of Trust shall be constituted by a supplemental declaration of trust.

References in these Conditions to the Trust Certificates include (unless the context requires otherwise) any other trust certificates issued pursuant to this Condition and forming a single series with the outstanding Trust Certificates.

22. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Trust Certificates under the Contracts (Rights of Third Parties) Act 1999.

23. **Governing Law and Dispute Resolution**

23.1 ***Governing Law***

The Declaration of Trust (including these Conditions) and the Trust Certificates and any non-contractual obligations arising out of or in connection with the same are and shall be governed by, and construed in accordance with, English law.

23.2 ***Arbitration***

Subject to Condition 23.3 (*Option to Litigate*), any dispute, claim, difference or controversy arising out of, relating to or having connection with the Declaration of Trust and/or the Trust Certificates (which includes these Conditions) (including any dispute, claim, difference or controversy as to their existence, validity, interpretation, performance, breach or termination of the Declaration of Trust or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally

resolved by arbitration in accordance with the Arbitration Rules of the LCIA (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 23. For these purposes:

- (a) the seat of arbitration shall be London;
- (b) there shall be three arbitrators, each of whom shall be a lawyer experienced in international securities transactions. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator, and a third arbitrator (who shall act as presiding arbitrator) shall be nominated by the arbitrators nominated by or on behalf of the claimant(s) and respondent(s) or, in the absence of agreement on the third arbitrator within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA Court (as defined in the Rules); and
- (c) the language of the arbitration shall be English.

23.3 *Option to Litigate*

Notwithstanding Condition 23.2 (*Arbitration*), the Delegate may, in the alternative, and at its sole discretion, by notice in writing to the Trustee or Binghatti:

- (a) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
- (b) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If the Delegate gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 23.5 (*Effect of Exercise of Option to Litigate*) and, subject as provided below, any arbitration commenced under Condition 23.2 (*Arbitration*) in respect of that Dispute will be terminated. Each of the parties to the terminated arbitration (other than the Delegate, whose costs will be borne by Binghatti) will bear its own costs in relation to the terminated arbitration.

23.4 *Notice to Terminate*

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

- (a) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
- (b) his entitlement to be paid his proper fees and disbursements; and
- (c) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

23.5 *Effect of Exercise of Option to Litigate*

In the event that a notice pursuant to Condition 23.3 (*Option to Litigate*) is issued, the following provisions shall apply:

- (a) subject to paragraph (c) below, the courts of England or the Dubai International Financial Centre (the **DIFC**) at the option of the Delegate, shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and Binghatti submits to the exclusive jurisdiction of such courts;
- (b) each of the Trustee and Binghatti agrees that the courts of England or the DIFC are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

- (c) this Condition 23.5 is for the benefit of the Delegate only. As a result, and notwithstanding paragraph (a) above, to the extent allowed by law, the Delegate may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Delegate may take concurrent Proceedings in any number of jurisdictions.

23.6 ***Service of Process***

Each of the Trustee and Binghatti has irrevocably appointed Maples and Calder at 11th Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom to receive for it and on its behalf, service of process in respect of any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Trustee or Binghatti, as the case may be). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, each of the Trustee and Binghatti shall forthwith appoint a new agent for service of process in England and notify the Delegate and the Certificateholders of such appointment (in accordance with Condition 18 (*Notices*)) within 30 days. Nothing herein shall affect the right to serve process in any other manner permitted by law.

24. **Waiver of Immunity**

Under the Declaration of Trust, Binghatti has agreed, to the extent that Binghatti may claim, in any jurisdiction, for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any jurisdiction to Binghatti or its assets or revenues, it shall not claim and it shall irrevocably and unconditionally waive such immunity to the fullest extent permitted by the laws of such jurisdiction in relation to any Proceedings or Disputes. Further, each of Binghatti and the Trustee have irrevocably and unconditionally consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any of its assets whatsoever of any award, order or judgment made or given in connection with any Proceedings or Disputes.

25. **Waiver of Interest**

- 25.1 Each of the Trustee, Binghatti and the Delegate has in the Declaration of Trust irrevocably agreed that no interest will be payable or receivable under or in connection therewith or any other Transaction Document and each party agrees that it will not claim any interest in respect of any proceedings brought by or on behalf of a party under the Declaration of Trust or any other Transaction Document.
- 25.2 If it is determined that any interest is payable or receivable in connection therewith or any other Transaction Document by a party, whether as a result of any judicial or arbitral award or by operation of any applicable law or otherwise, such party has agreed in the Declaration of Trust to waive any rights it may have to claim or receive such interest and has agreed therein that if any such interest is actually received by it, it shall promptly donate the same to a registered or otherwise officially recognised charitable organisation.
- 25.3 For the avoidance of doubt, nothing in this Condition 25 shall be construed as a waiver of rights in respect of any Periodic Distribution Amounts, Required Amounts, Rentals, Dissolution Amounts, Exercise Prices, Full Reinstatement Values, Loss Event Shortfall Amounts, Deferred Sale Prices, Murabaha Instalments, Profit Amounts or profit or principal or other amount payable of any kind howsoever described payable by Binghatti (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or these Conditions, howsoever such amounts may be described or recharacterised by any court or arbitral tribunal.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection and/or collection at the specified office of the Principal Paying Agent (as defined in the Conditions). Words and expressions defined in the Conditions shall have the meanings in this summary.

The Declaration of Trust

The Supplemental Declaration of Trust will be entered into between the Trustee, Binghatti and the Delegate on the Issue Date and will be governed by English law. The Supplemental Declaration of Trust is supplemental to the Original Declaration of Trust dated 29 February 2024 and entered into between the same parties. Pursuant to the Declaration of Trust (as constituted by the Original Declaration of Trust and the Supplemental Declaration of Trust), the Trustee will declare a trust for the benefit of the Certificateholders over the Trust Assets.

The Trust Assets will comprise, *inter alia*, the cash proceeds of the Trust Certificates, pending application thereof in accordance with the terms of the Transaction Documents; the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Lease Assets; the rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding: (i) any representations given by Binghatti to the Trustee and the Delegate pursuant to the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to clause 14.1 of the Declaration of Trust); all monies standing to the credit of the Transaction Account from time to time; and all proceeds of the foregoing.

Pursuant to the Declaration of Trust, the Trustee will agree to act for and on behalf of the Certificateholders and, *inter alia*:

- (a) hold the Trust Assets on trust absolutely for the Certificateholders as tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder; and
- (b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Declaration of Trust.

The Declaration of Trust will specify, *inter alia*:

- (a) no recourse shall be had for the payment of any amount under the Declaration of Trust or under any Transaction Document, whether for the payment of any fee, indemnity or other amount under the Declaration of Trust or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee (and/or its directors, officers, shareholders or administrators), the Delegate, any Agent or any of their respective agents or affiliates to the extent the Trust Assets have been exhausted following which all obligations of the Trustee, the Delegate, any Agents and their respective agents or affiliates shall be extinguished;
- (b) the Trustee may from time to time (but subject always to the provisions of the Declaration of Trust), without the consent of the Certificateholders, create and issue additional Trust Certificates having the same terms and conditions as the outstanding Trust Certificates (or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue), and so that the same shall be consolidated and form a single series with the outstanding Trust Certificates. Any additional Trust Certificates which are to be created and issued so as to form a single series with the outstanding Trust Certificates shall be constituted by a supplemental declaration of trust in relation to which all applicable stamp duties or other documentation fees, duties or taxes have been paid and, if applicable, duly stamped and containing such other provisions as are necessary (including making such consequential modifications to the Declaration of Trust) in order to give effect to the issue of such additional Trust Certificates; and
- (c) on the date upon which any additional Trust Certificates are created and issued pursuant to the provisions described in paragraph (b) above, the Trustee will execute a declaration of commingling of assets for and on behalf of the holders of the existing Trust Certificates and the holders of such additional Trust Certificates so created and issued, declaring that the additional Assets (as set out in the declaration of commingling of assets) and the Lease Assets in respect of the Trust Certificates

as in existence immediately prior to the creation and issue of the additional Trust Certificates and the investments made pursuant to the Murabaha Agreement (and all rights arising under or with respect to such investments made pursuant to the Murabaha Agreement) are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Trust Certificates and the holders of such additional Trust Certificates as tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder, in accordance with the Declaration of Trust.

In the Declaration of Trust, the Trustee will irrevocably and unconditionally appoint the Delegate to, *inter alia*, exercise all the present and future powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Declaration of Trust) and discretions vested in the Trustee by the relevant provisions of the Declaration of Trust. The appointment of the Delegate by the Trustee is intended to be in the interests of the Certificateholders and, subject as provided in the Declaration of Trust, does not affect the Trustee's continuing role and obligations as trustee of the trusts created pursuant to the Declaration of Trust.

In the Declaration of Trust the Delegate will undertake that, *inter alia*, if it has received express notice pursuant to the Declaration of Trust of the occurrence of a Dissolution Event in respect of any Trust Certificates and subject to Condition 15 (*Dissolution Events*): (i) it shall, as soon as reasonably practicable, give notice of the occurrence of such Dissolution Event to the Certificateholders in accordance with Condition 18 (*Notices*) with a request to such holders to indicate whether they wish the Trust Certificates to become immediately due and payable; and (ii) if so requested by Extraordinary Resolution or in writing by Certificateholders representing not less than 25 per cent. in aggregate face amount of the Trust Certificates for the time being outstanding (subject to being indemnified and/or secured and/or prefunded to its satisfaction), or if the Delegate decides in its discretion, it shall give notice to the Trustee, Binghatti and the Certificateholders in accordance with Condition 18 (*Notices*) that the Trust Certificates are to be redeemed on the relevant Dissolution Date specified in such notice at the relevant Dissolution Amount.

A non-interest bearing Transaction Account in London will be established in the name of the Trustee in respect of the Trust Certificates. Monies received in the Transaction Account will, *inter alia*, comprise payments corresponding to Periodic Distribution Amounts and/or Dissolution Amounts immediately prior to each Periodic Distribution Date and/or any Dissolution Date, as the case may be. The Declaration of Trust provides that all moneys standing to the credit of the Transaction Account from time to time will be applied in the manner set out in Condition 6.2 (*Application of Proceeds from the Trust Assets*).

In the Declaration of Trust, Binghatti will undertake that: (i) if, at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, Binghatti Holding Limited remains in actual or constructive possession, custody or control of all or any part of the relevant Lease Assets and (ii) if, following delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the relevant Exercise Price (as defined in the Purchase Undertaking) is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, Binghatti shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Trust Certificates then outstanding or the Tangibility Event Certificates or the Change of Control Certificates (each as defined in the Purchase Undertaking), as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price.

Binghatti will further undertake that, if the outstanding Deferred Sale Price is not paid on the relevant Dissolution Date in accordance with the provisions of the Murabaha Agreement for any reason whatsoever, Binghatti shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Trust Certificates then outstanding and, accordingly, the amount payable under any such indemnity claim will equal the outstanding Deferred Sale Price.

In addition, if the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 13 (*Taxation*), Binghatti will undertake that it will unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) an amount equal to the liability of the Trustee in respect of any and all additional amounts required to be paid by the Trustee in respect of the Trust Certificates pursuant to Condition 13 (*Taxation*).

Purchase Agreement

The Supplemental Purchase Agreement will be entered into on the Issue Date between the Trustee (in its capacity as purchaser), Binghatti Properties Investments Limited (in its capacity as seller) and Binghatti (in its capacity as obligor) and will be governed by the laws of the Emirate of Dubai and, to the extent applicable to the Emirate of Dubai, the federal laws of the UAE. The Supplemental Purchase Agreement is supplemental to the Original Purchase Agreement entered into on 29 February 2024 between the same parties.

Pursuant to the Purchase Agreement, Binghatti Properties Investments Limited (in its capacity as seller) may sell, transfer and convey to the Trustee (in its capacity as purchaser), and the Trustee may purchase and accept the transfer and conveyance from Binghatti Properties Investments Limited of, all of Binghatti Properties Investments Limited's rights, title, interests, benefits and entitlements in, to and under the relevant assets at the relevant purchase price.

Lease Assets Amendment Agreement

The Lease Assets Amendment Agreement will be entered into on the Issue Date between the Trustee (in its capacity as lessor), Binghatti (in its capacity as lessee) and the Delegate and will be governed by laws of the Emirate of Dubai and, to the extent applicable to the Emirate of Dubai, the federal laws of the UAE. The Lease Assets Amendment Agreement amends the Original Lease Agreement.

Pursuant to the Lease Agreement, the Trustee (in its capacity as lessor) will agree to lease to Binghatti (in its capacity as lessee), and Binghatti will agree to lease from the Trustee, the Lease Assets during renewable rental periods commencing on the lease commencement date (which shall be the Issue Date) and extending to the Scheduled Dissolution Date (unless the Lease Agreement is terminated earlier in accordance with its terms or extended in accordance with the Purchase Undertaking).

No later than 10:00 a.m. on the second business day prior to the completion of each rental period, the Trustee (in its capacity as lessor) (or its agent), shall send a rental notice to Binghatti (in its capacity as lessee). Such notice shall be irrevocable and Binghatti (in its capacity as lessee) will agree that, unless it rejects such notice within 24 hours of the delivery of such rental notice (in which case it acknowledges that it will be in breach of its undertaking to irrevocably and unconditionally lease from the Trustee (in its capacity as lessor) for the lease term) it will be deemed to have accepted each such notice as and when delivered. Where there is any delay or failure by the Trustee (in its capacity as lessor) in delivering a rental notice, the rental for the relevant rental period shall accrue at the same rate as the rental for the immediately preceding rental period.

On each "**Additional Servicing Agency Expenses Request Date**" (being the date on which Binghatti (in its capacity as servicing agent) submits to the Trustee (in its capacity as lessor) or its agent a request for the Trustee's (in its capacity as lessor) approval of Binghatti (in its capacity as servicing agent) incurring or paying any proposed liability comprising an additional servicing agency expense), the Trustee (in its capacity as lessor) (or its agent) shall notify Binghatti (in its capacity as lessee) in writing that it is requested to pay to the Trustee (in its capacity as lessor) on the first business day of the first rental period commencing after the Additional Servicing Agency Expenses Request Date an amount of additional supplementary rental in respect of that rental period (as shall also be specified in the relevant rental notice) equal to the relevant additional servicing agency expenses proposed to be incurred in the rental period in which such Additional Servicing Agency Expenses Request Date falls. Such notice shall be irrevocable and Binghatti (in its capacity as lessee) will agree that, unless it rejects such notice within one Business Day of on such Additional Servicing Agency Expenses Request Date (in which case it acknowledges that such rejection will constitute a Binghatti Event), it will be deemed to have approved such notice as and when delivered and agreed to pay the requested amount of additional supplementary rental in accordance with such notice and the relevant rental notice.

Binghatti (in its capacity as lessee) will agree to use the Lease Assets at its own risk. Accordingly, Binghatti (in its capacity as lessee) shall from the date of the Lease Agreement bear the entire risk of loss of or damage to the Lease Assets or any part thereof arising from the usage or operation thereof by it to the extent that such loss or damage has resulted from its gross negligence, wilful default, actual fraud or breach of its obligations under the Lease Agreement. In addition, the Trustee (as lessor) shall not be liable (and Binghatti (as lessee) will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential or other losses, howsoever arising, in connection with Binghatti's (as lessee) use or operation of the Lease Assets.

If a Total Loss Event occurs with respect to the Lease Assets, then, without prejudice to any right or remedy the Trustee (in its capacity as lessor) may have under any Transaction Document or by law, the Lease Agreement and the lease shall automatically terminate, and further rental payments shall cease to be due under the Lease Agreement on the date of occurrence of the Total Loss Event.

If the Lease Assets are replaced by the 60th day following such Total Loss Event in accordance with the Servicing Agency Agreement, the Lessee will irrevocably grant to the Lessor the right, and the Lessor may exercise the right granted by the Lessee to require the Lessee to enter into a Lease Assets Amendment Agreement with the Lessor and the Delegate on the date of such replacement in order to reflect such replacement.

Following the occurrence of a Total Loss Event, Rental shall cease to accrue under the Lease Agreement, and shall only resume if the Lease Assets are replaced pursuant to a Lease Assets Amendment Agreement, on the Replacement Lease Assets Date. The Rental payable on the first Rental Payment Date under the Lease Assets Amendment Agreement executed following a Total Loss Event and dated the Replacement Lease Assets Date shall be increased to include the amount of Rental that would have accrued prior to the Replacement Lease Assets Date had such Total Loss Event not occurred.

Notwithstanding the above, in each case and the Trustee (in its capacity as lessor) will be entitled to all proceeds of the Insurances (as defined below) payable as a result of the Total Loss Event.

If a Partial Loss Event shall occur with respect to any of the Lease Assets and provided that:

- (a) the Lease Assets have not been replaced pursuant to the Servicing Agency Agreement, and a notice of termination of the lease on the 61st day after the Partial Loss Event Date (a "**Partial Loss Lease Termination Notice**") has been delivered by Binghatti (in its capacity as the lessee) to the Trustee (in its capacity as lessor) within a period of 30 days after the Partial Loss Event Date; or
- (b) such Lease Assets have not been replaced pursuant to the Servicing Agency Agreement,

without prejudice to any right or remedy that the Trustee (in its capacity as lessor) may have under any Transaction Document or by law, the lease shall automatically terminate on the 61st day after the Partial Loss Event Date and further rental payments shall cease to be due under the Lease Agreement on such 61st day after the Partial Loss Event Date subject to Binghatti's (in its capacity as lessee) right to make a rental reimbursement request in accordance with the provisions of the Lease Agreement and the Trustee (in its capacity as lessor) will be entitled to all proceeds of the Insurances payable as a result of the Partial Loss Event.

For the avoidance of doubt, if Binghatti (in its capacity as lessee) does not issue a Partial Loss Lease Termination Notice within 30 days of the Partial Loss Event Date, or it expressly waives such right, it shall not be entitled to exercise such right thereafter.

By no later than the 31st day after the Partial Loss Event Date, and subject to the delivery of the Partial Loss Event Notice by Binghatti, Binghatti (in its capacity as lessee) may request a proportionate reduction in rental by way of reimbursement of the rental applicable to the period from and including the Partial Loss Event Date to but excluding the earlier of: (i) the relevant replacement date; and (ii) the 61st day after the Partial Loss Event Date to take into account the impairment suffered in relation to the impaired Lease Assets (the "**Rental Reimbursement Amount**"), provided that the Partial Loss Event relating to such impaired Lease Assets has not arisen as a result of Binghatti's (in its capacity as lessee) negligence or misconduct (such request, being a "**Rental Reimbursement Request**"). If a Rental Reimbursement Request is made in accordance with the provisions of the Lease Agreement, the Trustee (in its capacity as lessor) shall procure the payment of the Rental Reimbursement Amount by the Servicing Agent (on its behalf) to Binghatti (in its capacity as lessee) from only: (1) the proceeds of any Insurances paid in accordance with clause 5 of the Servicing Agency Agreement; and/or (2) (to the extent the proceeds of such Insurances (if any) are insufficient) any Loss Event Shortfall Amount (as defined below) paid in accordance with clause 5 of the Servicing Agency Agreement, on the 61st day after the Partial Loss Event Date. For the avoidance of doubt, if Binghatti (in its capacity as lessee) does not make a Rental Reimbursement Request before the 31st day after the Partial Loss Event Date, or it expressly waives such right, it shall not be entitled to exercise such right thereafter.

For the avoidance of doubt if, following a Partial Loss Event, the lease is not terminated pursuant to the Lease Agreement and whether or not a Rental Reimbursement Request is made, then the terms of the lease

and the Lease Agreement, including the amount of rental, shall continue on the same terms as which applied prior to the occurrence of the Partial Loss Event.

Binghatti (in its capacity as lessee) will undertake in the Lease Agreement that it shall maintain actual or constructive possession, custody or control of all of the Lease Assets from the date of the Lease Agreement until the satisfaction in full of all its obligations under the Transaction Documents to which it is a party.

Under the Lease Agreement, Binghatti (in its capacity as lessee) will agree to be responsible, at its own cost and expense, for the performance of all ordinary maintenance and repair required for any Lease Asset. The Trustee (in its capacity as lessor) shall be responsible for: (i) the performance of all major maintenance and structural repair; (ii) the payment of any proprietorship or other relevant taxes (excluding all taxes that are by law imposed, charged or levied against a lessee or a tenant); and (iii) insuring the Lease Assets in accordance with the Servicing Agency Agreement, and Binghatti (as lessee) will acknowledge that the Trustee (as lessor) may procure that the Servicing Agent, in accordance with the terms and conditions set out in the Servicing Agency Agreement, shall perform, or shall procure the performance of, the major maintenance and structural repair, the payment of such taxes and the Insurance of the Lease Assets, on behalf of the Trustee (in its capacity as lessor).

All payments by Binghatti (as lessee) to the Trustee (as lessor) under the Lease Agreement shall be made in U.S. dollars without set-off (except as provided below) or counterclaim of any kind and free and clear of, and without any deduction or withholding, for any Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction or any authority therein or thereof having power to tax, unless the withholding or deduction is required by law. In that event, Binghatti (as lessee) will agree under the Lease Agreement to pay such additional amounts as will result in the receipt by or on behalf of the Trustee (as lessor) of such amounts as would have been received by it had no such deduction or withholding had been required.

Binghatti (in its capacity as lessee) will ensure that its payment obligations under the Lease Agreement are and will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 5.1 (*Negative Pledge*)) unsecured obligations of Binghatti and (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 5.1 (*Negative Pledge*)) at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of Binghatti from time to time outstanding.

Servicing Agency Agreement

The Servicing Agency Agreement was entered into on 29 February 2024 between the Trustee (in its capacity as lessor) and Binghatti (in its capacity as servicing agent) and is governed by English law.

Pursuant to the Servicing Agency Agreement, Binghatti (as servicing agent) will be responsible on behalf of the Trustee (in its capacity as lessor) for the carrying out of all major maintenance and structural repair, the payment of proprietorship taxes (if any) charged, levied or claimed on the Lease Assets, for effecting all appropriate Insurances in respect of the Lease Assets, maintenance of a collection account (the "**Collection Account**") and the appointment of a *Shari'a* adviser (a "**Shari'a Adviser**").

The Servicing Agent will irrevocably undertake with the Trustee (in its capacity as lessor) that the Servicing Agent, on behalf of and on account of the Trustee (in its capacity as lessor), will:

- (a) ensure that the Lease Assets, so long as any Trust Certificates are outstanding, are at all times properly insured (the "**Insurances**") (through brokers and with reputable insurance companies in good financial standing) to the extent consistent with general industry practice by prudent owners of similar assets, and in addition against any Total Loss Event and/or Partial Loss Event (together, "**Loss Events**"). The Servicing Agent will undertake to ensure that the insured amount relating to each Loss Event will, at all times, be at least equal to the Full Reinstatement Value;
- (b) promptly make a claim in respect of each loss relating to the Lease Assets in accordance with the terms of the Insurances and diligently pursue such claim;
- (c) ensure that, in the event of a Loss Event occurring, unless such Lease Assets are replaced pursuant to the Servicing Agency Agreement, all proceeds of any Insurances against a Loss Event are in an amount equal to the Full Reinstatement Value and are credited (or equivalent) in U.S. dollars to

the Collection Account by no later than the 59th day after the occurrence of the Loss Event and that the insurers are directed accordingly; and

- (d) if within 60 days of the Issue Date and for any reason, the Servicing Agent is not in compliance with paragraph (a) above, it shall immediately deliver written notice to the Trustee and the Delegate of such non-compliance and the details thereof.

The delivery of the notice referred to in paragraph (d) to the Trustee and the Delegate in relation to non-compliance with paragraph (a) above shall constitute a Dissolution Event.

If, a Loss Event has occurred and if:

- (i) the notice referred to in paragraph (d) above has not been delivered by the Servicing Agent to the Trustee and the Delegate prior to the occurrence of such Loss Event;
- (ii) the Lease Assets have not been replaced in accordance with the paragraph below; and
- (iii) the amount (if any) credited (or equivalent) to the Collection Account pursuant to paragraph (c) above is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited (or equivalent) to the Collection Account being the "**Loss Event Shortfall Amount**"),

then the Servicing Agent will undertake to: (1) transfer the amounts (if any) credited to the Collection Account pursuant to paragraph (c) above; and (2) pay (in same day, freely transferable, cleared funds) the Loss Event Shortfall Amount directly, in each case, to the Transaction Account by no later than close of business in London on the 61st day after the occurrence of the Loss Event. Subject to transferring such amounts (if any) credited to the Collection Account pursuant to paragraph (c) above and paying such Loss Event Shortfall Amount in accordance with this paragraph, there will be no further claim against the Servicing Agent for failing to comply with its insurance obligations.

The Servicing Agency Agreement will provide that if, on the occurrence of a Loss Event (other than in respect of a Partial Loss Event where a Partial Loss Lease Termination Notice has been delivered pursuant to the Lease Agreement), the Servicing Agent receives notice from Bingham that replacement eligible Assets (the "**Replacement Lease Assets**"): (x) that are free from all claims, encumbrances and any other rights of third parties, and (y) the aggregate value as at the date of replacement (the "**Replacement Lease Assets Date**") of which is not less than the aggregate value of the Replacement Lease Assets, are available on or before the 60th day after the occurrence of the Loss Event, the Servicing Agent shall notify the Trustee of the same. Immediately following such notice, the Trustee may subject to, and pursuant to a separate purchase agreement substantially in the form, *mutatis mutandis*, of the Supplemental Purchase Agreement purchase such Replacement Lease Assets from the relevant seller(s) by way of payment by the Servicing Agent on behalf of the Trustee of the proceeds of the Insurances (or the assignment of the rights to such proceeds) to or to the order of the relevant seller(s), in consideration for the sale, transfer and conveyance by the relevant seller(s) of the Replacement Lease Assets to the Trustee.

"**Full Reinstatement Value**" means an amount equal to the aggregate of: (a) in the case of a Total Loss Event: (i) the aggregate face amount of the Trust Certificates then outstanding plus all due but unpaid Periodic Distribution Amounts relating to such Trust Certificates; plus (ii) an amount equal to the Periodic Distribution Amounts relating to such Trust Certificates, which would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurs and ending on but excluding the 61st day after the occurrence of the Total Loss Event; plus (iii) without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents to which it is a party (including, but not limited to, an amount equal to any outstanding Additional Servicing Agency Expenses in respect of which the Lessee has agreed to make a corresponding payment of additional supplementary rental but such payment has not been made in accordance with the Lease Agreement); less (iv) if any, the aggregate amounts of Deferred Sale Price then outstanding; and (b) in the case of a Partial Loss Event: (i) the aggregate value of the impaired Lease Assets; plus (ii) an amount equal to any Rental Reimbursement Amount payable to the Lessee in accordance with the Lease Agreement.

The "**Service Charge Amount**" payable to Bingham (in its capacity as servicing agent) shall be an amount equal to, in respect of a rental period, the aggregate of all payments and liabilities made or incurred by the Servicing Agent during that rental period in respect of the services provided under the Servicing Agency

Agreement in relation to the Lease Assets as notified by the Servicing Agent to the Trustee (in its capacity as lessor), except for any payments or liabilities which comprise Additional Servicing Agency Expenses.

The Servicing Agency Agreement provides that the Servicing Agent shall appoint, and maintain the appointment of, the *Shari'a* Adviser to advise on any matters requested by the Servicing Agent and also to assist the Servicing Agent in monitoring the compliance by the Servicing Agent with the requirements of AAOIFI *Shari'a* standards when acting in accordance with the terms of the Transaction Documents to which it is a party.

The Servicing Agency Agreement provides that the Servicing Agent shall ensure that the Tangible Asset Ratio shall at all times remain more than 50 per cent. and the Servicing Agent shall be permitted to take any steps as may be required to maintain such Tangible Asset Ratio and, if, at any time, the Tangible Asset Ratio, other than as a result of the occurrence of a Loss Event, falls:

- (a) to 50 per cent. or less (but is 33 per cent. or more), the Servicing Agent shall take any and all steps (in consultation with the *Shari'a* Adviser) as may be required to ensure such Tangible Asset Ratio is restored to more than 50 per cent. within the time period determined by the *Shari'a* Adviser; and
- (b) below 33 per cent. (such event being a "**Tangibility Event**") within 10 Business Days of the Servicing Agent becoming aware of the Tangibility Event occurring, the Servicing Agent shall send a Tangibility Event Trustee Notice notifying the Trustee and the Delegate of such occurrence and requesting the Trustee to promptly deliver a Tangibility Event Certificateholder Notice to the Certificateholders in accordance with Condition 18 (*Notices*) and clause 9.2(b) of the Servicing Agency Agreement.

The Servicing Agent shall not incur or pay any liability in any rental period in respect of the services to be performed in relation to the Lease Assets which, individually or in the aggregate, would exceed the "**All Expenses Reserve Amount**" (the amount by which such liability exceeds the All Expenses Reserve Amount, the "**Additional Servicing Agency Expenses**") unless: (a) a request for such incurrence or payment of Additional Servicing Agency Expenses has been made by the Servicing Agent to the Trustee (in its capacity as lessor) in accordance with the Servicing Agency Agreement; and (b) following such request (and subject to the Trustee's (in its capacity as lessor) approval of such incurrence or payment of Additional Servicing Agency Expenses), Binghatti (in its capacity as lessee) has agreed to pay to the Trustee (in its capacity as lessor) an amount of additional supplementary rental equal to such Additional Servicing Agency Expenses on the first business day of the first rental period commencing immediately after the Additional Servicing Agency Expenses Request Date (as defined below) in accordance with the Lease Agreement. If, during any rental period, the Servicing Agent incurs or pays such liability without first satisfying the foregoing conditions in (a) and (b) above, then it shall be deemed to have unconditionally agreed to satisfy, donate and pay all such liabilities from its own account and the Trustee (in its capacity as lessor) shall have no responsibility whatsoever in connection with such liability.

The Servicing Agent shall submit to the Trustee (in its capacity as lessor) or its agent the invoice or receipt for (or other evidence of payment or incurrence of) each liability comprising the Service Charge Amount, as soon as practicable after the payment or incurrence thereof. The Servicing Agent shall submit to the Trustee (in its capacity as lessor) or its agent a request for the Trustee's (in its capacity as lessor) approval of the Servicing Agent incurring or paying any proposed liability comprising an Additional Servicing Agency Expense prior to incurring or paying such proposed liability (the date of such notice being the "**Additional Servicing Agency Expenses Request Date**").

Subject to the terms of the Lease Agreement:

- (a) the Trustee (in its capacity as lessor) shall procure that an amount equal to the Service Charge Amount notified to it in accordance with the above paragraph is recorded in the Collection Account on the first business day of the first rental period commencing after the services invoice date; and
- (b) the Trustee (in its capacity as lessor) shall procure the reimbursement of the Servicing Agent for each Additional Servicing Agency Expense approved by recording such amount in the Collection Account on the first business day of the first rental period after the Additional Servicing Agency Expenses Request Date or, if the lease is terminated prior to such date, on the date of termination of the lease.

An amount equal to an Additional Servicing Agency Expense shall not be reimbursed unless the Servicing Agent evidences the requirement for the payment or the incurrence of each liability comprising such Additional Servicing Agency Expense by delivering to the Trustee (in its capacity as lessor) quotations or other proper evidence of such requirement by no later than the Additional Servicing Agency Expenses Request Date.

Binghatti (in its capacity as Servicing Agent) will ensure that its payment obligations under the Servicing Agency Agreement are and will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 5.1 (*Negative Pledge*)) unsecured obligations of Binghatti and (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 5.1 (*Negative Pledge*)) at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of Binghatti from time to time outstanding.

Purchase Undertaking

The Purchase Undertaking was executed on 29 February 2024 by Binghatti (in its capacity as obligor) as a deed in favour of the Trustee and the Delegate and is governed by English law.

Provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Lease Assets have been replaced pursuant to the Servicing Agency Agreement), Binghatti (in its capacity as obligor) will irrevocably grant to the Trustee and the Delegate the right to require Binghatti to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Lease Assets (or the applicable proportion thereof, as the case may be) upon the Trustee or the Delegate (on behalf of the Trustee) exercising its right thereunder and delivering an Exercise Notice to Binghatti in accordance with the terms of the Purchase Undertaking, on the relevant Dissolution Date at the relevant Exercise Price.

Binghatti (in its capacity as obligor) will undertake in the Purchase Undertaking that it shall irrevocably and unconditionally fully accept all or any ownership interest the Trustee may have in the relevant Lease Assets. Binghatti (in its capacity as obligor) will further undertake in the Purchase Undertaking that: (i) if, at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, Binghatti Holding Limited remains in actual or constructive possession, custody or control of all or any part of the relevant Lease Assets; and (ii) if, following delivery of the exercise notice in accordance with the provision of the Purchase Undertaking, the relevant Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, Binghatti shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Trust Certificates then outstanding or the Tangibility Event Certificates or the Change of Control Certificates, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price. Payment of an amount equal to the relevant Exercise Price, into the Transaction Account in accordance with the Purchase Undertaking shall evidence the acceptance and conclusion of the transfer of the Trustee's rights, title, interests, benefits and entitlements in, to and under the relevant Lease Assets to Binghatti.

Binghatti (in its capacity as obligor) will also agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made in U.S. dollars without set-off (except as provided below) or counterclaim of any kind and, free and clear of, any deduction or withholding for Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction or any authority therein or thereof having power to tax, unless required by law. In that event, Binghatti (as obligor) shall pay such additional amounts as will result in the receipt by the Trustee of such amounts as would have been received by it had no withholding or deduction had been required.

The amount equal to the outstanding Additional Servicing Agency Expenses to be paid by Binghatti as part of the relevant Exercise Price payable pursuant to the Purchase Undertaking in respect of which Binghatti (in its capacity as lessee) has agreed to make a corresponding payment of additional supplementary rental but such payment has not been made in accordance with the Lease Agreement, and any Additional Servicing Agency Expenses to be paid by the Trustee (in its capacity as lessor) pursuant to the Servicing Agency Agreement, shall be set-off against one another and the obligation to pay that part of the relevant Exercise Price pursuant to the exercise of the Purchase Undertaking, shall be discharged by such set-off.

Binghatti (in its capacity as obligor) will ensure that its payment obligations under the Purchase Undertaking are and will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 5.1 (*Negative Pledge*)) unsecured obligations of Binghatti and (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions

described in Condition 5.1 (*Negative Pledge*)) at all times rank at least *pari passu*, with all other present and future unsecured and unsubordinated obligations of Binghatti, from time to time outstanding.

Binghatti will agree that a Binghatti Event shall constitute a Dissolution Event for the purposes of the Conditions.

Sale and Substitution Undertaking

The Sale and Substitution Undertaking was executed on 29 February 2024 by the Trustee as a deed in favour of Binghatti and is governed by English law.

Provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Lease Assets have been replaced pursuant to the Servicing Agency Agreement), the Trustee will irrevocably grant to Binghatti the right to require the Trustee to sell, transfer and convey all of its rights, title, interests, benefits and entitlements in, to and under the Lease Assets to Binghatti upon Binghatti exercising its right thereunder and delivering an Exercise Notice to the Trustee in accordance with the terms of the Sale and Substitution Undertaking, on the relevant Dissolution Date at the relevant Exercise Price (as defined in the Sale and Substitution Undertaking).

The amount equal to any outstanding Additional Servicing Agency Expenses to be paid by Binghatti as part of any Exercise Price in respect of which Binghatti (in its capacity as lessee) has agreed to make a corresponding payment of additional supplementary rental but such payment has not been made in accordance with the Lease Agreement and any Additional Servicing Agency Expenses to be paid by the Trustee (in its capacity as lessor) pursuant to the Servicing Agency Agreement, shall be set off against one another, and the obligation to pay that part of the relevant Exercise Price shall be discharged by such set-off.

In addition, under the terms of the Sale and Substitution Undertaking, if at any time Binghatti wishes to cancel any Trust Certificates purchased pursuant to Condition 12.1 (*Purchases*), Binghatti may, by exercising its right under the Sale and Substitution Undertaking and by delivering a Cancellation Notice to the Trustee in accordance with the terms of the Sale and Substitution Undertaking, oblige the Trustee to transfer all of its rights, title, interests, benefits and entitlements in, to and under the Cancelled Lease Assets to Binghatti in consideration for which the Trust Certificates purchased shall be cancelled subject to certain conditions set out in the Sale and Substitution Undertaking. Following such transfer, the Trustee shall forthwith surrender to the Registrar the relevant Trust Certificates identified for cancellation in the Cancellation Notice on the Cancellation Date.

Furthermore, pursuant to the terms of the Sale and Substitution Undertaking, the Trustee will grant to Binghatti the right to require the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the substituted Lease Assets to it in exchange for the sale to the Trustee of new Lease Assets subject to certain conditions set out in the Sale and Substitution Undertaking.

Murabaha Agreement

The Murabaha Agreement was entered into on 29 February 2024 between Binghatti (in its capacity as buyer, the "**Buyer**"), the Trustee (in its capacity as seller, the "**Seller**") and the Delegate and is governed by English law.

Pursuant to the Murabaha Agreement, the Seller may, on receipt of a purchase order from the Buyer in accordance with the terms of the Murabaha Agreement, purchase certain commodities on the Issue Date. Following the purchase of the commodities by the Seller, and provided that the Seller has acquired title thereto and actual or constructive possession thereof, the Seller may deliver to the Buyer by no later than the Issue Date a letter of offer and acceptance indicating the Seller's acceptance of the terms of the purchase order made by the Buyer and detailing the terms of the offer for the sale of the commodities by the Seller to the Buyer on the Issue Date.

Pursuant to the Murabaha Agreement, the Buyer may accept the terms of, countersign and deliver to the Seller any letter of offer and acceptance delivered to it in accordance with the Murabaha Agreement and, if it countersigns the Letter of Offer and Acceptance, the Buyer shall irrevocably and unconditionally (as a result of the Seller having acted on the request of the Buyer set out in the purchase order) purchase from the Seller the commodities acquired by the Seller for the Deferred Sale Price in accordance with the terms of the Murabaha Agreement.

As soon as the Buyer has countersigned the letter of offer and acceptance, a murabaha contract shall be created between the Seller and the Buyer upon the terms of the letter of offer and acceptance and incorporating the terms and conditions set out in the Murabaha Agreement, and ownership (including, without limitation, the right of ownership from a Shari'a perspective) of and title to and, upon the Buyer obtaining actual or constructive possession of the relevant Commodities thereof, all risks in and to, the relevant commodities shall immediately pass to and be vested in the Buyer together with all rights and obligations relating thereto.

The Buyer has also agreed in the Murabaha Agreement that all payments by it under the Murabaha Agreement will be made in U.S. dollars without set-off or counterclaim of any kind and, free and clear of, any deduction or withholding for Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction or any authority therein or thereof having power to tax, unless required by law. In that event, the Buyer shall pay such additional amounts as will result in the receipt by or on behalf of the Trustee of such amounts as would have been received by it had no withholding or deduction had been made.

The Buyer will ensure that its payment obligations under the Murabaha Agreement are and will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 5.1 (*Negative Pledge*)) unsecured obligations of the Buyer and (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 5.1 (*Negative Pledge*)) at all times rank at least *pari passu*, with all other present and future unsecured and unsubordinated obligations of the Buyer, from time to time outstanding.

Declaration of Commingling of Assets

The Declaration of Commingling of Assets will be entered into on the Issue Date by the Trustee and Binghatti. Pursuant to the Declaration of Commingling of Assets, the Additional Assets, the Lease Assets as in existence immediately prior to the creation and issue of the Trust Certificates and the investments made pursuant to the Murabaha Agreement (and all rights arising under or with respect to such investments made pursuant to the Murabaha Agreement) will be commingled and collectively comprise part of the Trust Assets for the benefit of the holders of the Trust Certificates and the Original Trust Certificates.

Shari'a Compliance

Each Transaction Document to which it is a party will provide that each of Binghatti Sukuk SPC Limited and Binghatti Holding Limited agrees that it has accepted the *Shari'a*-compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of *Shari'a*;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and
- (c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of *Shari'a*.

TAXATION

The following is a general description of certain tax considerations relating to the Trust Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Trust Certificates, whether in those jurisdictions or elsewhere. Prospective purchasers of Trust Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Trust Certificates and receiving payments under the Trust Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

Dubai International Financial Centre

Pursuant to Article 14 of Law No. (9) of 2004 in respect of the DIFC (the "**DIFC Law**"), entities licensed, registered or otherwise authorised to carry on financial services in the DIFC and their employees shall be subject to a zero rate of tax for a period of 50 years from 13 September 2004. This zero rate of tax applies to income, corporation and capital gains tax. In addition, this zero rate of tax will also extend to repatriation of capital and to transfers of assets or profits or salaries to any party outside the DIFC. Article 14 of the DIFC Law also provides that it is possible to renew the 50-year period to a similar period upon issuance of a resolution by the Ruler of the Emirate of Dubai. As a result, no payments by the Trustee under the Trust Certificates nor any payments by the Obligor under the Transaction Documents are subject to any DIFC tax, whether by withholding or otherwise.

In the event of the imposition of any withholding, the Trustee and Binghatti have undertaken to gross-up any payments of principal or interest subject to certain limitations, as described in Condition 13 (*Taxation*).

United Arab Emirates

The following summary of the anticipated tax treatment in the UAE in relation to payments on the Trust Certificates is based on the taxation law and practice in force at the date of this Offering Circular and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Trust Certificates and the receipt of any payments with respect to such Trust Certificates under the laws of the jurisdictions in which they may be liable to taxation.

Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Dubai taxation in respect of payments on debt securities (including in relation to the Trust Certificates). In the event of the imposition of any withholding in the future, the Trustee has undertaken to gross-up any payments subject to certain limited exceptions, as described in Condition 13 (*Taxation*).

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Trust Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Trust Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "**established**" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Trust Certificates are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **"foreign financial institution"** may be required to withhold on certain payments it makes (**"foreign passthru payments"**) to persons that fail to meet certain certification, reporting, or related requirements. The Trustee may be classified as a foreign financial institution for these purposes. A number of jurisdictions (including the UAE) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**"IGAs"**) with the United States to implement FATCA, which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Trust Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Trust Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Trust Certificates, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Trust Certificates issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Prospective holders of the Trust Certificates should consult their own tax advisers regarding how these rules may apply to their investment in the Trust Certificates.

SUBSCRIPTION AND SALE

Words and expressions defined in the Conditions shall have the same meanings in this section, "Subscription and Sale".

The Joint Lead Managers have entered into a subscription agreement with the Trustee and Binghatti dated 12 July 2024 with respect to the Trust Certificates (the "**Subscription Agreement**"). The Trustee has agreed to issue and sell to the Joint Lead Managers U.S.\$200,000,000 in aggregate face amount of the Trust Certificates and, subject to certain conditions, the Joint Lead Managers have agreed to subscribe for the Trust Certificates. In accordance with the terms of the Subscription Agreement, each of the Trustee and Binghatti will reimburse the Joint Lead Managers in respect of certain of their expenses incurred in connection with the issue of the Trust Certificates and indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Trust Certificates. The Subscription Agreement entitles the Joint Lead Managers to terminate the issue of the Trust Certificates in certain circumstances prior to payment of proceeds to the Trustee.

United States

The Trust Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Joint Lead Manager has represented and agreed that: (a) it has offered and sold, and will offer or sell, the Trust Certificates constituting part of its allotment: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of the Trust Certificates, only in accordance with Rule 903 of Regulation S; and (b) neither it nor any of its affiliates (nor any person acting on behalf of such Joint Lead Manager or any of its affiliates) has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Trust Certificates.

Each Joint Lead Manager has agreed that, at or prior to confirmation of sale, it will have sent to each distributor, manager or person receiving a selling concession, fee or other remuneration which purchases Trust Certificates from it during the 40-day distribution compliance period a confirmation or notice in substantially the following form:

"The securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons: (a) as part of their distribution at any time; or (b) otherwise until 40 days after the completion of the distribution of the Trust Certificates, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in the above paragraphs have the meanings given to them by Regulation S.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Trust Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or Binghatti; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Trust Certificates in, from or otherwise involving the UK.

Kingdom of Bahrain

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Trust Certificates except on a private placement basis, to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more (excluding that person's principal place of residence);
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Sultanate of Oman

Each Joint Lead Manager has represented and agreed that:

- (a) this Offering Circular has not been filed with or registered as a prospectus by it with the Capital Market Authority of Oman pursuant to Article 3 of the Capital Market Authority Law (Sultani Decree 80/98, as amended) ("**Article 3**"), will not be offered or sold by it as an offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Sultani Decree 18/19, as amended) or Article 3, nor does it constitute a sukuk offering pursuant to the Sukuk Regulation issued by the Capital Market Authority of Oman (CMA Decision 3/2016); and
- (b) the Trust Certificates have not been and will not be offered, sold or delivered by it and no invitation to subscribe for or to purchase the Trust Certificates has been or will be made by it, directly or indirectly, nor may any document or other material in connection therewith be distributed in the Sultanate of Oman to any person in the Sultanate of Oman other than by an entity duly licensed by the Capital Market Authority of Oman to market non-Omani securities in the Sultanate of Oman and then only in accordance with all applicable laws and regulations, including Article 139 of the Executive Regulations of the Capital Markets Law (Decision No. 1/2009, as amended).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Trust Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Trust Certificates pursuant to an offering should note that the offer of Trust Certificates is a private placement under Article 8 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority (the "**CMA**") resolution number 3-123-2017 dated 9/04/1439H (corresponding to 27 December 2017), as amended by CMA resolution number 3-6-2024 dated 5/7/1445H (corresponding to 17 January 2024) (the "**KSA Regulations**"), made through a capital market institution licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 10 of the KSA Regulations.

The Trust Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "institutional and qualified clients" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 of the KSA Regulations. Each Joint Lead Manager has represented and agreed that any offer of Trust Certificates made by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 of the KSA Regulations.

Each offer of Trust Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

Although HSBC Bank plc is appointed as a Joint Lead Manager pursuant to the Subscription Agreement, HSBC Saudi Arabia, which is a Capital Market Institution licensed by the CMA, will be the relevant legal entity for all regulated activities in the Kingdom of Saudi Arabia relating to the issuance of the Trust Certificates, including offering and related applications to the CMA.

State of Qatar (including the Qatar Financial Centre)

Each Joint Lead Manager has represented and agreed that it has not offered, delivered or sold, and will not offer, sell or deliver at any time, directly or indirectly, any Trust Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State

of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre).

This Offering Circular: (i) has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

UAE (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market)

Each Joint Lead Manager has represented and agreed that the Trust Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering or sale of securities.

Dubai International Financial Centre

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Trust Certificates to any person in the DIFC unless such offer is:

- (a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority ("**DFSA**") rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

Abu Dhabi Global Market

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Trust Certificates to any person in the ADGM unless such offer is:

- (a) an "Exempt Offer" in accordance with Rule 4.3 of the Markets Rules of the Financial Services Regulatory Authority (the "**FSRA**") rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in the Conduct of Business Module of the FSRA rulebook.

State of Kuwait

Each Joint Lead Manager has represented and agreed that the Trust Certificates have not been and will not be offered, sold, promoted or advertised by it in the State of Kuwait except through a licensed person duly authorised to undertake such activity pursuant to Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and Regulating of Securities Activities and its executive bylaws (each as amended) (the "**CML Rules**") and unless all necessary approvals from the Capital Markets Authority of the State of Kuwait pursuant to the CML Rules, together with the various resolutions, regulations, directives and instructions issued pursuant thereto or in connection therewith (regardless of nomenclature or type), or any other applicable law or regulation in the State of Kuwait, have been given in respect of the offering, sale, promotion and/or advertising of the Trust Certificates.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Trust Certificates other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Trust Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Trust Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Trust Certificates or caused the Trust Certificates to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Trust Certificates or cause the Trust Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Trust Certificates, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Malaysia

Each Joint Lead Manager has represented and agreed that:

- (a) this Offering Circular has not been registered as a prospectus with the Securities Commission of Malaysia (the "SC") under the Capital Markets and Services Act 2007 of Malaysia (the "CSMA"); and
- (b) accordingly, the Trust Certificates have not been and will not be offered or sold by it, and no invitation to subscribe for or purchase the Trust Certificates has been or will be made by it, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part 1 of Schedule 6 (or Section 229(1)(b)) and Part 1 of Schedule 7 (or Section 230(1)(b)) and Schedule 8 or Section 257(3), read together with Schedule 9 (or Section 257(3)) of the CSMA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the SC and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals, including approval from the Controller of Foreign Exchange to purchase the Trust Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Joint Lead Managers shall be responsible for any invitation, offer, sale or purchase of Trust Certificates as aforesaid without the necessary approvals being in place.

General

Each Joint Lead Manager has represented and agreed that it will, to the best of its knowledge and belief, comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Trust Certificates or possesses or distributes this Offering Circular or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Trust Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, Binghatti or any other Joint Lead Manager shall have any responsibility therefor.

None of the Trustee, Binghatti or any of the Joint Lead Managers: (i) makes any representation that any action has been or will be taken in any jurisdiction that would permit a public offering of any Trust Certificates, or possession or distribution of this Offering Circular or any other offering material in any country or jurisdiction where action for that purpose is required; or (ii) represents that Trust Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in

any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

GENERAL INFORMATION

Authorisation

The issue of the Trust Certificates and the entry by the Trustee into the Transaction Documents to which it is a party has been duly authorised by a resolution passed at a meeting of the Board of Directors of the Trustee held on 21 June 2024. The entry by Binghatti into the Transaction Documents to which it is a party has been duly authorised by a written resolution of the sole shareholder of Binghatti dated 12 June 2024.

The Trustee and Binghatti have each obtained all necessary consents, approvals and authorisations in connection with the issue of the Trust Certificates and the execution and performance of the Transaction Documents to which they are a party.

Listing of Trust Certificates

Application has been made to the London Stock Exchange for the Trust Certificates to be admitted to the ISM with effect from on or around the Issue Date. The ISM is not a regulated market for the purposes of UK MiFIR.

The ISM is a market designated for professional investors. The Trust Certificates admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Offering Circular.

Application has also been made to Nasdaq Dubai for the Trust Certificates to be admitted to trading on Nasdaq Dubai and to the DFSA for the Trust Certificates to be admitted to the DFSA Official List.

The total expenses related to the admission of the Trust Certificates to trading on the ISM are estimated to be GBP 7,550.

The total expenses related to the admission of the Trust Certificates to trading on Nasdaq Dubai and the admission of the Trust Certificates to the DFSA Official List are estimated to be U.S.\$21,000.

Independent Auditors

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee has no subsidiaries. The Trustee is not required by DIFC law, and does not intend, to publish audited financial statements or appoint any auditors.

The current independent auditors of the Group are Ernst & Young Middle East (Dubai Branch).

The Financial Statements have been audited in accordance with International Standards on Auditing by EY, who have issued unqualified reports on the Financial Statements, as stated in their audit reports set out herein.

The audit report on the 2022 Financial Statements includes an "*Emphasis of Matter*" paragraph which draws attention to note 1.2 and note 29 to the 2022 Financial Statements which describe that subsequent to the approval of the previously issued consolidated financial statements on 28 August 2023, the Board of Directors and management withdrew the consolidated financial statements for the year ended 31 December 2022 and have reissued the consolidated financial statements.

No Significant Change

There has been no significant change in the financial performance or financial position of the Trustee and no material adverse change in the prospects of the Trustee, in each case, since the date of its incorporation.

There has been no significant change in the financial performance or financial position of Binghatti and its subsidiaries, taken as a whole, since 31 December 2023, and there has been no material adverse change in the prospects of Binghatti and its subsidiaries, taken as a whole, since 31 December 2023.

Litigation

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) since the

date of its incorporation which may have or have in such period had a significant effect on the financial position or profitability of the Trustee.

Binghatti is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Binghatti is aware) in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of Binghatti.

Documents Available

For so long as any Trust Certificates remain outstanding, copies (and English translations where the documents in question are not in English) of the following documents will be available during normal business hours on any day (excluding Saturdays, Sundays and public holidays), for inspection and/or collection from the registered office of the Trustee and from the specified office of the Principal Paying Agent:

- (a) the Transaction Documents;
- (b) the Memorandum and Articles of Association of the Trustee;
- (c) the constitutional documents of Binghatti;
- (d) this Offering Circular; and
- (e) the Financial Statements.

Clearing Systems

The Trust Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The temporary ISIN for the Trust Certificates is XS2856145896 and the temporary Common Code for the Trust Certificates is 285614589. Once the Trust Certificates are consolidated into, and form a single series with, the Original Trust Certificates on 25 August 2024, the ISIN for the Trust Certificates will be XS2753304349 and the Common Code for the Trust Certificates will be 275330434. See as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN for the Financial Instrument Short Name (FISN) and/or Classification of Financial Instruments (CFI) code applicable to the Trust Certificates.

Legal Entity Identifier

The Trustee's Legal Entity Identifier ("**LEI**") code is 254900Q5ANAJ5RI08U80.

Joint Lead Managers Transacting with Binghatti

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in various financial advisory, investment banking and/or commercial banking transactions with, and may perform services for Binghatti in the ordinary course of business for which they have received, and for which they may in the future receive, fees and expenses. In particular, certain of the Joint Lead Managers are lenders/financiers to Binghatti and proceeds from the issue of the Trust Certificates may be used to pay such outstanding facilities. Further, the Joint Lead Managers may purchase and sell Trust Certificates in the open market.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank facilities) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Binghatti. In the case of any Joint Lead Managers which are Islamic financial institutions, such investments, securities and financial instruments will need to comply with the principles of *Shari'a*.

Certain of the Joint Lead Managers or their affiliates that have a lending/financing relationship with Bingham routinely hedge their credit exposure to Bingham consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into hedging transactions which may consist of taking certain positions in securities, including potentially the Trust Certificates. In the case of any Joint Lead Managers which are Islamic financial institutions, such hedging transactions, and the associated securities and financial instruments, will need to comply with the principles of *Shari'a*. Any such exposures could adversely affect future trading prices of the Trust Certificates. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, positions in such securities and instruments.

Shari'a Boards

The transaction structure relating to the Trust Certificates (as described in this Offering Circular) has been approved by the Internal Shari'a Supervisory Committee of Dubai Islamic Bank PJSC, Internal Shari'a Supervision Committee of Emirates NBD Islamic and the Internal Shariah Supervision Committee of HSBC Bank Middle East Limited as, in their view, complying with Shari'a principles as applicable to, and interpreted by, them.

Internal Shari'a Supervisory Committee of Dubai Islamic Bank PJSC

Professor Dr. Mohammed Ali Elgari

See biography below under "*Internal Shariah Supervision Committee of Emirates NBD*".

Dr. Muhammad Qaseem

See biography below under "*Internal Shariah Supervision Committee of Emirates NBD*".

Sheikh Dr. Muhammad Abdulrahim Sultan Al Olama

See biography below under "*Internal Shariah Supervision Committee of Emirates NBD*".

Sheikh Ibrahim Al Mansoori

Dr. Al Mansoori is a prominent Shari'a scholar from the UAE with an active focus on the Islamic banking and finance industry. He is currently serving as Director of Sharjah Islamic Centre for Economy and Finance Studies and the Assistant Professor of Economy & Islamic Banks, University of Sharjah.

Dr. Al Mansoori is also currently serving as the Chairman of the Internal Sharia Supervision Committee of Al Hilal Bank and he is a member of various internal Shari'a supervision committees of Islamic financial institutions.

Dr. Al Mansoori holds a PhD in Economics and Islamic Banking, as well as two master's degrees in economics and Islamic banking and pedagogical psychology. He has authored various research papers on contemporary matters relating to Islamic banking.

Prof. Dr. Mohamad Akram Laldin

Dr. Mohamad Akram Laldin is currently the Executive Director of International Shari'ah Research Academy for Islamic Finance (ISRA). Prior to that, he was an Assistant Professor at the International Islamic University, Malaysia (IIUM).

He was a Visiting Assistant Professor at the University of Sharjah. Dr. Akram holds a bachelor's degree in Islamic Jurisprudence and Legislation from the University of Jordan and a PhD in Principles of Islamic Jurisprudence (Usul al-Fiqh) from the University of Edinburgh. At present, he is a member of Shari'ah Advisory Council (SAC) of Central Bank of Malaysia, Shariah Advisory Employees Provident Fund (EPF), HSBC Amanah Global Shari'ah Advisory Board, Yassar Limited (Dubai), EAB (London) Shari'ah Advisory Board, Islamic Advisory Board of HSBC Insurance Singapore, Shari'ah Advisory Council International Islamic Financial Market (IIFM), Bahrain, AAOIFI Shari'ah Standards Committee member and other boards locally and internationally.

Internal Shariah Supervision Committee of Emirates NBD

Professor Dr. Mohammed Ali Elgari

Dr. Elgari is a Professor of Islamic Economics and the former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in the Kingdom of Saudi Arabia. Dr. Elgari is the recipient of the Islamic Development Bank Prize in Islamic Banking and Finance and holds the KLIFF Islamic Finance Award for Most Outstanding Contribution to Islamic Finance (Individual).

He is a member on the editorial board of several academic publications in the field of Islamic Finance and Jurisprudence, among them the Journal of the Jurisprudence Academy (IWL), Journal of Islamic Economic Studies (IDB), Journal of Islamic Economic (IAIE, London), and the advisory board of the Harvard Series in Islamic Law (Harvard Law School).

Dr. Elgari is also an adviser to numerous Islamic financial institutions throughout the world and is notably on the Shari'a board of the Dow Jones Islamic index as well as a member of the Islamic Fiqh Academy and AAOIFI.

Dr. Elgari holds a PhD in Economics from the University of California, United States of America.

Sheikh Dr. Muhammad Abdulrahim Sultan Al Olama

Sheikh Dr. Al Olama is a member of the Grand Islamic Scholars Body in Dubai, an Associate Professor of the School of Shari'a at the United Arab Emirates University in Al Ain and an acknowledged expert in Islamic finance. Sheikh Dr. Al Olama is also the head of the Fatwa Committee of the Zakat Funds in the UAE. He currently serves on a number of Shari'a boards representing Islamic financial institutions and takaful companies.

Sheikh Dr. Al Olama has written extensively on modern Islamic finance and has presented numerous research papers at various international conferences. Sheikh Dr. Al Olama holds a PhD in Comparative Islamic Law from Umm Al Qurra University in Mecca, Kingdom of Saudi Arabia.

Dr. Salim Ali Al-Ali

Dr. Salim Ali Al-Ali is an assistant professor at the Department of Shariah and Islamic Studies at the College of Law at the United Arab Emirates University where he teaches courses on Islamic law and Islamic banking. Dr. Al-Ali was also formerly a part-time lecturer for the LL.M programme at BPP Law School, London, United Kingdom. He is a member of the internal Shari'a supervisory committees of a number of financial institutions including HSBC Bank plc, First Abu Dhabi Bank PJSC and Emirates NBD Bank PJSC.

He has participated in a number of international conferences on the law of Islamic finance, Islamic financial products and legal and regulatory aspects of developing Islamic financial markets, including conferences at Harvard University and the University of Cambridge. He also authored a book entitled "Raising capital on sukuk markets: structural, legal and regulatory issues".

Dr. Al-Ali holds a PhD from the University of London, United Kingdom.

Dr. Muhammad Qaseem

Dr. Qaseem is a renowned Shari'a scholar and Islamic finance expert. He is also Chairman Shari'a Board of Silkbank Ltd Pakistan and Deutsche Bank Malaysia. He has been a member of the Shari'a board of the State Bank of Pakistan, Dubai Financial Market and many other Islamic banks and institutions.

Dr. Qaseem holds a PhD in Tafseer and Qur'anic Sciences from the International Islamic University Islamabad where he has taught in various graduate and post graduate programmes for more than 22 years. He is fully proficient in five languages.

As a Shari'a board member/adviser of a number of Islamic financial institutions, Dr. Qaseem has contributed immensely towards disseminating the message of Islamic banking and building its institutions and Shari'a frameworks in different countries. He has been instrumental in developing innovative structures and products in some very challenging regulatory environments.

As a Shari'a trainer with a distinguished teaching career and a unique blend of Shari'a knowledge with practical banking know-how, he has imparted training to hundreds of Islamic bankers in various countries. He has written a number of books and articles, many of which are related to Islamic banking.

Dr. Amin Fateh

Dr. Amin Fateh is currently a member of many Shari'a boards and committees in the UAE and across the world, including those of AAOIFI, Emirates NBD Bank PJSC, Salama Islamic Arab Insurance Company, Standard Chartered Bank and National Bank of Umm Al Quwain. He has over 23 years' experience in the Islamic banking industry and had led the Islamic Shari'a advisory of Minhaj for over 10 years. Dr. Fateh has lectured on Islamic finance across the world and has also provided many training courses on the subject. He holds a bachelor's degree and a master's degree in honourable Hadith and a PhD in Islamic Studies.

Internal Shariah Supervision Committee of HSBC Bank Middle East Limited

Professor Dr. Mohammed Ali Elgari

See biography above under "*Internal Shariah Supervision Committee of Emirates NBD*".

Dr. Aznan Hasan

Dr. Aznan Hasan is an Associate Professor in Shariah at Institute of Islamic Banking and Finance (IiBF), IIUM, Founding President, Association of Shariah Advisors in Islamic Finance (ASAS) and the Deputy Chairman, Shariah Advisory Council, Securities Commission. Dr. Hasan also sits on Shari'a boards of various regulatory bodies including AAOIFI, Bahrain and Higher Shariah Authority, Central Bank of UAE. Due to his experience and expertise, Dr. Aznan also serves on Shari'a boards of various regional and international financial institutions including FNB Bank (South Africa), HSBC Amanah (UAE), Standard Chartered Bank (DIFC, UAE), ABSA Islamic Bank (South Africa), Khalij Group (UK), Bank Nizwa (Oman), Employee Provident Fund (Malaysia), Amanah Raya Asset Management (Malaysia) and Waqf Foundation (Malaysia). Dr. Aznan is a registered Shariah Advisor for the Islamic Unit Trust Schemes and Islamic securities (Sukuk) with Securities Commission of Malaysia and is also invited by several Zakat Centres in Malaysia to give advice on zakat matters.

Dr. Hasan has conducted and published more than 50 researches and is a regular speaker and presenter at Islamic finance conferences and seminars.

Dr. Hasan received his first degree in Shari'a from University of Al-Azhar (1994), successfully completed his Master degree in Shari'a from Cairo University (1998) with distinction (his thesis was recommended for publication) and obtained his PhD from University of Wales, Lampeter, United Kingdom (2003).

Dr. Salim Ali Al-Ali

See biography above under "*Internal Shariah Supervision Committee of Emirates NBD*".

Mousa Adam Eisa Mohamed

Dr. Mousa has many years of experiences in Islamic Banking industry. He was Head of Shariah Advisory and Governance for more than 15 years at National Commercial Bank where his experiences cover whole spectrum of banking services from retail, wholesale banking and treasury activities. Dr. Mousa obtained Doctorate degree in Islamic Economics with Distinction from the College of Shariah and Islamic Studies, Um Al Qura University KSA (1990-1991). His professional experiences include advising The National Commercial Bank (NCB) in its Islamic convergent strategies structuring the new products, ensuring Shari'a compliance, providing creative ideas for NCB, providing Shari'a and Islamic banking advisory, and training.

Dr. Mousa is active member of the working group which prepared the IFSB Standard on Shariah Governance, Islamic Financial Services Board (IFSB) and member of the Shariah Standards Sub-Committee (Jeddah) The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

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Reissued audited consolidated financial statements of the Group as at and for the year ended 31 December 2022, including restated comparative financial information as at and for the year ended 31 December 2021 and as at and for the year ended 31 December 2020 F-46

**Binghatti Holding Limited and its
Subsidiaries**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

**Ernst & Young Middle East
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BINGHATTI HOLDING LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bingham Holding Limited (the "Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its 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.

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.

**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDER OF
BINGHATTI HOLDING LIMITED (continued)**

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Revenue recognition on sale of development properties (“properties”)	
Key Audit Matter	How the Key Audit Matter was addressed in our Audit
<p>The Group recognizes revenue on sale of properties in accordance with IFRS 15 “Revenue from Contracts with Customers”. The Group recognises revenue on sale of properties either at point in time or over time depending on the terms of contracts with its customer and the relevant laws and regulations of the jurisdiction. Specifically, where revenue is recognised over time, the Group estimates total development and infrastructure costs required to satisfy the performance obligations under the contract and recognises proportionate revenue to the extent of satisfaction of performance obligations as at the end of each reporting period by applying the input method.</p> <p>The Group recognised 2,085 million of property development revenue and 1,144 million of property development costs for the year ended 31 December 2023.</p> <p>Revenue recognition on the sale of properties has been identified as a key audit matter due to the inherent complexity and judgment involved in:</p> <ul style="list-style-type: none"> • Assessing whether the Group's performance obligations, as stipulated in property sales contracts, are satisfied over time or at a point in time in accordance with IFRS 15; and • Estimating the total costs to complete the projects, which impacts the value and timing of revenue and profit recognition throughout the project lifecycle, requires significant judgment. 	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> - We gained an understanding of the Group's revenue recognition process, and evaluated its compliance with the principles outlined in IFRS 15; - We selected a sample of property sales contracts to determine the Group's performance obligations and assessed whether these obligations are satisfied over time or at a point in time, in accordance with the criteria established by IFRS 15; - We obtained an understanding of design and implementation of relevant controls to revenue recognition process; - Where the Group's performance obligations are satisfied over time, we examined a sample of construction projects to assess the appropriateness of the percentage of completion. This assessment was based on the comparison of costs incurred to date against the total estimated costs; - For a sample of projects, we assessed the adequacy of total estimated costs to complete construction projects, drawing on reports from management's appointed cost consultants, supporting contractual agreements, retrospective budget evaluations, and other pertinent data; - For costs recognized to date, we performed tests on a sample basis for significant cost components. This involved verifying the occurrence and accuracy measurement of the costs by comparing them to relevant supporting documentation, such as payment certificates and invoices; and - We assessed the adequacy of disclosures made in the consolidated financial statements is in accordance with the requirements of IFRSs.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
BINGHATTI HOLDING LIMITED (continued)**

Report on the Audit of the Consolidated Financial Statements (continued)

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018, 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
BINGHATTI HOLDING LIMITED (continued)**

Report on the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged 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, actions 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.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Law pursuant to DIFC Law No. 5 of 2018. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Companies Law pursuant to DIFC Law No. 5 of 2018 have occurred during the year which would have had a material effect on the business of the Group or on its financial position.



28 May 2024

Dubai, United Arab Emirates

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Revenue from contracts with customers	3	2,132,226,698	1,046,229,096
Cost of sales	4	(1,181,109,963)	(630,904,096)
GROSS PROFIT		951,116,735	415,325,000
Other income	5	16,907,664	18,976,499
Selling, general and administrative expenses	6	(194,499,873)	(119,319,507)
Finance costs	7	(47,225,309)	(10,864,308)
PROFIT FOR THE YEAR		726,299,217	304,117,684
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		726,299,217	304,117,684

The attached Notes 1 to 28 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
ASSETS			
Non-current assets			
Property, plant and equipment	8	262,120,305	64,340,483
Intangible assets	9	1,218,678	1,481,917
Right of use assets	10	48,316,672	39,122,309
		311,655,655	104,944,709
Current assets			
Development properties	11	1,502,864,753	679,748,693
Inventories	12	23,307,999	8,066,383
Trade and other receivables	13	786,619,718	629,301,939
Due from related parties	23	-	63,861,747
Bank balances and cash	14	1,635,021,780	585,945,272
Construction work-in-progress		-	837,506
		3,947,814,250	1,967,761,540
TOTAL ASSETS		4,259,469,905	2,072,706,249
EQUITY AND LIABILITIES			
Equity			
Share capital	15	3,675,000	3,675,000
Retained earnings		1,336,834,456	783,001,317
Additional shareholder contribution	16	-	92,604,255
Statutory reserve	17	10,012,641	10,012,641
Total equity		1,350,522,097	889,293,213
Non-current liabilities			
Employees' end of service benefits	18	12,972,195	8,063,440
Long term portion of loans and borrowings	21	744,038,787	315,030,146
Lease liabilities	10	32,232,499	29,446,390
		789,243,481	352,539,976

The attached Notes 1 to 28 form part of these consolidated financial statements.

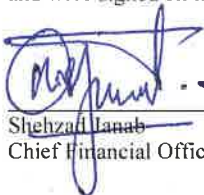
Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS


For the year ended 31 December 2023

	<i>Notes</i>	2023 AED	2022 AED
Current liabilities			
Short term portion of loans and borrowings	21	321,682,418	49,209,094
Accounts payable and accruals	19	567,923,077	244,266,614
Contract liabilities	20	1,197,373,375	489,980,727
Due to related parties	23	3,200,000	3,200,000
Lease liabilities	10	17,782,946	9,372,424
Bank overdraft	14	11,742,511	34,844,201
		2,119,704,327	830,873,060
Total liabilities		2,908,947,808	1,183,413,036
TOTAL EQUITY AND LIABILITIES		4,259,469,905	2,072,706,249

The consolidated financial statements were approved and authorised by the Board of Directors on _____ and were signed on its behalf by:



 Shehzad Janab
 Chief Financial Officer



 Katralnada Hussain Al Jbori
 Deputy CEO

The attached Notes 1 to 28 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	<i>Notes</i>	2023 AED	2022 AED
OPERATING ACTIVITIES			
Profit for the year		726,299,217	304,117,684
Adjustments for:			
Depreciation of property and equipment	8	25,909,067	11,470,214
Depreciation of right-of-use-assets	10	18,049,355	12,789,300
Interest on lease liabilities	7&10	3,021,982	1,642,895
Finance costs excluding interest on lease liabilities	7	44,203,327	9,221,413
Provision for employees' end of service benefits	18	6,071,052	2,528,774
Amortisation of intangible assets	9	267,525	204,333
Write off related parties balances		-	2,005,737
(Gain) on remeasurement of lease liabilities	10	-	(29,173)
Impairment on lease termination	10	-	688,039
Impairment of property and equipment	8	-	7,140,331
		823,821,525	351,779,547
Working capital changes:			
Development properties		(823,116,060)	(552,768,571)
Inventories		(15,241,616)	4,967,246
Trade receivables and prepayments		(157,317,779)	(126,421,655)
Construction work-in-progress		837,506	(837,506)
Amounts due from related parties		63,861,747	-
Accounts payable and accruals		323,656,463	73,135,039
Contract liabilities		707,392,648	387,853,242
Amounts due to related parties		(265,070,333)	-
Cash flows from operations		658,824,101	137,707,342
Finance cost paid		(44,203,327)	(9,221,413)
Employees' end of service benefits paid	18	(1,162,297)	(1,497,998)
Net cash flows from operating activities		613,458,477	126,987,931
INVESTING ACTIVITIES			
Purchase of property and equipment	8	(223,688,889)	(41,761,156)
Acquisition of intangible assets	9	(4,286)	(336,059)
Movement in restricted escrow account	14	(411,122,094)	(261,922,592)
Net cash flows (used in) investing activities		(634,815,269)	(304,019,807)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		955,883,737	482,556,400
Repayment of loans and borrowings		(254,401,772)	(155,100,100)
Due from related parties		-	78,207,807
Repayment of lease liabilities	10	(19,069,069)	(13,045,636)
Net cash flows from financing activities		682,412,896	392,618,471
NET INCREASE IN CASH AND CASH EQUIVALENTS		661,056,104	215,586,595
Cash and cash equivalents at 1 January		289,178,479	73,591,884
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		950,234,583	289,178,479

Non-cash transactions:

Amount due from related party amounting to AED 63,861,747 and amount due to related party amounting to AED 265,070,333 as disclosed in Note 23 to the financial statements being non-cash item has not been disclosed in the statement of cash flows with the corresponding impact on retained earnings.

The attached Notes 1 to 28 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2023

	<i>Share capital AED</i>	<i>Retained earnings AED</i>	<i>Additional contribution AED</i>	<i>Statutory reserve AED</i>	<i>Total AED</i>
Balance at 1 January 2022	3,675,000	478,896,274	92,604,255	10,000,000	585,175,529
Profit for the year	-	304,117,684	-	-	304,117,684
Other comprehensive income for the year	-	-	-	-	-
Statutory reserve	-	(12,641)	-	12,641	-
Balance at 31 December 2022	<u>3,675,000</u>	<u>783,001,317</u>	<u>92,604,255</u>	<u>10,012,641</u>	<u>889,293,213</u>
Profit for the year	-	726,299,217	-	-	726,299,217
Write off of balances among related parties under common control	-	-	(92,604,255)	-	(92,604,255)
Dividends (note 16)	-	(172,466,078)	-	-	(172,466,078)
Balance at 31 December 2023	<u><u>3,675,000</u></u>	<u><u>1,336,834,456</u></u>	<u><u>-</u></u>	<u><u>10,012,641</u></u>	<u><u>1,350,522,097</u></u>

The attached Notes 1 to 28 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

1 BACKGROUND

1.1 Corporate information

Binghatti Holding Limited (“BHL”) (the “Company” or “Parent Company”) is a limited liability company registered and incorporated in the Dubai International Financial Centre (“DIFC”). The Parent Company has the status of a company limited by shares in and under the laws promulgated by the DIFC. The shares are 100% owned by Dr. Hussain Ghati Ghaib Al Jbori, ultimate shareholder of the Company.

The principal activities of the Parent Company are to consolidate the family businesses of the Al Jbori family, create an institution through which correct family business governance can be exercised. The address of the Parent Company's registered office is P.O. Box 482010, Gate Village, Building 6, DIFC, Dubai, UAE.

The Parent Company through its subsidiaries (collectively the “Group”) are under common management and control of Parent Company.

The consolidated financial statements of the Group as of and for the year ended 31 December 2023 comprise of the following:

<i>Place of incorporation</i>	<i>Incorporated year</i>	<i>Company Name</i>	<i>Ownership</i>		<i>Principal activity</i>
			<i>2023</i>	<i>2022</i>	
Dubai Silicon Oasis Authority	2014	Binghatti Developers FZE	100%	100%	Real Estate Development & Management
Dubai International Financial Center	2018	Binghatti Brands Holding Ltd (formerly known as Raubi of London Holdings)	100%	100%	Holding Company
Dubai Silicon Oasis Authority	2018	Binghatti Hospitality FZCO*	100%	100%	Restaurant Management
Dubai Silicon Oasis Authority	2018	Binghatti Industries FZCO	100%	100%	Civil Works & Fit Out
Abu Dhabi Free Zone	2018	Binghatti Beverage Manufacturing LLC	100%	100%	Beverage Manufacturing
Dubai Dept. of Economic Development	2018	Binghatti Investments LLC	100%	100%	Investment in Commercial Enterprise & Management
Dubai Dept. of Economic Development	2004	Granada Europe Eng. Const. LLC	100%	100%	Construction & Engineering
Dubai Dept. of Economic Development	2022	Masaken Luxury Services LLC	100%	100%	Facilities Management Services
Dubai International Financial Center	2022	Binghatti Properties Investment Limited	100%	100%	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 2 Limited	100%	100%	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 3 Limited	100%	100%	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 4 Limited	100%	100%	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 5 Limited	100%	100%	Investment in Real Estate

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

1 BACKGROUND (continued)

1.1 Corporate information (continued)

<i>Place of incorporation</i>	<i>Incorporated year</i>	<i>Company Name</i>	<i>Ownership</i>		<i>Principal activity</i>
			<i>2023</i>	<i>2022</i>	
Dubai International Financial Center	2022	Argenti Properties Investments Limited	100%	100%	Investment in Real Estate
Dubai Dept. of Economic Development	2022	Binghatti Development LLC	100%	100%	Real Estate Development
Dubai Dept. of Economic Development	2022	Express Quality Car Services LLC	100%	100%	Car polish, wash and cleaning services and auto fitting accessories
Dubai Dept. of Economic Development	2022	Binghatti Productions LLC	100%	100%	Aerial Photography Services
Dubai Dept. of Economic Development	2022	Masaken Luxury Real Estate Management LLC	100%	100%	Leasing Property brokerage agent, Real Estate Management supervision services and Real Estate buying and selling brokerage
Dubai Dept. of Economic Development	2022	Binghatti Hotels Management LLC	100%	100%	Hotel Management
Dubai Dept. of Economic Development	2022	Stealth Owner Association Management Services LLC	100%	100%	Jointly Owned Property Management Service
Dubai Dept. of Economic Development	2022	Binghatti Building Materials LLC	100%	100%	Building & Construction Materials Trading and general trading
Dubai International Financial Center	2023	Binghatti Properties Investment 6 Limited	100%	-	Real Estate Development
Dubai International Financial Center	2023	Binghatti Properties Investment 7 Limited	100%	-	Real Estate Development
Dubai International Financial Center	2023	Binghatti Properties Investment 8 Limited	100%	-	Real Estate Development
Dubai Economy and Tourism	2022	Binghatti Building Materials LLC	100%	100%	General Trading
Dubai International Financial Center	2023	Binghatti Foundation	100%	-	Charitable Trust

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

1 BACKGROUND (continued)

1.1 Corporate information (continued)

<i>Place of incorporation</i>	<i>Incorporated year</i>	<i>Company Name</i>	<i>Ownership</i>		<i>Principal activity</i>
			<i>2023</i>	<i>2022</i>	
Dubai International Financial Center	2023	Binghatti Investment-DIFC Limited	100%	-	Real Estate Development
Dubai Economy and Tourism	2023	Masaken Homes LLC	100%	-	Vacation homes rentals
Dubai International Financial Center	2023	Masaken Holding	100%	-	Holding company
Sharjah Economic Development Department	2001	Al-Baynah	100%	100%	General Trading
Dubai International Financial Center	2023	Binghatti Sukuk SPC Limited**	100%	-	Qualifying purpose of structured Financing

* 1% interest is being beneficially held by Dr Hussain Ghatai Ghaib Al Jbori on behalf of Binghatti Hospitality FZCO

** The shares are beneficially held by Maples Fund Services (Middle East) Limited as Trustee Administrator.

1.2 Going concern

The Group's management have assessed the Group's ability to continue as a going concern and are satisfied that the Group has adequate financial resources to continue in business for the foreseeable future. Further, the Group's management and Board of Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The primary source of funding is currently advance payments from customers which will be drawn from escrow accounts, refer to note 14 for escrow accounts, and as mentioned in note 26 the Group has issued bonds subsequent to year end.

2 MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost convention.

The consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED") being the presentation and functional currency of the Parent Company.

Certain comparative amounts have been reclassified to conform to the presentation used in these consolidated financial statements.

2.2 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by the Group. 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.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2023 as mentioned below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These new standards and interpretations are disclosed below.

New and amended standards effective for annual period beginning on or after 1 January 2023

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These new and amended standards and interpretations did not have any material impact on the financial statements of the Company.

- IFRS 7 Insurance Contracts
- 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
- International Tax Reform – Pillar-Two Model Rules – Amendments to IAS 12

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. . Majority of the amendments below are not expected to have a material impact on the Company's consolidated financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective from annual periods beginning on or after 1 January 2024 and must be applied retrospectively)
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (effective for annual periods beginning on or after 1 January 2024. Earlier application is permitted, and that fact must be disclosed)
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. The amendments must be applied prospectively. Early application is still permitted and must be disclosed)
- Lack of exchangeability – Amendments to IAS 21 (The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Revenue recognition

Revenue from contracts with customers

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

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

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligations is satisfied. When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of considerations received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assess its revenue arrangements against specific criteria to determine if it is acting a principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements. Revenue is recognized in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Sale of property

A sale of completed property is generally a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers and upon completion of legal requirements. Transactions are settled by payment terms specified in the contract, usually in advance with percentage retained as retention.

The Group assesses each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances, the Group recognises revenue over time. Where this is not the case, revenue is recognised at a point in time.

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets, this is generally when the consideration for the unit has been substantially received and there are no impediments to handing over the unit to the customer.

Sale of goods (food and beverage from restaurant and coffee shops)

Revenue from sale of goods is recognised at a point in time when the control of the goods is transferred to the customer, generally on delivery of the goods to the customer. Transactions are settled by cash, or in case of corporate, within the credit term of 90 days.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The Group concluded that there was no other separate performance obligation.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Rental income

Rental income arising from operating leases on real estate property investments is accounted for on a straight-line basis over the lease term.

Royalty fee (franchise income)

Royalty fees / franchising income is recognised based on the contractual percentage applied to the volume of franchisee sales during the period. Other franchising income including territory or unit fees are recognised when performance obligations are fulfilled including at time of grant of the rights.

Contract balances

Contract assets

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Upon completion and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract liabilities

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

Value-added tax (VAT)

Expenses, and assets are recognized net of the amount of VAT, except:

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Property, plant and equipment

Property, plant and equipment, except buildings is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over the estimated useful lives, and is recognized in profit or loss.

Land is not depreciated. The estimated useful lives of assets for the current and comparative years are as follows:

Building	25 years
Furniture	3 to 4 years
Fixtures, fittings and equipment	2 to 4 years
Crockery items	2 years
Vehicles	4 to 8 years
Leasehold improvements	4 years or lease term whichever is shorter

Capital work-in-progress is not depreciated.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property and equipment is derecognised upon disposal or when no future 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 carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

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

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

The assets are amortised using the straight-line method over their estimated useful economic lives of 10 years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as determined on a weight average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset, as follows:

Restaurants and cafes	2 - 3 years
Lease buildings	3 - 4 years
Factory building and lands	10 - 30 years

If ownership of the leased assets is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use asset is also subject to impairment.

Lease liabilities

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 the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) 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 its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Investment properties

Properties held by the Group for the purpose of earning rentals or for capital appreciation or both are classified as investment properties. This also includes properties which are in the course of construction or development for future use as investment properties. Investment properties including investment properties under construction are initially measured at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided on all investment properties, other than freehold land, which is determined to have an indefinite life. Labor camps are depreciated over a period of 20 years. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of investment properties that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of investment properties. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

An item of investment properties is derecognised upon disposal or when no future 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 carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Development properties

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and are stated at lower of cost or net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Planning and design costs, costs of site preparation, professional fees for legal services, construction overheads and other related costs.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in consolidated statement of comprehensive income is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale. The cost of development properties recognised in the consolidated statement of comprehensive income on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. The management reviews the carrying values of the development properties on an annual basis.

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 to sell and its value in use and 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. Where 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 pre-tax 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, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to the other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

The financial assets are classified, at initial recognition, and 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. With the exception of trade receivables and bank balance that do not contain a significant financing component or for which the Group has applied the practical expedient, 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include bank balances, trade and other receivables and due from related parties.

Subsequent measurement

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

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group does not have any financial assets subsequently measured at fair value.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i. Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest 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 profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised costs includes bank balances, trade and other receivables and due from related parties.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") 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. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integrated 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).

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i. Financial assets (continued)

Impairment of financial assets (continued)

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider 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.

For trade receivables, contract assets, bank balance and due from related parties, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the consolidated statement of comprehensive income.

ii 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 loans and borrowings, bank overdraft, accounts payables, accruals, lease liabilities and due to related parties.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Accounts payable

These are initially recognised at fair value including transaction costs and subsequently remeasured at amortised cost. Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Due to related parties

Due to related parties are recognised for amounts to be paid in the future for goods or services received, whether billed by the related party or not.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in 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 comprehensive income.

This category applies to loans and borrowings, accounts payables and accruals and due to related parties.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Offsetting of financial instruments

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

Fair value measurement

The Group measures factory building, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) 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 to 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.

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

Contingencies

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary, 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.

Provisions

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. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of comprehensive income 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Foreign currencies

Transactions in currencies other than the Company's functional currency are recorded at the prevailing rate of exchange at the date of the transaction. At the year end, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the rate of exchange at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the rate of exchange at the date the fair value was determined. All foreign exchange gains and losses are taken to the consolidated statement of comprehensive income.

Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in 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.

The Group classifies all other liabilities as non-current.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.6 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies (that have the most significant effect on the amount recognised in the consolidated financial statements) are as follows:

Impairment of inventories

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

At the reporting date, gross inventories amounted to AED 23,307,999 (2022: AED 8,066,383) and the provisions for slow-moving inventories amounted to Nil (2022: Nil). Any difference between the amounts actually realised in a future period and the amounts expected, will be recognised in the consolidated statement of comprehensive income in that year.

Provision for expected credit losses of trade receivables, bank balances and amounts due from related parties

The Group uses a provision matrix to calculate ECLs for trade receivables and others, contract assets, bank balances and due from related parties. In determining whether the ECL provisions should be recognised in the statement of consolidated comprehensive income, the Group uses provision matrix to measure the ECLs of due from a related party and trade and other receivables from individual customers.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to note 24 for detail information about the ECLs.

Useful lives and depreciation of property and equipment

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

Management has not considered any residual value as it is deemed to be immaterial.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at point in time, revenue is recognized when control over the asset that is the subject of the contracts is transferred to the customer. In the case of the contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over the unit to the customer.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.6 USE OF ESTIMATES AND JUDGEMENTS (continued)

Timing of satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant law and regulations, where contracts are entered into to provide real estate assets to customers, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognizes revenue over time. Where this is not the case revenue is recognized at a point in time.

Consideration of warranties

Contracts for the sale of property contain certain warranties covering a period of up to one year after completion of the property, such as the property meeting specific operational performance requirements (e.g., insulation, energy efficiency, etc.). The Group assessed that these conditions represent 'assurance-type' warranties that are legally required to be provided as quality guarantees and are therefore accounted for under IAS 37.

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property and equipment or development property. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment and development property. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 40, IAS 16 and IAS 2, and in particular, the intended usage of property as determined by the management.

Consideration of significant financing component in a contract

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

Measurement of progress when revenue is recognized over time

The Group has elected to apply the input method to measure the progress of performance obligations where revenue is recognized over time. The Group considers that the use of the input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of the revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognized.

Cost to complete the projects

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

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

2 MATERIAL ACCOUNTING POLICIES (continued)

2.6 USE OF ESTIMATES AND JUDGEMENTS (continued)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Determining the lease term of contracts with renewal and termination options – The Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. 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 or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities.

The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) which received from bank and is required to make certain entity-specific estimates (where applicable).

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

3.1 Disaggregated revenue information

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Development and unit sales	2,087,172,802	1,003,078,310
Sale of food and beverages from restaurants	38,959,238	40,470,457
Revenue from services	6,094,658	2,680,329
	<u>2,132,226,698</u>	<u>1,046,229,096</u>
Period of recognition		
Revenue recognized at a point in time	38,959,238	40,470,457
Revenue recognized over time	2,093,267,460	1,005,758,639
	<u>2,132,226,698</u>	<u>1,046,229,096</u>
Geographical markets		
United Arab Emirates	<u>2,132,226,698</u>	<u>1,046,229,096</u>

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

3 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

3.2 Contract balances

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Trade receivables (note 13)	393,755,188	54,009,671
Contract assets (note 13)	40,726,198	444,714,855
Contract liabilities (note 20)	1,197,373,375	489,980,727
Construction work in progress	-	837,506
	<u><u> </u></u>	<u><u> </u></u>

The Group has not recognized any revenue during the current year from performance obligations satisfied during the previous periods.

The Group bills and receives payments from customers based on the billing schedule and terms of payment agreed with the customers as mentioned in the contracts with the customers. Contract liabilities relates to payments received in advance of performance under the contract.

During the year, the Group has not recognized any charge towards the provision for expected credit losses.

As at 31 December 2023, the Group had capital commitments of AED 729,009,215 (2022: AED 254,500,499) to complete the construction of the work in progress.

4 COST OF SALES

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Cost of development and unit sales	1,144,626,287	591,411,928
Cost of sale from food and beverages from restaurants	32,480,145	38,046,871
Cost of revenue from services	4,003,531	1,445,297
	<u><u> </u></u>	<u><u> </u></u>
	1,181,109,963	630,904,096

5 OTHER INCOME

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Other income**	16,618,130	17,285,382
Scrap sales	289,534	1,153,508
Royalty fees*	-	537,609
	<u><u> </u></u>	<u><u> </u></u>
	16,907,664	18,976,499

* Royalty fees represent revenue-based franchise fees from a license agreement in respect of the 'Aghatti' trademark with Qurba Company for Real Estate Investment.

**Other income mainly consists of penalty, admin and facilitating fees charged to customers.

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Salaries and other benefits	64,105,305	33,372,263
Selling and marketing expenses	44,886,637	36,727,307
Visa, licensing and insurance expense	24,319,141	1,437,576
Government, legal and professional fees	20,752,029	17,178,526
Depreciation on property and equipment (note 8)	5,270,721	4,306,885
Depreciation on right of use assets	4,428,710	-
Utilities expenses	3,455,319	637,478
Printing and IT related expenses	2,464,717	626,193
Rent expense (note 10)	2,371,089	1,885,842
Bank charges	1,813,054	3,122,985
Audit and review fees	1,340,463	730,200
Impairment losses on property, plant and equipment (note 8)	-	7,140,331
Write off of related party balances	-	2,005,737
Impairment losses on right-of-use assets	-	688,039
Others*	19,292,688	9,460,145
	194,499,873	119,319,507

* Includes AED 5 million annual charity contribution in Shaikh Mohamed Bin Rashed (1 billion meal project).

7 FINANCE COSTS

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Interest on borrowings	44,203,327	9,221,413
Interest on lease liabilities (note 10)	3,021,982	1,642,895
	47,225,309	10,864,308

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

8 PROPERTY, PLANT AND EQUIPMENT

	<i>Capital Work-in-progress AED</i>	<i>Land and Building AED</i>	<i>Furniture AED</i>	<i>Fixtures fittings and equipment AED</i>	<i>Crockery items AED</i>	<i>Vehicles AED</i>	<i>Leasehold improvements AED</i>	<i>Total AED</i>
Cost:								
At 1 January 2023	12,404,954	31,108,333	2,621,473	52,564,854	1,829,389	16,817,719	12,390,412	129,737,134
Addition	-	162,868,752	1,641,644	51,264,154	61,992	7,816,537	35,810	223,688,889
Transfer during the year	(12,404,954)	12,404,954	-	-	-	-	-	-
At 31 December 2023	-	206,382,039	4,263,117	103,829,008	1,891,381	24,634,256	12,426,222	353,426,023
Depreciation:								
At 1 January 2023	-	6,808,333	1,678,278	38,327,469	1,772,371	5,878,879	10,931,321	65,396,651
Charge for the year	-	1,777,459	766,239	17,091,626	12,185	5,377,758	883,800	25,909,067
At 31 December 2023	-	8,585,792	2,444,517	55,419,095	1,784,556	11,256,637	11,815,121	91,305,718
Net carrying amount:								
At 31 December 2023	-	197,796,247	1,818,600	48,409,913	106,825	13,377,619	611,101	262,120,305

Capital work-in-progress represented construction of a new factory building on plot no 382, Dubai Industrial City. The construction of the building has been completed in 2023.

Depreciation charged to:

	<i>2023 AED</i>	<i>2022 AED</i>
Cost of Sales	20,638,346	7,163,329
General and Admin expenses	5,270,721	4,306,885
	25,909,067	11,470,214

During the year the Group has obtained a loan from a bank of AED: 87.5 million to finance the purchase of vacant plots (# 845 & # 827) at Manara Dubai valued at AED 125 million, secured by the following:

- 1) Mortgage over land located on plot # 827 in Al Manara Dubai for AED 105 million.
- 2) Assignment of all contractors all risk Islamic insurance policy (Takaful) in favour of the bank upon the start of construction.

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

8 PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Capital Work-in-progress AED</i>	<i>Factory Building AED</i>	<i>Furniture AED</i>	<i>Fixtures fittings and equipment AED</i>	<i>Crockery items AED</i>	<i>Vehicles AED</i>	<i>Leasehold improvements AED</i>	<i>Total AED</i>
Cost:								
At 1 January 2022	-	38,000,000	1,826,849	37,421,269	1,634,597	4,500,060	12,738,793	96,121,568
Addition	12,404,954	-	794,624	15,143,585	194,792	12,317,659	905,542	41,761,156
Impairment	-	(6,891,667)	-	-	-	-	(248,664)	(7,140,331)
Write-off	-	-	-	-	-	-	(1,005,259)	(1,005,259)
At 31 December 2022	12,404,954	31,108,333	2,621,473	52,564,854	1,829,389	16,817,719	12,390,412	129,737,134
Depreciation:								
At 1 January 2022	-	4,908,333	1,367,759	33,273,882	1,612,900	4,158,495	9,610,327	54,931,696
Charge for the year	-	1,900,000	310,519	5,053,587	159,471	1,720,384	2,326,253	11,470,214
Write-off	-	-	-	-	-	-	(1,005,259)	(1,005,259)
At 31 December 2022	-	6,808,333	1,678,278	38,327,469	1,772,371	5,878,879	10,931,321	65,396,651
Net carrying amount:								
At 31 December 2022	12,404,954	24,300,000	943,195	14,237,385	57,018	10,938,840	1,459,091	64,340,483

Binghatti Holding Limited and its Subsidiaries

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9 INTANGIBLE ASSETS

Intangible assets represent trademark registration of the following brands: (a) Cupaghawa; (b) Aghatti; (c) Milkster; (d) Fruitastic; and (e) Raubi.

	2023	2022
	AED	AED
Cost:		
At 1 January	2,352,894	2,016,835
Additions	4,286	336,059
At 31 December	2,357,180	2,352,894
Accumulated amortisation:		
At 1 January	870,977	666,644
Charge for the year	267,525	204,333
At 31 December	1,138,502	870,977
Net carrying value:		
At 31 December	1,218,678	1,481,917

Intangible assets are amortised on a straight line over a period of 10 years.

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right of Use Assets

	<i>Lease of Buildings* AED</i>	<i>Factory building and lands AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2023	-	28,540,599	10,581,710	39,122,309
Modification	-	(6,416,467)	-	(6,416,467)
Additions	-	33,660,185	-	33,660,185
Depreciation	-	(11,335,200)	(6,714,155)	(18,049,355)
At 31 December 2023	-	44,449,117	3,867,555	48,316,672
	<i>Lease of buildings AED</i>	<i>Factory building AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2022	559,934	17,707,442	11,592,909	29,860,285
Modification	-	-	7,783,790	7,783,790
Additions	-	13,887,546	1,879,382	15,766,928
Lease termination	-	-	(1,499,394)	(1,499,394)
Depreciation	(559,934)	(3,054,389)	(9,174,977)	(12,789,300)
At 31 December 2022	-	28,540,599	10,581,710	39,122,309

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease Liabilities

	<i>Lease of Buildings* AED</i>	<i>Factory building and lands AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2023	-	29,081,852	9,736,962	38,818,814
Additions	-	33,660,185	-	33,660,185
Modification	-	(6,416,467)	-	(6,416,467)
Accretion of interest	-	2,096,763	925,219	3,021,982
Payments	-	(11,885,321)	(7,183,748)	(19,069,069)
At 31 December 2023	-	46,537,012	3,478,433	50,015,445
	<i>Lease of buildings AED</i>	<i>Factory building AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2022	-	18,099,177	9,412,188	27,511,365
Modification	-	-	7,783,790	7,783,790
Remeasurement	-	-	(29,173)	(29,173)
Additions	-	13,887,546	1,879,382	15,766,928
Lease termination	-	-	(811,355)	(811,355)
Accretion of interest	-	1,083,507	559,388	1,642,895
Payments	-	(3,988,378)	(9,057,258)	(13,045,636)
At 31 December 2022	-	29,081,852	9,736,962	38,818,814

Set out below is classification of lease liabilities:

	<i>Lease of buildings* AED</i>	<i>Factory building and lands AED</i>	<i>Restaurant / Cafe AED</i>	<i>Total AED</i>
2023				
Non-current	-	31,839,443	393,056	32,232,499
Current	-	14,697,569	3,085,377	17,782,946
	-	46,537,012	3,478,433	50,015,445
2022				
Non-current	-	25,993,651	3,452,739	29,446,390
Current	-	3,088,201	6,284,223	9,372,424
	-	29,081,852	9,736,962	38,818,814

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At 31 December 2023

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The following are the amounts recognised in the consolidated statement of comprehensive income:

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Depreciation expense of right-of-use assets	13,620,645	12,789,300
Interest expense on lease liabilities (note 7)	3,021,982	1,642,895
Expenses relating to short term leases and variable lease payments (note 6)	2,371,089	1,885,842
Impairment on lease termination*	-	(688,039)
(Gain)/loss on remeasurement of lease	1,311,192	(29,173)
	20,324,908	15,600,825

*The Group discontinued the building lease with Binghatti Sapphire in January 2022.

11 DEVELOPMENT PROPERTIES

Movement in development properties is as follows:

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Balance at the beginning	679,748,693	126,980,122
Add: Costs incurred during the year	1,530,951,954	698,509,154
Less: Costs transferred to cost of sales during the year	(707,835,894)	(145,740,583)
Balance at the end of the year	1,502,864,753	679,748,693

Development properties include land parcels for development projects amounting to AED 625,355,501 (2022: AED 605,179,165). These land parcels are carried at cost. These land parcels are partially mortgaged against loans taken amounting to AED 735,126,951 (2022: 265,680,000) (Refer note 21).

12 INVENTORIES

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Raw materials	14,647,225	7,006,630
Finished goods	8,068,212	346,351
Supplies	562,423	648,223
Consumables	30,139	65,179
	23,307,999	8,066,383

During the year inventory amounting to AED 51,316,650 has been charged to cost of sales on account of materials used for the manufacture of aluminium and glass works.

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13 TRADE AND OTHE RECEIVABLES

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Trade receivables	393,755,188	54,009,671
Contract assets	40,726,198	444,714,855
Deferred expenses *	162,712,185	38,668,071
Advances	118,721,794	33,780,169
Prepaid expenses	12,981,366	31,618,818
VAT receivables	40,899,794	11,849,946
Refundable deposits	14,700,486	11,218,520
Other receivables	2,122,707	3,441,889
	<u>786,619,718</u>	<u>629,301,939</u>

The Group has not recognised any expected credit losses on trade receivables in 2023, 2022. This is because the Group receives advance payments in the form of post-dated cheques on all projects and title deeds to the properties are not released until the full amount has been recovered.

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

* This represents sales commission paid to sales agents and staff, which will be recognised "in cost of sales" over the period of time when benefits relating to the transactions will flow to the Group in proportion to the recognition of the revenue.

14 BANK BALANCES AND CASH

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Cash in bank	5,233,430	38,479,548
Escrow account*	1,628,442,235	546,944,348
Cash on hand	1,346,115	521,376
	<u>1,635,021,780</u>	<u>585,945,272</u>
Less: Balance held in escrow account*	(673,044,686)	(261,922,592)
Less: Bank overdrafts	(11,742,511)	(34,844,201)
	<u>950,234,583</u>	<u>289,178,479</u>
Cash and cash equivalents for the purpose of consolidated financial statement of cash flows	<u>950,234,583</u>	<u>289,178,479</u>

* Balance held in escrow account represents advance collections from customers that are held with banks authorised by the Real Estate Regulatory Authority ("RERA"), Dubai, United Arab Emirates. The use of this balance is subject to the development progress of the specific projects by the Group to which such amounts relate. The advance collection relates to projects completed less than 30% has been considered as restricted cash for the purposes of cash and cash equivalents in cashflows statement.

15 SHARE CAPITAL

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
<i>Authorised capital:</i>		
USD 100,000,000 (1 USD: AED 3.675)	<u>367,500,000</u>	<u>367,500,000</u>
<i>Issued and fully paid:</i>		
USD 1,000,000 represented by 100 shares	<u>3,670,500</u>	<u>3,670,500</u>

Binghatti Holding Limited and its Subsidiaries

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16 DIVIDENDS

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Dividend declared on ordinary shares:		
Final dividends for 2023: AED per share (2022: Nil per share)	1,724,661	-

During the year, dividends totalling AED 172,466,078 were announced. This amount reflects the net dividends after offsetting an additional contribution from shareholder of AED 92,604,255 and a net payable balance to shareholder amounting to AED 79,861,823.

17 STATUTORY RESERVE

This represents the legal reserve held per U.A.E legislation in Granada Europe Eng. Const. LLC comprising AED 10,000,000 (2022: AED 10,000,000) and Masaken Luxury Services LLC AED 12,641 (2022: AED 12,641).

18 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Provision as at 1 January	8,063,440	7,032,664
Provision during the year	6,071,052	2,528,774
End of service benefits paid	(1,162,297)	(1,497,998)
Provision as at 31 December	12,972,195	8,063,440

19 ACCOUNTS PAYABLE AND ACCRUALS

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Trade payables	296,232,145	97,179,209
Payable for units registration	105,751,490	62,841,350
Accrued expenses and other payables	165,939,442	84,246,055
	567,923,077	244,266,614

20 CONTRACT LIABILITIES

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Deferred liabilities	1,087,329,338	357,128,729
Advance from customers	109,712,037	132,701,998
Advance rent collection	332,000	150,000
	1,197,373,375	489,980,727

Binghatti Holding Limited and its Subsidiaries

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21 LOANS AND BORROWINGS

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Letter of credit Murabaha	70,201,461	46,705,012
Mortgage loan*	735,126,951	265,680,000
Vehicle loans	11,692,793	7,154,228
Working Capital Facility	200,000,000	-
Loan from others**	48,700,000	44,700,000
	1,065,721,205	364,239,240
Less: due within one year	(321,682,418)	(49,209,094)
Due after one year	744,038,787	315,030,146

The facility Letter of credit Murabaha is secured by the following:

- 1) Undertaking to deposit rental income of one plot owned by the Shareholder with the bank and undertaking not to release this plot registered in the name of the bank, until the full and final settlement of all the liabilities.
- 2) Debit authority letter from the shareholder to recover any shortfall in instalment amounts from his personal account with the bank.
- 3) Personal guarantee from the shareholder.
- 4) Mortgage over light vehicles for AED 254,101 (2022: AED 528,501).

At 31 December 2023, the facility is repayable through monthly/bullet payment and carries minimum interest at 2.5% or EIBOR plus 2.5% to 3% per annum (2022: 4.5% or EIBOR plus 3% per annum).

Vehicle loans were used to acquire vehicles and are subject to interest rate of 4% per annum payable in 60 monthly instalments. These are secured by mortgage of vehicles.

* During the year the Group obtained additional funding under the existing facility from a bank amounting to AED 296 million (2022: AED 265 million), secured by the following:

- 1) Debit authority letter from the shareholder to recover any shortfall in instalment amounts from his personal account with the bank.
- 2) Personal guarantee from the shareholder.
- 3) Mortgage over land located on plot # 83 & # 319, Municipality no. 346-6814 & 345-387 in Business Bay Community for AED 239 million (31 December 2022: AED 239 million).

At 31 December 2023, the facility was repayable by in 4 years and carries interest at EIBOR plus 2.5% per annum.

During the year the Group has obtained a loan from a bank of AED: 87.5 million to finance the purchase of vacant plots (# 845 & # 827) at Manara Dubai, secured by the following:

- 1) Mortgage over land located on plot # 827 in Al Manara Dubai for AED 105 million.
- 2) Assignment of all contractors all risk Islamic insurance policy (Takaful) in favour of the bank upon the start of construction.

At 31 December 2023 the facility was repayable through monthly/bullet payment after three years from the date of loan and carries interest at 3 Months EIBOR plus 3% payable quarterly.

During the year the Group has obtained a loan from a bank of AED: 285.9 million to finance the purchase of vacant plots no. 272 at Business Bay Dubai, secured by the following:

- 1) Mortgage over land located on plot # 272 (Municipality no. 346-507) in Business Bay, Dubai for AED 357.4 million.
- 2) Personal guarantee of Mr. Hussain Ghati Ghaib aljbori is provided.

At 31 December 2023 the facility was repayable through monthly/bullet payment after three years from the date of loan and carries interest at 3 Months EIBOR plus 2% payable quarterly.

**During the year, the Group obtained loan of AED 4,000,000 (2022:44,700,000) from Dr. Othman Abdullah O Alswayeh. The loan is interest-free, unsecured and callable by the lender at any time and is repayable on or before 31 January 2024.

Binghatti Holding Limited and its Subsidiaries

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22 CONTINGENCIES AND COMMITMENTS

As at 31 December 2023, the Group had capital commitments of AED 734,009,215 (2022: AED 254,500,499) to complete projects under development. Additionally, corporate guarantees are issued in normal course of business.

23 RELATED PARTY TRANSACTIONS

Related parties represent the shareholders, directors and key management personnel of the Group, affiliated companies where the shareholders of the Group have ownership interests, 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.

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

	2023		2022	
	<i>Payables AED</i>	<i>Receivables AED</i>	<i>Payables AED</i>	<i>Receivables AED</i>
Shareholder's account	-	-	-	63,861,747
Advances from key management personnel	3,200,000	-	3,200,000	-
	3,200,000	-	3,200,000	63,861,747

Due from related parties represents shareholder's account which is used for withdrawals/additional funds made by the shareholder. The balance does not have any fixed repayment schedule.

Movement in the balance of the shareholder's account during the year was as follows:

	2023 <i>AED</i>	2022 <i>AED</i>
Balance as at 1 January	63,861,747	113,726,319
Additions made during the year	974,323,989	1,271,573,819
Drawdown made during the year	(773,115,403)	(1,321,438,391)
Additional contribution from shareholder- netted off	(92,604,255)	-
Dividends	(172,466,078)	-
Balance as at 31 December	-	63,861,747

Compensation of key management personnel

The key management personnel, represented by the shareholder, chief executive officer, deputy chief executive officer, chief financial officer and director, have received short term benefits for the period amounting to AED 16,067,548 (AED 2022: 4,096,000).

24 RISK MANAGEMENT

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and currency risk. The Group's management reviews and agrees policies for managing each of these risks which are summarised below.

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 the market value rates. The Group is exposed to interest rate risk on its interest-bearing liabilities (loans and borrowings).

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24 RISK MANAGEMENT (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loan and borrowings. With all other variables held constant, the Group's profit is affected through the impact on floating rate borrowings, as follows:

	<i>Increase / (decrease) in interest rate</i>	<i>Effect on profit for one year increase / (decrease) AED</i>
2023	1% (1%)	10,170,212 (10,170,212)
2022	1% (1%)	4,227,697 (4,227,697)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, due from a related party, advance paid on behalf of a related party and certain other assets as reflected in the consolidated statement of financial position.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to related parties by regularly assessing the related parties credit worthiness and making provisions if required.

Credit risk is limited to the carrying values of financial assets recognised at the reporting date, as summarised below:

	<i>2023 AED</i>	<i>2022 AED</i>
Trade receivables	393,755,188	54,009,671
Contract assets	40,726,198	444,714,855
Due from related parties	-	63,861,747
Bank balance	1,635,021,781	585,423,896
Refundable deposits	14,700,486	11,218,520
Other receivables	2,122,707	3,441,889
	<u>2,086,326,360</u>	<u>1,162,670,578</u>

As at 31 December, the ageing of unimpaired accounts receivable is as follows:

	<i>Total AED</i>	<i>Neither past due nor impaired AED</i>	<i>Past due but not impaired</i>		
			<i>31-60 days AED</i>	<i>61-90 days AED</i>	<i>Above 90 days AED</i>
2023	393,755,188	295,132,772	35,281,962	40,978,736	22,361,718
2022	54,009,671	50,602,443	1,762,826	1,644,402	-

There were no expected credit losses recognised in 2023, 2022.

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At 31 December 2023

24 RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables and contract assets

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Since the Group usually receives cash in advance or can withhold transfer of property, Management view credit risk as low and no material provision is required

Bank balances

With respect to credit risk arising from the other financial assets of the Group, which include bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Given this, management does not expect these banks to fail on their obligations to the Group.

Due from related parties

Amount due from related parties is not considered to represent significant credit risk because this amount is due from Group under common shareholder and are guaranteed by the shareholder.

Liquidity risk

The Group limits its liquidity risk by retaining sufficient funds generated from operations and ensuring funds from the shareholders are available.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2023

	<i>Less than 3 months AED</i>	<i>3 to 12 months AED</i>	<i>1 to 10 years AED</i>	<i>Total AED</i>
Loans and borrowings	98,522,849	223,159,569	744,038,787	1,065,721,205
Lease liabilities	5,171,841	13,534,878	31,308,726	50,015,445
Accrued expenses and other payables	161,228,811	4,708,631	-	165,937,442
Trade payables	163,190,318	133,041,827	-	296,232,145
Payable to government agency	105,751,490	-	-	105,751,490
Due to related parties	3,200,000	-	-	3,200,000
	<u>585,765,309</u>	<u>374,444,905</u>	<u>775,347,513</u>	<u>1,686,857,727</u>

At 31 December 2022

	<i>Less than 3 months AED</i>	<i>3 to 12 months AED</i>	<i>1 to 10 years AED</i>	<i>Total AED</i>
Loans and borrowings	27,236,792	44,106,805	371,358,853	442,702,450
Lease liabilities	3,411,359	9,634,961	27,323,406	40,369,726
Accrued expenses and other payables	83,238,712	1,007,343	-	84,246,055
Trade payables	64,783,018	32,396,191	-	97,179,209
Payable to government agency	62,841,350	-	-	62,841,350
Due to related parties	3,200,000	-	-	3,200,000
	<u>244,711,231</u>	<u>87,145,300</u>	<u>398,682,259</u>	<u>730,538,790</u>

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24 RISK MANAGEMENT (continued)

Foreign currency risk

Foreign Currency risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The functional and presentation currency of the Company is AED.

The Group is not exposed to any significant currency risk as most of its transactions and balances are denominated in either US Dollars or AED, which is pegged to the US Dollars.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and liquidity. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022. Capital comprises share capital, additional contribution and retained earnings and is measured at AED 1,350,522,097 as at 31 December 2023 (2022: AED 889,293,213).

25 FAIR VALUES

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances and cash, trade and other receivables and due from related parties. Financial liabilities consist of accounts payable, accruals, loans and borrowings, lease liabilities and due to related parties.

The fair values of the financial assets and liabilities are not materially different from their carrying values.

The Group has no financial instruments carried at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

26 SUBSEQUENT EVENTS

Corporate tax

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.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Company.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26 SUBSEQUENT EVENTS (continued)

Corporate tax (continued)

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the financial statements for the period beginning 1 January 2024. Following assessment of the potential impact of the UAE CT Law on the balance sheet, the Company has not identified any potential deferred tax assets or liabilities as at the reporting date.

The Company will continue to monitor the publication of subsequent Decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to the position at subsequent reporting dates.

Bond issue

Following the close of the reporting period, the Group successfully issued Sukuk valued at USD 300 million, which have been listed on both the Nasdaq Dubai and the London Stock Exchange.

Purchase of the factory

Subsequent to year end, The Group has acquired a state-of-the-art factory from Al Jumaih holding for a purchase consideration of AED 12 million. The newly acquired factory will operate in tandem with Binghatti's in-house manufacturing facilities for commercial façade and building steel structure and guided by its dedicated team of in-house engineers, interior designers and architects.

27 SEGMENT INFORMATION

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

Business segments

For management purposes, the Group is organized into three major segments, namely, real estate (Develop, Construction, joinery and Industry and Maintenance), hospitality (develop and maintain in house F&B brands). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 Operating Segments.

	<i>Year ended 31 December 2023</i>			
	<i>Real Estate & Related AED</i>	<i>Hospitality AED</i>	<i>Corporate AED</i>	<i>TOTAL AED</i>
Revenue	2,093,267,460	38,959,238	-	2,132,226,698
Result				
Profit/(loss)	766,108,563	(2,974,063)	(36,835,283)	726,299,217
Other segment information				
Capital expenditure	93,327,127	179,801	130,181,961	223,688,889
Depreciation	22,750,547	2,065,990	1,092,531	25,909,068
Assets & liabilities				
Segment assets				
Right-of- use assets	44,281,826	4,034,846	-	48,316,672
Other segmental assets	2,479,827,396	17,108,930	1,714,216,907	4,211,153,233
Total assets	2,524,109,222	21,143,776	1,714,216,907	4,259,469,905
Total liabilities	971,716,064	20,217,067	1,917,014,677	2,908,947,808

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2023

27 SEGMENT INFORMATION (continued)

Business segments (continued)

	<i>Year ended 31 December 2022</i>			
	<i>Real Estate & Related AED</i>	<i>Hospitality AED</i>	<i>Corporate AED</i>	<i>TOTAL AED</i>
Revenue	1,005,758,639	40,470,457	-	1,046,229,096
Result Profit/(loss)	326,645,456	(7,588,104)	(14,939,668)	304,117,684
Other segment information				
Capital expenditure	39,076,742	1,870,479	813,935	41,761,156
Depreciation	5,447,021	3,992,449	130,744	9,570,214
Assets & liabilities				
Segment assets				
Right-of- use assets	28,540,599	10,581,710	-	39,122,309
Other segmental assets	1,962,509,718	16,121,437	54,952,785	2,033,583,940
Total assets	<u>1,991,050,317</u>	<u>26,703,147</u>	<u>54,952,785</u>	<u>2,072,706,249</u>
Total liabilities	<u>1,103,011,905</u>	<u>25,602,875</u>	<u>54,798,256</u>	<u>1,183,413,036</u>

28 COMPARITIVE INFORMATION

Certain corresponding figures for previous year have been reclassified in order to conform to the presentation for the current year. Such reclassifications do not affect previously reported profit or shareholder's equity. These changes summarized below have been made to improve the quality of information presented:

Statement of Financial Position:

	<i>Year ended 31 December 2023</i>		
	<i>Previously reported AED</i>	<i>Reclassification AED</i>	<i>Reported now AED</i>
Property, plant and equipment	40,040,483	24,300,000	64,340,483
Investment Property	24,300,000	(24,300,000)	-

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022



**Ernst & Young Middle East
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BINGHATTI HOLDING LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bingham Holding Limited (the "Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 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.

Emphasis of Matter

We draw attention to note 1.2 and note 29 to the consolidated financial statements which describe that subsequent to the approval of the consolidated financial statements on 28 August 2023, the Board of Directors and the management withdrew the consolidated financial statements for the year ended 31 December 2022 and have reissued the consolidated financial statements. In the accompanying consolidated financial statements, management have made updates to include the impact of several adjustments and reclassifications as explained in note 29 to these consolidated financial statements. This has resulted in an update in the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and the notes to the consolidated financial statements for the year ended 31 December 2022, 31 December 2021 and 31 December 2020. In addition, note 28 to the consolidated financial statements has been updated to account for events subsequent to the approval of the previously issued consolidated financial statements on 28 August 2023. Consequently, the previously issued consolidated financial statements of the Company for the year ended 31 December 2022 dated 28 August 2023 have been withdrawn and replaced by these consolidated financial statements. Our audit report issued earlier on 28 August 2023, which was unmodified has been withdrawn and replaced by this report..

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018, 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BINGHATTI HOLDING LIMITED (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements (continued)

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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BINGHATTI HOLDING LIMITED AND ITS SUBSIDIARIES (continued)

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Law pursuant to DIFC Law No. 5 of 2018. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Companies Law pursuant to DIFC Law No. 5 of 2018 have occurred during the year which would have had a material effect on the business of the Group or on its financial position.

For Ernst & Young



Signed by:
Ashraf Abu-Sharkh
Partner
Registration No: 690

10 February 2024

Dubai, United Arab Emirates

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 AED	<i>2021 AED (Restated)</i>	<i>2020 AED (Restated)</i>
Revenue from contracts with customers	3	1,046,229,096	1,022,275,200	339,190,590
Cost of sales	4	(630,904,096)	(843,225,848)	(273,174,037)
GROSS PROFIT		415,325,000	179,049,352	66,016,553
Other income	5	18,976,499	31,777,584	4,192,661
Selling, general and administrative expenses	6	(119,319,507)	(73,674,666)	(61,102,792)
Finance costs	7	(10,864,308)	(3,924,130)	(6,542,209)
PROFIT FOR THE YEAR		304,117,684	133,228,140	2,564,213
OTHER COMPREHENSIVE INCOME		-	-	42,625,870
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		304,117,684	133,228,140	45,190,083

The attached Notes 1 to 30 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
ASSETS				
Non-current assets				
Property and equipment	8	40,040,483	8,098,205	235,471,162
Investment properties	9	24,300,000	33,091,667	34,991,667
Intangible assets	10	1,481,917	1,350,191	1,545,525
Right of use assets	11	39,122,309	29,860,285	64,082,808
		104,944,709	72,400,348	336,091,162
Current assets				
Development properties	12	679,748,693	126,980,122	157,591,734
Construction work-in-progress		837,506	-	16,216,728
Inventories	13	8,066,383	13,033,629	261,194,308
Trade and other receivables	14	629,301,939	502,880,284	544,344,434
Due from related parties	25	63,861,747	144,075,291	72,226,764
Bank balances and cash	15	585,945,272	108,199,998	92,567,744
		1,967,761,540	895,169,324	1,144,141,712
TOTAL ASSETS		2,072,706,249	967,569,672	1,480,232,874
EQUITY AND LIABILITIES				
Equity				
Share capital	16	3,675,000	3,675,000	3,675,000
Retained earnings		783,001,317	478,896,274	227,132,415
Additional shareholder contribution	17	92,604,255	92,604,255	92,604,255
Statutory reserve	18	10,012,641	10,000,000	10,000,000
Revaluation reserve		-	-	118,535,719
Total equity		889,293,213	585,175,529	451,947,389
Non-current liabilities				
Employees' end of service benefits	20	8,063,440	7,032,664	6,076,498
Long term portion of loans and borrowings	23	315,030,146	472,776	298,049
Lease liabilities	11	29,446,390	20,188,326	25,975,737
		352,539,976	27,693,766	32,350,284

The attached Notes 1 to 30 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2022

	Notes	2022 AED	2021 AED (Restated)	2020 AED (Restated)
Current liabilities				
Short term portion of loans and borrowings	23	49,209,094	36,310,164	63,187,975
Accounts payable and accruals	21	244,266,614	171,131,575	207,179,352
Contract liabilities	22	489,980,727	102,127,485	316,384,778
Due to related parties	25	3,200,000	3,200,000	347,996,375
Lease liabilities	11	9,372,424	7,323,039	55,964,595
Bank overdraft	15	34,844,201	34,608,114	5,222,126
		830,873,060	354,700,377	995,935,201
Total liabilities		1,183,413,036	382,394,143	1,028,285,485
TOTAL EQUITY AND LIABILITIES		2,072,706,249	967,569,672	1,480,232,874

The consolidated financial statements were approved and authorised by the Board of Directors on 10 February 2024 and were signed on its behalf by:


 Shehzad Janab
 Chief Financial Officer

 Mohammed Hussain Ghatai Al Jhori
 CEO


 Katralnada Hussain Al Jhori
 Deputy CEO

 Dr. Hussain Ghatai Ghaib Al Jhori
 Chairman

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	<i>Notes</i>	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
OPERATING ACTIVITIES				
Profit for the year		304,117,684	133,228,140	2,564,213
Adjustments for:				
Depreciation of property and equipment	8	9,570,214	21,069,325	23,465,916
Depreciation of right-of-use-assets	11	12,789,300	41,949,640	43,497,114
Depreciation of investment properties	9	1,900,000	1,900,000	1,900,000
Gain on sale of property and equipment	8	-	(6,485,295)	-
Gain on termination of lease	11	-	(180,496)	(1,414,236)
Rent concession	11	-	(748,281)	-
(Gain)/loss on remeasurement of lease liabilities	11	(29,173)	-	13,523,054
Interest on lease liabilities	7&11	1,642,895	2,830,272	5,439,572
Finance costs excluding interest on lease liabilities	7	9,221,413	1,093,858	1,102,637
Provision for employees' end of service benefits	20	2,528,774	2,166,209	2,403,249
Write off related parties balances		2,005,737	-	-
Amortisation of intangible assets	10	204,333	201,240	201,093
Impairment on lease termination	11	688,039	-	-
Impairment of investment properties	9	6,891,667	-	-
Impairment of property and equipment	8	248,664	-	-
		351,779,547	197,024,612	92,682,612
Working capital changes:				
Development properties		(552,768,571)	30,611,612	99,018,904
Inventories		4,967,246	248,160,679	(235,187,371)
Trade receivables and prepayments		(126,421,655)	41,464,150	(344,776,295)
Construction work-in-progress		(837,506)	16,216,728	(16,216,728)
Accounts payable and accruals		73,135,039	(36,047,777)	69,724,238
Contract liabilities		387,853,242	(214,257,293)	295,305,900
Due to related parties		-	(344,796,375)	99,853,239
Cash flows from/ (used in) operations		137,707,342	(61,623,664)	60,404,499
Finance cost paid		(9,221,413)	(1,093,858)	(1,102,637)
Employees' end of service benefits paid	20	(1,497,998)	(1,210,043)	(1,058,463)
Net cash flows from/ (used in) operating activities		126,987,931	(63,927,565)	58,243,399
INVESTING ACTIVITIES				
Purchase of property and equipment	8	(41,761,156)	(2,391,851)	(4,300,116)
Acquisition of intangible assets	10	(336,059)	(5,906)	-
Proceeds from sale of property and equipment		-	215,180,778	-
Movement in restricted escrow account	15	(261,922,592)	57,371,640	13,245,956
Net cash flows (used in)/from investing activities		(304,019,807)	270,154,661	8,945,840
FINANCING ACTIVITIES				
Proceeds from loans and borrowings		482,556,400	112,582,883	158,904,655
Repayment of loans and borrowings		(155,100,100)	(139,285,967)	(137,226,310)
Due from related parties		78,207,807	(71,848,527)	(19,749,179)
Repayment of lease liabilities	11	(13,045,636)	(64,057,579)	(38,896,172)
Net cash flows from/ (used in) financing activities		392,618,471	(162,609,190)	(36,967,006)

The attached Notes 1 to 30 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2022

	<i>Notes</i>	2022 AED	<i>2021 AED (Restated)</i>	<i>2020 AED (Restated)</i>
NET INCREASE IN CASH AND CASH EQUIVALENTS		215,586,595	43,617,906	30,222,232
Cash and cash equivalents at 1 January		<u>73,591,884</u>	<u>29,973,978</u>	<u>(248,254)</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	<u>289,178,479</u>	<u>73,591,884</u>	<u>29,973,978</u>
Non-cash transactions:				
Revaluation on factory building (note 8)		-	-	<u>42,625,870</u>
Property, plant and equipment transferred from related party, net		-	-	<u>2,532,373</u>

The attached Notes 1 to 30 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2022

	<i>Share capital AED</i>	<i>Retained earnings AED</i>	<i>Additional contribution AED</i>	<i>Revaluation reserve AED</i>	<i>Statutory reserve AED</i>	<i>Total AED</i>
Balance at 1 January 2020	3,675,000	160,372,794	92,604,255	79,375,562	-	336,027,611
Common control merger (note 18)	-	62,060,539	-	-	8,669,156	70,729,695
Profit for the year (restated)	-	2,564,213	-	-	-	2,564,213
Other comprehensive income for the year	-	-	-	42,625,870	-	42,625,870
Transfer of Statutory reserve	-	(1,330,844)	-	-	1,330,844	-
Revaluation reserve transferred on account of incremental depreciation (note 19)	-	3,465,713	-	(3,465,713)	-	-
Balance at 31 December 2020 (restated)	3,675,000	227,132,415	92,604,255	118,535,719	10,000,000	451,947,389
Profit for the year (restated)	-	133,228,140	-	-	-	133,228,140
Other comprehensive income for the year	-	-	-	-	-	-
Disposal of property and equipment	-	115,647,625	-	(115,647,625)	-	-
Revaluation reserve transferred on account of incremental depreciation (note 19)	-	2,888,094	-	(2,888,094)	-	-
Balance at 31 December 2021 (restated)	3,675,000	478,896,274	92,604,255	-	10,000,000	585,175,529
Profit for the year	-	304,117,684	-	-	-	304,117,684
Other comprehensive income for the year	-	-	-	-	-	-
Statutory reserve	-	(12,641)	-	-	12,641	-
Balance at 31 December 2022	3,675,000	783,001,317	92,604,255	-	10,012,641	889,293,213

The attached Notes 1 to 30 form part of these consolidated financial statements.

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

1 BACKGROUND

1.1 Corporate information

Binghatti Holding Limited (“BHL”) (the “Company” or “Parent Company”) is a limited liability company registered and incorporated in the Dubai International Financial Centre (“DIFC”). The Parent Company has the status of a company limited by shares in and under the laws promulgated by the DIFC. The shares are 100% owned by Dr. Hussain Ghatai Ghaib Al Jbori, ultimate shareholder of the Company.

The principal activities of the Parent Company are to consolidate the family businesses of the Al Jbori family, create an institution through which correct family business governance can be exercised. The address of the Parent Company's registered office is P.O. Box 482010, Gate Village, Building 6, DIFC, Dubai, UAE.

The Parent Company through its subsidiaries (collectively the “Group”) are under common management and control of Parent Company.

The consolidated financial statements of the Group as of and for the year ended 31 December 2022 comprise of the following:

<i>Place of incorporation</i>	<i>Incorporated year</i>	<i>Company Name</i>	<i>Ownership</i>			<i>Principal activity</i>
			<i>2022</i>	<i>2021</i>	<i>2020</i>	
Dubai Silicon Oasis Authority	2014	Binghatti Developers FZE	100%	100%	100%	Real Estate Development & Management
Dubai International Financial Center	2018	Binghatti Brands Holding Ltd (formerly known as Raubi of London Holdings)	100%	100%	100%	Holding Company
Dubai Silicon Oasis Authority	2018	Binghatti Hospitality FZCO*	100%	100%	100%	Restaurant Management
Dubai Silicon Oasis Authority	2018	Binghatti Industries FZCO*	100%	100%	100%	Civil Works & Fit Out
Abu Dhabi Free Zone	2018	Binghatti Beverage Manufacturing LLC**	100%	100%	100%	Beverage Manufacturing
Dubai Dept. of Economic Development	2018	Binghatti Investments LLC	100%	100%	100%	Investment in Commercial Enterprise & Management
Dubai Dept. of Economic Development	2004	Granada Europe Eng. Const. LLC ***	100%	100%	100%	Construction & Engineering
Dubai Dept. of Economic Development	2022	Masaken Luxury Services LLC	100%	100%	-	Facilities Management Services
Dubai International Financial Center	2022	Binghatti Properties Investment Limited	100%	-	-	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 2 Limited	100%	-	-	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 3 Limited	100%	-	-	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 4 Limited	100%	-	-	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 5 Limited	100%	-	-	Investment in Real Estate

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

1 BACKGROUND (continued)

1.1 Corporate information (continued)

<i>Place of incorporation</i>	<i>Incorporated year</i>	<i>Company Name</i>	<i>Ownership</i>			<i>Principal activity</i>
			<i>2022</i>	<i>2021</i>	<i>2020</i>	
Dubai International Financial Center	2022	Argenti Properties Investments Limited	100%	-	-	Investment in Real Estate
Dubai Dept. of Economic Development	2022	Binghatti Development LLC	100%	-	-	Real Estate Development
Dubai Dept. of Economic Development	2022	Express Quality Car Services LLC	100%	-	-	Car polish, wash and cleaning services and auto fitting accessories
Dubai Dept. of Economic Development	2022	Binghatti Productions LLC	100%	-	-	Aerial Photography Services
Dubai Dept. of Economic Development	2022	Masaken Luxury Real Estate Management LLC	100%	-	-	Leasing Property brokerage agent, Real Estate Management supervision services and Real Estate buying and selling brokerage
Dubai Dept. of Economic Development	2022	Binghatti Hotels Management LLC	100%	-	-	Hotel Management
Dubai Dept. of Economic Development	2022	Stealth Owner Association Management Services LLC	100%	-	-	Jointly Owned Property Management Service
Dubai Dept. of Economic Development	2022	Binghatti Building Materials LLC	100%	-	-	Building & Construction Materials Trading and general trading

* 1% interest is being held by Dr Hussain Ghatai Ghaib Al Jbori on behalf of Binghatti Hospitality FZCO and Binghatti Industries FZCO.

** In November 2021, the Group sold the Binghatti Beverage Manufacturing LLC plant, machinery, employees and vehicles to a third party who agreed to acquire these assets by establishing a new legal entity.

*** Legally owned fully by Dr Hussain Ghatai Ghaib Al Jbori and one other party, for the benefit of the Company, until September 2021 when legally 100% of shares were transferred to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

1 BACKGROUND (continued)

1.2 Reissuance of the consolidated financial statements

The Board of Directors and the management decided to recall and reissue the consolidated financial statements of the Group for the year ended 31 December 2022 previously approved by the Board of Directors on 28 August 2023 (the “Previously Issued Consolidated Financial Statements”).

The Group conducted an internal review and identified certain consolidation adjustments related to elimination of the intercompany cost of sales and recognition of development properties that were not included in the Previously Issued Consolidated financial statements for the years ended 31 December 2022, 2021 and 2020. Further, there were certain properties treated as investment properties which should have been classified as development properties in the years ended 31 December 2022, 2021 and 2020. The impact of these and other adjustments and reclassification have now been included in these reissued consolidated financial statements for the year ended 31 December 2022. Refer to note 29 for further details.

Management also updated the subsequent events disclosure for the events that occurred after the date of the Previously Issued Consolidated Financial Statements; added additional explanatory notes for disposal of property and equipment in note 8 for the year ended 31 December 2021 and updated capital commitments in note 24 for the years ended 31 December 2021 and 2022.

The Board of Directors have subsequently approved the revised consolidated financial statements as of 10 February 2024.

1.3 Going concern

The Group’s management have assessed the Group’s ability to continue as a going concern and are satisfied that the Group has adequate financial resources to continue in business for the foreseeable future. Further, the Group’s management and Board of Directors are not aware of any material uncertainty that may cast significant doubt upon the Group’s ability to continue as a going concern. The primary source of funding is currently advance payments from customers which will be drawn from escrow accounts, refer to note 15 for escrow accounts, and as mentioned in note 28 the Group is currently in process of obtaining a bond issue.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018.

The consolidated financial statements are prepared under the historical cost convention, except for a factory building which was carried at fair value until disposal.

The consolidated financial statements provide comparative information in respect of the prior periods for the years ended 31 December 2021 and 31 December 2020.

The consolidated financial statements have been presented in United Arab Emirates Dirhams (“AED”) being the functional currency of the Parent Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at the date of statement of financial position (note 1).

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.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those used in the previous year, except as follows:

New and amended standards and interpretations

The Group applied for the first-time certain new standards and amendments to the standards, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual reporting periods beginning on or after 1 January 2022 and must be applied prospectively);
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment);
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective for annual reporting periods beginning on or after 1 January 2022);
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted);
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (effective for annual reporting periods beginning on or after 1 January 2022, with earlier adoption permitted);
- IAS 41 Agriculture – Taxation in fair value measurements (the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted);

The amendments and interpretations apply for the first time in 2022, but do not have an impact on the consolidated financial statements of the Group.

Standards issued but not yet effective

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

- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively);
- Definition of Accounting Estimates - Amendments to IAS 8 (effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed); and
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (the amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary).
- Deferred tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (1 January 2023).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue from contracts with customers

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligations is satisfied. When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of considerations received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assess its revenue arrangements against specific criteria to determine if it is acting a principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements. Revenue is recognized in the consolidated statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Sale of property

A sale of completed property is generally a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers and upon completion of legal requirements. Transactions are settled by payment terms specified in the contract, usually in advance with percentage retained as retention.

The Group assesses each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances, the Group recognises revenue over time. Where this is not the case, revenue is recognised at a point in time.

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets, this is generally when the consideration for the unit has been substantially received and there are no impediments to handing over the unit to the customer.

Sale of goods (food and beverage from restaurant and coffee shops)

Revenue from sale of goods is recognised at a point in time when the control of the goods is transferred to the customer, generally on delivery of the goods to the customer. Transactions are settled by cash, or in case of corporate, within the credit term of 90 days.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The Group concluded that there was no other separate performance obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Rental income

Rental income arising from operating leases on real estate property investments is accounted for on a straight line basis over the lease term.

Royalty fee (franchise income)

Royalty fees / franchising income is recognised based on the contractual percentage applied to the volume of franchisee sales during the period. Other franchising income including territory or unit fees are recognised when performance obligations are fulfilled including at time of grant of the rights.

Contract balances

Contract assets

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Upon completion and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract liabilities

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

Value-added tax (VAT)

Expenses, and assets are recognized net of the amount of VAT, except:

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Property and equipment

Property and equipment, except buildings is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Factory buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the consolidated statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus

An annual transfer from the surplus on revaluation of property, plant and equipment account to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

Factory Building	25 years
Furniture	3 to 4 years
Fixtures, fittings and equipment	3 to 4 years
Crockery items	2 years
Vehicles	4 to 8 years
Leasehold improvements	4 years or lease term whichever is shorter

Capital work-in-progress is not depreciated.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property and equipment is derecognised upon disposal or when no future 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 carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

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

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

The assets are amortised using the straight line method over their estimated useful economic lives of 10 years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as determined on a weight average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset, as follows:

Restaurants and cafes	2 - 3 years
Lease buildings	3 - 4 years
Factory building and lands	10 - 30 years

If ownership of the leased assets is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use asset is also subject to impairment.

Lease liabilities

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 the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) 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 its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Properties held by the Group for the purpose of earning rentals or for capital appreciation or both are classified as investment properties. This also includes properties which are in the course of construction or development for future use as investment properties. Investment properties including investment properties under construction are initially measured at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided on all investment properties, other than freehold land, which is determined to have an indefinite life. Labor camps are depreciated over a period of 20 years. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of investment properties that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of investment properties. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

An item of investment properties is derecognised upon disposal or when no future 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 carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Development properties

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and are stated at lower of cost or net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Planning and design costs, costs of site preparation, professional fees for legal services, construction overheads and other related costs.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in consolidated statement of comprehensive income is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale. The cost of development properties recognised in the consolidated statement of comprehensive income on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. The management reviews the carrying values of the development properties on an annual basis.

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 to sell and its value in use and 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. Where 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 pre-tax 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, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to the other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

The financial assets are classified, at initial recognition, and 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. With the exception of trade receivables and bank balance that do not contain a significant financing component or for which the Group has applied the practical expedient, 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include bank balances, trade and other receivables and due from related parties.

Subsequent measurement

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

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Group does not have any financial assets subsequently measured at fair value.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i. Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest 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 profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised costs includes bank balances, trade and other receivables and due from related parties.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") 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. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integrated 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).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i. Financial assets (continued)

Impairment of financial assets (continued)

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider 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.

For trade receivables, contract assets, bank balance and due from related parties, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the consolidated statement of comprehensive income.

ii. 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 loans and borrowings, bank overdraft, accounts payables, accruals, lease liabilities and due to related parties.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Accounts payable

These are initially recognised at fair value including transaction costs and subsequently remeasured at amortised cost. Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Due to related parties

Due to related parties are recognised for amounts to be paid in the future for goods or services received, whether billed by the related party or not.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in 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 comprehensive income.

This category applies to loans and borrowings, accounts payables and accruals and due to related parties.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

ii Financial liabilities (continued)

Offsetting of financial instruments

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

Fair value measurement

The Group measures factory building, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) 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 to 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.

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

Contingencies

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary, 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.

Provisions

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. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of comprehensive income 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Foreign currencies

Transactions in currencies other than the Company's functional currency are recorded at the prevailing rate of exchange at the date of the transaction. At the year end, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the rate of exchange at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the rate of exchange at the date the fair value was determined. All foreign exchange gains and losses are taken to the consolidated statement of comprehensive income.

Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in 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.

The Group classifies all other liabilities as non-current.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies (that have the most significant effect on the amount recognised in the consolidated financial statements) are as follows:

Impairment of inventories

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

At the reporting date, gross inventories amounted to AED 8,066,383 (2021: AED 13,033,629, 2020: AED 261,621,456) and the provisions for slow-moving inventories amounted to Nil (2021: Nil, 2020: AED 427,148). Any difference between the amounts actually realised in a future period and the amounts expected, will be recognised in the consolidated statement of comprehensive income in that year.

Provision for expected credit losses of trade receivables and others, contract assets, bank balances and amounts due from related parties

The Group uses a provision matrix to calculate ECLs for trade receivables and others, contract assets, bank balances and due from related parties. In determining whether the ECL provisions should be recognised in the statement of consolidated comprehensive income, the Group uses provision matrix to measure the ECLs of due from a related party and trade and other receivables from individual customers.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to note 26 for detail information about the ECLs.

Useful lives and depreciation of property and equipment

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

Management has not considered any residual value as it is deemed to be immaterial.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at point in time, revenue is recognized when control over the asset that is the subject of the contracts is transferred to the customer. In the case of the contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over the unit to the customer.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 USE OF ESTIMATES AND JUDGEMENTS (continued)

Timing of satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant law and regulations, where contracts are entered into to provide real estate assets to customers, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognizes revenue over time. Where this is not the case revenue is recognized at a point in time.

Consideration of warranties

Contracts for the sale of property contain certain warranties covering a period of up to one year after completion of the property, such as the property meeting specific operational performance requirements (e.g., insulation, energy efficiency, etc.). The Group assessed that these conditions represent 'assurance-type' warranties that are legally required to be provided as quality guarantees and are therefore accounted for under IAS 37.

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property and equipment or development property. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment and development property. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 40, IAS 16 and IAS 2, and in particular, the intended usage of property as determined by the management.

Consideration of significant financing component in a contract

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

Measurement of progress when revenue is recognized over time

The Group has elected to apply the input method to measure the progress of performance obligations where revenue is recognized over time. The Group considers that the use of the input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of the revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognized.

Cost to complete the projects

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

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Revaluation of factory building

The Group carries its factory building at fair value, with changes in fair value being recognised in the consolidated statement of other comprehensive income. In the prior year, the Group engaged an independent valuation specialist for the factory building. The valuer used a valuation technique based on comparative market value approach. The management estimated that there is no material change in the fair value of the factory building from the date of the previous valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 USE OF ESTIMATES AND JUDGEMENTS (continued)***Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Determining the lease term of contracts with renewal and termination options – The Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. 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 or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities.

The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) which received from bank and is required to make certain entity-specific estimates (where applicable).

3 REVENUE FROM CONTRACTS WITH CUSTOMERS**3.1 Disaggregated revenue information**

	2022	2021	2020
	AED	AED	AED
		<i>(Restated)</i>	<i>(Restated)</i>
Development and unit sales	1,003,078,310	936,830,263	247,890,265
Sale of food and beverages from restaurants	40,470,457	43,507,183	36,976,728
Rental income	-	30,884,847	27,474,217
Sale of manufactured goods	2,680,329	11,052,907	26,849,380
	1,046,229,096	1,022,275,200	339,190,590
Period of recognition			
Revenue recognized at a point in time	40,470,457	223,260,090	63,826,108
Revenue recognized over time	1,005,758,639	799,015,110	275,364,482
	1,046,229,096	1,022,275,200	339,190,590
Geographical markets			
United Arab Emirates	1,046,229,096	1,011,394,590	314,085,539
Other countries	-	10,880,610	25,105,051
	1,046,229,096	1,022,275,200	339,190,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

3 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

3.2 Contract balances

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Trade receivables (note 14)	54,009,671	145,041,621	482,557,795
Contract assets (note 14)	444,714,855	318,893,951	-
Contract liabilities (note 22)	489,980,727	102,127,485	316,384,778
Construction work in progress	837,506	-	16,216,728

The Group has not recognized any revenue during the current year from performance obligations satisfied during the previous periods.

The Group bills and receives payments from customers based on the billing schedule and terms of payment agreed with the customers as mentioned in the contracts with the customers. Contract liabilities relates to payments received in advance of performance under the contract.

During the year, the Group has not recognized any charge towards the provision for expected credit losses.

As at 31 December 2022, the Group had capital commitments of AED 254,500,499 (2021: AED 29,682,787, 2020: AED 259,271,086) to complete the construction of the work in progress.

4 COST OF SALES

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Cost of development and unit sales	591,411,928	765,934,190	174,961,775
Cost of sale from food and beverages from restaurants	38,046,871	44,897,996	45,962,885
Cost of goods manufactured	1,445,297	32,393,662	52,249,377
	630,904,096	843,225,848	273,174,037

5 OTHER INCOME

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Scrap sales	1,153,508	1,024,564	-
Royalty fees*	537,609	481,329	-
Gain on sale of property and equipment (note 8)	-	6,485,295	-
Gain on termination of lease	-	180,496	1,414,236
Rent concession	-	748,281	-
Other income**	17,285,382	22,857,619	2,778,425
	18,976,499	31,777,584	4,192,661

* Royalty fees represent revenue-based franchise fees from a license agreement in respect of the ‘‘Aghatti’’ trademark with Qurba Company for Real Estate Investment.

**Other income mainly consists of penalty, admin and facilitating fees charged to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Selling and marketing expenses	36,727,307	5,220,487	1,463,937
Salaries and other benefits	33,372,263	30,887,485	22,618,693
Government, legal and professional fees	17,178,526	12,089,497	3,442,277
Visa, licensing and insurance expense	2,167,776	2,897,891	2,891,124
Impairment losses on investment properties (note 9)	6,891,667	-	-
Bank charges	3,122,985	1,438,397	2,347,079
Depreciation on property and equipment (note 8)	2,406,885	1,756,501	3,330,116
Write off of related party balances	2,005,737	-	-
Depreciation on investment properties (note 9)	1,900,000	1,900,000	1,900,000
Rent expense (note 11)	1,885,842	3,621,448	1,065,327
Impairment losses on right-of-use assets	688,039	-	-
Loss on remeasurement	-	-	11,834,373
Printing and IT related expenses	626,193	399,130	548,379
Impairment losses on property and equipment	248,664	-	-
Utilities expenses	637,478	2,690,180	123,228
Others	9,460,145	10,773,650	9,538,259
	119,319,507	73,674,666	61,102,792

7 FINANCE COSTS

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Interest on borrowings	9,221,413	1,093,858	1,102,637
Interest on lease liabilities (note 11)	1,642,895	2,830,272	5,439,572
	10,864,308	3,924,130	6,542,209

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

8 PROPERTY AND EQUIPMENT

	<i>Capital Work-in-progress AED</i>	<i>Factory Building AED</i>	<i>Furniture AED</i>	<i>Fixtures fittings and equipment AED</i>	<i>Crockery items AED</i>	<i>Vehicles AED</i>	<i>Leasehold improvements AED</i>	<i>Total AED</i>
Cost:								
At 1 January 2022	-	-	1,826,849	37,421,269	1,634,597	4,500,060	12,738,793	58,121,568
Addition	12,404,954	-	794,624	15,143,585	194,792	12,317,659	905,542	41,761,156
Impairment	-	-	-	-	-	-	(248,664)	(248,664)
Write-off	-	-	-	-	-	-	(1,005,259)	(1,005,259)
At 31 December 2022	12,404,954	-	2,621,473	52,564,854	1,829,389	16,817,719	12,390,412	98,628,801
Depreciation:								
At 1 January 2022	-	-	1,367,759	33,273,882	1,612,900	4,158,495	9,610,327	50,023,363
Charge for the year	-	-	310,519	5,053,587	159,471	1,720,384	2,326,253	9,570,214
Write-off	-	-	-	-	-	-	(1,005,259)	(1,005,259)
At 31 December 2022	-	-	1,678,278	38,327,469	1,772,371	5,878,879	10,931,321	58,588,318
Net carrying amount:								
At 31 December 2022	12,404,954	-	943,195	14,237,385	57,018	10,938,840	1,459,091	40,040,483

Capital work-in-progress represents construction of a new factory building on plot no 382, Dubai Industrial City.

The construction of the building has completed in 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

8 PROPERTY AND EQUIPMENT (continued)

	<i>Factory Building AED</i>	<i>Furniture AED</i>	<i>Fixtures fittings and equipment AED</i>	<i>Crockery items AED</i>	<i>Vehicles AED</i>	<i>Leasehold improvements AED</i>	<i>Total AED</i>
Cost:							
At 1 January 2021	181,159,855	2,789,186	111,076,505	1,590,302	5,139,118	18,028,686	319,783,652
Addition	-	100,718	1,421,560	44,295	417,000	408,278	2,391,851
Disposals*	(181,159,855)	(1,063,055)	(75,076,796)	-	(1,056,058)	(340,000)	(258,695,764)
Write-off	-	-	-	-	-	(5,358,171)	(5,358,171)
At 31 December 2021	-	1,826,849	37,421,269	1,634,597	4,500,060	12,738,793	58,121,568
Depreciation:							
At 1 January 2021	17,478,342	2,099,023	48,663,708	1,483,620	4,504,753	10,083,044	84,312,490
Charge for the year	4,601,423	312,715	10,377,946	129,280	523,895	5,124,066	21,069,325
Relating to disposal	(22,079,765)	(1,043,979)	(25,767,772)	-	(870,153)	(238,611)	(50,000,280)
Write-off	-	-	-	-	-	(5,358,172)	(5,358,172)
At 31 December 2021	-	1,367,759	33,273,882	1,612,900	4,158,495	9,610,327	50,023,363
Net carrying amount:							
At 31 December 2021	-	459,090	4,147,387	21,697	341,565	3,128,466	8,098,205

*During the year 2021, the Group sold the entire property and equipment related to the Binghatti Beverages Manufacturing LLC to a third party for AED 215,000,000. The gain arising on the disposal amounting to AED 6,485,295 was recorded in other income. (Refer note 5). The said business contributed revenue amounting to AED 11,052,907 during the year ended 31 December 2021 (2020: AED 26,849,380) and incurred total cost net of gain on disposal amounting to AED 23,592,296 for the year ended 31 December 2021 (2020: AED 110,529,916).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

8 PROPERTY AND EQUIPMENT (continued)

	<i>Factory Building AED</i>	<i>Furniture AED</i>	<i>Fixtures fittings and equipment AED</i>	<i>Crockery items AED</i>	<i>Vehicles AED</i>	<i>Leasehold improvements AED</i>	<i>Total AED</i>
Cost:							
At 1 January 2020	138,533,985	2,642,437	87,453,541	1,452,328	1,708,025	17,583,598	249,373,914
Transfer on change in beneficial ownership of Granada Europe Eng. Const. LLC	-	24,449	20,028,210	-	3,431,093	-	23,483,752
Addition	-	122,300	3,594,754	137,974	-	445,088	4,300,116
Revaluation	42,625,870	-	-	-	-	-	42,625,870
At 31 December 2020	<u>181,159,855</u>	<u>2,789,186</u>	<u>111,076,505</u>	<u>1,590,302</u>	<u>5,139,118</u>	<u>18,028,686</u>	<u>319,783,652</u>
Depreciation:							
At 1 January 2020	11,953,607	1,551,967	18,321,836	1,212,484	818,980	6,036,321	39,895,195
Transfer from Granada	-	24,449	18,077,668	-	2,849,262	-	20,951,379
Charge for the year	5,524,735	522,607	12,264,204	271,136	836,511	4,046,723	23,465,916
At 31 December 2020	<u>17,478,342</u>	<u>2,099,023</u>	<u>48,663,708</u>	<u>1,483,620</u>	<u>4,504,753</u>	<u>10,083,044</u>	<u>84,312,490</u>
Net carrying amount:							
At 31 December 2020	<u>163,681,513</u>	<u>690,163</u>	<u>62,412,797</u>	<u>106,682</u>	<u>634,365</u>	<u>7,945,642</u>	<u>235,471,162</u>

The allocation of the depreciation expenses are as follows:

	2022 AED	2021 AED (Restated)	2020 AED (Restated)
Cost of sales	7,163,329	19,312,824	20,135,800
General and administrative expenses (note 6)	2,406,885	1,756,501	3,330,116
	<u>9,570,214</u>	<u>21,069,325</u>	<u>23,465,916</u>

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9 INVESTMENT PROPERTIES

	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i> <i>(Restated)</i>	<i>2020</i> <i>AED</i> <i>(Restated)</i>
Cost:			
At 1 January	38,000,000	38,000,000	38,000,000
Impairment	(6,891,667)	-	-
At 31 December	31,108,333	38,000,000	38,000,000
Accumulated depreciation:			
At 1 January	4,908,333	3,008,333	1,108,333
Charge for the year	1,900,000	1,900,000	1,900,000
At 31 December	6,808,333	4,908,333	3,008,333
Net carrying value:			
At 31 December	24,300,000	33,091,667	34,991,667

Investment properties comprise of labour camps carried at cost less accumulated depreciation and accumulated impairment losses, if any. The Group had no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

The Group is depreciating the camps over 20 years. In 2022, a property valuation was performed (for purposes of impairment testing) by a qualified and independent chartered surveyor and the fair value of the camps was estimated as 24,300,000 (being higher of value in use and fair value less costs to sell) which was less than the carrying value at the time. The Group therefore recorded impairment of AED 6,891,667 (2021: Nil, 2020: Nil).

The key assumptions for the current year used in the valuation were as follows:

Accommodation rent – AED 200 to AED 350 per person per month
 Operating cost – 5%
 Permanent void – 5%
 Yield – 11%
 Discount rate – 10%

Income capitalisation:

Under this method the value of any asset or business is estimated by comparing and correlating its features to those of similar assets or businesses in the market, determining the capitalization rate applicable to such assets and arriving at the value of the asset by applying this capitalization rate to the stabilised net income of the asset.

There is no likely change in the rent values that would lead to a change in valuation material to the consolidated financial statements.

Fair value hierarchy

The following table shows an analysis of investment properties by the level of the fair value measurement hierarchy:

	<i>Level 1</i> <i>AED</i>	<i>Level 2</i> <i>AED</i>	<i>Level 3</i> <i>AED</i>	<i>Total</i> <i>AED</i>
2022	-	-	24,300,000	24,300,000

The cost of investment properties in 2019 was AED 38,000,000. The valuation on investment conducted in 2022 qualifies as “Level 3” per the fair value hierarchy. No valuation was conducted in 2021 as value in use exceeding carrying value.

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10 INTANGIBLE ASSETS

Intangible assets represent trademark registration of the following brands: (a) Cupaghawa; (b) Aghatti; (c) Milkster; (d) Fruitastic; and (e) Raubi.

	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i> <i>(Restated)</i>	<i>2020</i> <i>AED</i> <i>(Restated)</i>
Cost:			
At 1 January	2,016,835	2,010,929	2,010,929
Additions	336,059	5,906	-
At 31 December	2,352,894	2,016,835	2,010,929
Accumulated amortisation:			
At 1 January	666,644	465,404	264,311
Charge for the year	204,333	201,240	201,093
At 31 December	870,977	666,644	465,404
Net carrying value:			
At 31 December	1,481,917	1,350,191	1,545,525

Intangible assets are amortised on a straight line over a period of 10 years.

11 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right of Use Assets

	<i>Lease of Buildings* AED</i>	<i>Factory building and lands AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2022	559,934	17,707,442	11,592,909	29,860,285
Modification	-	-	7,783,790	7,783,790
Additions	-	13,887,546	1,879,382	15,766,928
Lease termination	-	-	(1,499,394)	(1,499,394)
Depreciation	(559,934)	(3,054,389)	(9,174,977)	(12,789,300)
At 31 December 2022	-	28,540,599	10,581,710	39,122,309
	<i>Lease of buildings AED</i>	<i>Factory building AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2021	27,907,914	19,841,840	16,333,054	64,082,808
Modification	-	-	8,714,462	8,714,462
Remeasurement	-	891,565	-	891,565
Lease termination	-	-	(1,878,910)	(1,878,910)
Depreciation	(27,347,980)	(3,025,963)	(11,575,697)	(41,949,640)
At 31 December 2021 (restated)	559,934	17,707,442	11,592,909	29,860,285

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11 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Right to Use Assets (continued)

	<i>Lease of buildings AED</i>	<i>Factory building AED</i>	<i>Restaurant / Cafe AED</i>	<i>Total AED</i>
At 1 January 2020	55,778,784	46,871,286	26,701,178	129,351,248
Modification	3,266,299	-	-	3,266,299
Additions	-	-	1,490,935	1,490,935
Lease termination	-	(24,292,641)	(1,126,957)	(25,419,598)
Depreciation	(30,028,207)	(2,736,805)	(10,732,102)	(43,497,114)
Adjustment (note 29 (viii))	(1,108,962)	-	-	(1,108,962)
At 31 December 2020 (restated)	27,907,914	19,841,840	16,333,054	64,082,808

Lease Liabilities

	<i>Lease of Buildings* AED</i>	<i>Factory building and lands AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2022	-	18,099,177	9,412,188	27,511,365
Modification	-	-	7,783,790	7,783,790
Remeasurement	-	-	(29,173)	(29,173)
Additions	-	13,887,546	1,879,382	15,766,928
Lease termination	-	-	(811,355)	(811,355)
Accretion of interest	-	1,083,507	559,388	1,642,895
Payments	-	(3,988,378)	(9,057,258)	(13,045,636)
At 31 December 2022	-	29,081,852	9,736,962	38,818,814

	<i>Lease of buildings AED</i>	<i>Factory building AED</i>	<i>Restaurants / Cafes AED</i>	<i>Total AED</i>
At 1 January 2021	44,548,696	20,837,036	16,554,600	81,940,332
Modification	-	-	8,714,462	8,714,462
Remeasurement	-	891,565	-	891,565
Lease termination	-	-	(2,059,406)	(2,059,406)
Accretion of interest	1,167,422	981,092	681,758	2,830,272
Payments	(45,716,118)	(4,610,515)	(13,730,946)	(64,057,579)
Rent concessions	-	-	(748,281)	(748,281)
At 31 December 2021 (restated)	-	18,099,178	9,412,187	27,511,365

	<i>Lease of buildings AED</i>	<i>Factory building AED</i>	<i>Restaurant / Cafe AED</i>	<i>Total AED</i>
At 1 January 2020	52,139,621	47,843,825	25,075,994	125,059,440
Modification	3,266,299	-	-	3,266,299
Additions	-	-	1,490,935	1,490,935
Lease termination	-	(25,706,877)	(1,126,957)	(26,833,834)
Accretion of interest	3,047,371	1,103,534	1,288,667	5,439,572
Payments	(24,630,006)	(2,403,446)	(11,862,720)	(38,896,172)
Adjustment (note 29 (viii))	10,725,411	-	1,688,681	12,414,092
At 31 December 2020 (restated)	44,548,696	20,837,036	16,554,600	81,940,332

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11 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Set out below is classification of lease liabilities:

	<i>Lease of buildings* AED</i>	<i>Factory building and lands AED</i>	<i>Restaurant / Cafe AED</i>	<i>Total AED</i>
2022				
Non-current	-	25,993,651	3,452,739	29,446,390
Current	-	3,088,201	6,284,223	9,372,424
	<u>-</u>	<u>29,081,852</u>	<u>9,736,962</u>	<u>38,818,814</u>
2021 (restated)				
Non-current	-	16,336,169	3,852,157	20,188,326
Current	-	1,763,009	5,560,030	7,323,039
	<u>-</u>	<u>18,099,178</u>	<u>9,412,187</u>	<u>27,511,365</u>
2020 (restated)				
Non-current	-	17,330,056	8,645,681	25,975,737
Current	44,548,696	3,506,980	7,908,919	55,964,595
	<u>44,548,696</u>	<u>20,837,036</u>	<u>16,554,600</u>	<u>81,940,332</u>

The following are the amounts recognised in the consolidated statement of comprehensive income:

	<i>2022 AED</i>	<i>2021 AED (Restated)</i>	<i>2020 AED (Restated)</i>
Depreciation expense of right-of-use assets (note 4)	12,789,300	41,949,640	43,497,114
Interest expense on lease liabilities (note 7)	1,642,895	2,830,272	5,439,572
Expenses relating to short term leases and variable lease payments (note 6)	1,885,842	3,621,448	1,065,327
Impairment on lease termination	(688,039)	-	-
(Gain)/loss on remeasurement of lease	(29,173)	-	13,523,054
Gain on termination of lease	-	180,496	1,414,236
	<u>15,600,825</u>	<u>48,581,856</u>	<u>64,939,303</u>

*The Group discontinued the building lease with Binghatti Sapphire in January 2022.

12 DEVELOPMENT PROPERTIES

Movement in development properties is as follows:

	<i>2022 AED</i>	<i>2021 AED (Restated)</i>	<i>2020 AED (Restated)</i>
Balance at the beginning	126,980,122	157,591,734	256,610,576
Add: Costs incurred during the year	698,509,154	161,873,357	136,362,115
Less: Costs transferred to cost of sales during the year	(145,740,583)	(192,484,969)	(235,380,957)
Balance at the end of the year	<u>679,748,693</u>	<u>126,980,122</u>	<u>157,591,734</u>

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12 DEVELOPMENT PROPERTIES (continued)

Development properties include land parcels for development projects amounting to AED 605,179,165 (2021: AED 29,584,430, 2020: Nil). These land parcels are carried at cost. These land parcels are mortgaged against loans taken amounting to AED 265,800,000. (2021: Nil, 2020: Nil) (Refer note 23).

13 INVENTORIES

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Finished goods	346,351	8,366,589	250,370,140
Raw materials	7,006,630	4,203,482	4,319,227
Supplies	648,223	413,972	5,041,364
Consumables	65,179	49,586	372,443
Spare parts	-	-	1,518,282
	8,066,383	13,033,629	261,621,456
Less: provision for inventory obsolescence	-	-	(427,148)
	8,066,383	13,033,629	261,194,308

14 TRADE AND OTHER RECEIVABLES

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Trade receivables	54,009,671	145,041,621	482,557,795
Contract assets	444,714,855	318,893,951	-
Deferred expenses *	38,668,071	-	-
Advances	33,780,169	12,088,271	26,619,557
Prepaid expenses	31,618,818	3,794,189	8,158,006
VAT receivables	11,849,946	5,232,254	6,448,769
Refundable deposits	11,218,520	11,915,397	14,588,189
Other receivables	3,441,889	5,914,601	5,972,118
	629,301,939	502,880,284	544,344,434

The Group has not recognised any expected credit losses on trade receivables in 2022, 2021 and 2020. This is because the Group receives advance payments in the form of post-dated cheques on all projects and title deeds to the properties are not released until the full amount has been recovered.

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

* This represents sales commission paid to sales agents and staff, which will be recognised "in cost of sales" over the period of time when benefits relating to the transactions will flow to the Group in proportion to the recognition of the revenue.

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15 BANK BALANCES AND CASH

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Cash in bank	38,479,548	5,884,229	2,954,533
Escrow account*	546,944,348	101,132,653	89,120,101
Cash on hand	521,376	1,183,116	493,110
	585,945,272	108,199,998	92,567,744
Less: Balance held in escrow account*	(261,922,592)	-	(57,371,640)
Less: Bank overdrafts	(34,844,201)	(34,608,114)	(5,222,126)
Cash and cash equivalents for the purpose of consolidated financial statement of cash flows	289,178,479	73,591,884	29,973,978

* Balance held in escrow account represents advance collections from customers that are held with banks authorised by the Real Estate Regulatory Authority (“RERA”), Dubai, United Arab Emirates. The use of this balance is subject to the development progress of the specific projects by the Group to which such amounts relate. The advance collection relates to projects completed less than 30% has been considered as restricted cash for the purposes of cash and cash equivalents in cashflows statement.

16 SHARE CAPITAL

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
<i>Authorised capital:</i>			
USD 100,000,000 (1 USD: AED 3.675)	367,500,000	367,500,000	367,500,000
<i>Issued and fully paid:</i>			
USD 1,000,000 represented by 100 shares	3,675,000	3,675,000	3,675,000

17 ADDITIONAL SHAREHOLDER CONTRIBUTION

This represents the additional capital contribution made by the ultimate shareholder when he transferred his direct ownership of Binghatti Developers FZE to the Group many years ago.

18 STATUTORY RESERVE AND COMMON CONTROL MERGER

This represents the legal reserve held per U.A.E legislation in Granada Europe Eng. Const. LLC comprising AED 10,000,000 (2021; AED 10,000,000 and 2020; AED 10,000,000) and Masaken Luxury Services LLC AED 12,641 (2021 and 2020, Nil)

The gain on common control merger arose on the acquisition of the net assets (excluding legal reserve) of Granada Europe Eng. Const. LLC from Dr Hussain Ghati Ghaib which was effective from 1 January 2020. This gave rise to a gain of AED 62,060,539 which was taken to retained earnings.

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19 REVALUATION RESERVE

The factory building originally cost was AED 51,442,952 and had revalued basis at 1 January 2020 of AED 138,533,985.

In September 2020, valuation of the building was conducted by an independent third-party valuer. Total valuation for the building amounted to AED 181,159,855. The valuation was on comparative market value basis.

In November 2021, the management sold the building to an unrelated third party.

Movement in revaluation reserve is as follows:

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
At the beginning of the year	-	118,535,719	79,375,562
Addition during the year	-	-	42,625,870
Elimination on disposal	-	(115,647,625)	-
Depreciation charges on the asset revaluation	-	(2,888,094)	(3,465,713)
	<u>-</u>	<u>-</u>	<u>118,535,719</u>

20 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Provision as at 1 January	7,032,664	6,076,498	2,222,865
Transfer on change in beneficial ownership of Granada Europe Eng. Const. LLC	-	-	2,508,847
Provision during the year	2,528,774	2,166,209	2,403,249
End of service benefits paid	(1,497,998)	(1,210,043)	(1,058,463)
Provision as at 31 December	<u>8,063,440</u>	<u>7,032,664</u>	<u>6,076,498</u>

21 ACCOUNTS PAYABLE AND ACCRUALS

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Trade payables	97,179,209	117,152,963	118,859,503
Payable for units registration	62,841,350	17,459,347	6,265,038
Accrued expenses and other payables	84,246,055	36,519,265	82,054,811
	<u>244,266,614</u>	<u>171,131,575</u>	<u>207,179,352</u>

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22 CONTRACT LIABILITIES

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Deferred liabilities	357,128,729	86,479,867	292,445,401
Advance from customers	132,701,998	14,417,002	-
Advance rent collection	150,000	1,230,616	23,288,000
Advances for maintenance fees on rental property	-	-	651,377
	489,980,727	102,127,485	316,384,778

23 LOANS AND BORROWINGS

	2022 AED	2021 AED <i>(Restated)</i>	2020 AED <i>(Restated)</i>
Letter of credit Murabaha	46,705,012	36,519,608	63,018,294
Mortgage loan*	265,680,000	-	-
Vehicle loans	7,154,228	263,332	467,730
Loan from others**	44,700,000	-	-
	364,239,240	36,782,940	63,486,024
Less: due within one year	(49,209,094)	(36,310,164)	(63,187,975)
Due after one year	315,030,146	472,776	298,049

The facility Letter of credit Murabaha is secured by the following:

- 1) Undertaking to deposit rental income of one plot owned by the Shareholder with the bank and undertaking not to release this plot registered in the name of the bank, until the full and final settlement of all the liabilities.
- 2) Debit authority letter from the shareholder to recover any shortfall in instalment amounts from his personal account with the bank.
- 3) Personal guarantee from the shareholder.
- 4) Mortgage over light vehicles for AED 528,501 (2021: AED 528,501, 2020: AED 333,375).

At 31 December 2022, the facility is repayable through monthly/bullet payment and carries minimum interest at 4.5% or EIBOR plus 3% per annum (2021: 4.5% or EIBOR plus 3% per annum, 2020: 4.5% or EIBOR plus 3% per annum).

Vehicle loans were used to acquire vehicles and are subject to interest rate of 4% per annum payable in 60 monthly instalments. These are secured by mortgage of vehicles.

*In August 2022, Binghatti Holding Limited signed a loan agreement with a bank for an amount of AED 265,800,000. The term of the loan is 4 years and is repayable in full on maturity. It carries interest at EIBOR plus 2.5% per annum and is secured by mortgage over land parcels as disclosed in note 13 and a personal guarantee from the shareholder.

**In 2022, the Group obtained a loan of AED 44,700,000 (2021: Nil, 2020: Nil) from Dr. Othman Abdullah O Alswayeh. The loan is interest-free, unsecured and callable by the lender at any time and is repayable on or before 31 January 2024.

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24 CONTINGENCIES AND COMMITMENTS

At 31 December 2022, the Group had a contingent liability of AED 7,034,569 for letters of credit (2021: Nil, 2020: Nil).

As at 31 December 2022, the Group had capital commitments of AED 254,500,499 (2021: AED 29,682,787, 2020: AED 259,271,086) to complete projects under development.

25 RELATED PARTY TRANSACTIONS

Related parties represent the shareholders, directors and key management personnel of the Group, affiliated companies where the shareholders of the Group have ownership interests, 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.

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

The Group received net book value of property, plant and equipment from a related party Nil (2021: Nil and 2020: AED 2,532,373) refer to note 8.

	2022		2021		2020 (Restated)	
	Payables AED	Receivables AED	Payables AED	Receivables AED	Payables AED	Receivables AED
Shareholder's account *	-	63,861,747	-	113,726,319	344,796,375	-
Advances from key management personnel	3,200,000	-	3,200,000	-	3,200,000	-
<i>Entities owned by the shareholder</i>						
Al Baynah General Trading LLC	-	-	-	-	-	44,955,076
Golden Gardens - Iraq	-	-	-	19,470,535	-	17,289,433
Black Forest - Amman	-	-	-	9,971,962	-	9,982,255
Binghatti Properties Investment	-	-	-	900,365	-	-
Binghatti Development LLC	-	-	-	6,110	-	-
	3,200,000	63,861,747	3,200,000	144,075,291	347,996,375	72,226,764

*Shareholder's account represents withdrawals/additional funds made by the shareholder. The balance is interest free and unsecured. The balance does not have any fixed repayment schedule.

Movement in the balance of the shareholder's account during the year was as follows:

	2022 AED	2021 AED (Restated)	2020 AED (Restated)
Balance as at 1 January	(113,726,319)	344,796,375	259,300,769
Additions made during the year	1,321,438,391	306,643,492	110,422,155
Drawdown made during the year	(1,271,573,819)	(765,166,186)	(24,926,549)
Balance as at 31 December	(63,861,747)	(113,726,319)	344,796,375

These transactions predominantly comprise funding by the shareholder for construction and development activities on behalf of the Group, and subsequent reimbursement thereof. There is no interest paid or received on the resulting due to / due from balances.

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25 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The key management personnel, represented by the shareholder, chief executive officer, deputy chief executive officer, chief financial officer and director, have received compensation for the period amounting to AED 4,096,000 (AED 2021: 3,200,000, 2020: AED 2,570,000).

26 RISK MANAGEMENT

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and currency risk. The Group's management reviews and agrees policies for managing each of these risks which are summarised below.

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 the market value rates. The Group is exposed to interest rate risk on its interest-bearing liabilities (loans and borrowings).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loan and borrowings. With all other variables held constant, the Group's profit is affected through the impact on floating rate borrowings, as follows:

	<i>Increase / (decrease) in interest rate</i>	<i>Effect on profit for one year increase / (decrease) AED</i>
2022	1% (1%)	4,227,697 (4,227,697)
2021	1% (1%)	2,415,188 (2,415,188)
2020	1% (1%)	3,174,301 (3,174,301)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, due from a related party, advance paid on behalf of a related party and certain other assets as reflected in the consolidated statement of financial position.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to related parties by regularly assessing the related parties credit worthiness and making provisions if required.

Credit risk is limited to the carrying values of financial assets recognised at the reporting date, as summarised below:

	<i>2022 AED</i>	<i>2021 AED (Restated)</i>	<i>2020 AED (Restated)</i>
Trade receivables	54,009,671	145,041,621	482,557,795
Contract assets	444,714,855	318,893,951	-
Due from related parties	63,861,747	144,075,291	72,226,764
Bank balance	585,423,896	107,016,882	92,074,634
Refundable deposits	11,218,520	11,915,397	14,588,189
Other receivables	3,441,889	5,914,602	5,972,118
	1,162,634,258	732,857,744	667,419,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

26 RISK MANAGEMENT (continued)**Credit risk (continued)**

As at 31 December, the ageing of unimpaired accounts receivable is as follows:

	<i>Total AED</i>	<i>Neither past due nor impaired AED</i>	<i>Past due but not impaired</i>		
			<i>31-60 days AED</i>	<i>61-90 days AED</i>	<i>Above 90 days AED</i>
2022	54,009,671	50,602,443	1,762,826	1,644,402	-
2021 (<i>Restated</i>)	145,041,621	88,933,302	11,291,461	44,816,858	-
2020 (<i>Restated</i>)	482,557,795	399,005,085	23,907,480	36,316,799	23,328,431

There were no expected credit losses recognised in 2022, 2021 or 2020.

Trade receivables and contract assets

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Since the Group usually receives cash in advance or can withhold transfer of property, Management view credit risk as low and no material provision is required

Bank balances

With respect to credit risk arising from the other financial assets of the Group, which include bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Given this, management does not expect these banks to fail on their obligations to the Group.

Due from related parties

Amount due from related parties is not considered to represent significant credit risk because this amount is due from Group under common shareholder and are guaranteed by the shareholder.

Liquidity risk

The Group limits its liquidity risk by retaining sufficient funds generated from operations and ensuring funds from the shareholders are available.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2022

	<i>Less than 3 months AED</i>	<i>3 to 12 months AED</i>	<i>1 to 10 years AED</i>	<i>Total AED</i>
Loans and borrowings	27,236,792	44,106,805	371,358,853	442,702,450
Lease liabilities	3,411,359	9,634,961	27,323,406	40,369,726
Accrued expenses and other payables	83,238,712	1,007,343	-	84,246,055
Trade payables	64,783,018	32,396,191	-	97,179,209
Payable to government agency	62,841,350	-	-	62,841,350
Due to related parties	3,200,000	-	-	3,200,000
	<u>244,711,231</u>	<u>87,145,300</u>	<u>398,682,259</u>	<u>730,538,790</u>

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

26 RISK MANAGEMENT (continued)

Liquidity risk (continued)

At 31 December 2021 (Restated)

	<i>Less than 3 months AED</i>	<i>3 to 12 months AED</i>	<i>1 to 10 years AED</i>	<i>Total AED</i>
Loans and borrowings	5,781,424	30,861,703	474,062	37,117,189
Lease liabilities	2,092,917	6,466,123	22,269,683	30,828,723
Accrued expenses and other payables	35,515,620	1,003,645	-	36,519,265
Trade payables	46,134,087	71,018,876	-	117,152,963
Payable to government agency	17,459,347	-	-	17,459,347
Due to related parties	3,200,000	-	-	3,200,000
	<u>110,183,395</u>	<u>109,350,347</u>	<u>22,743,745</u>	<u>242,277,487</u>

At 31 December 2020 (Restated)

	<i>Less than 3 months AED</i>	<i>3 to 12 months AED</i>	<i>1 to 10 years AED</i>	<i>Total AED</i>
Loans and borrowings	11,021,992	54,061,624	306,990	65,390,606
Lease liabilities	19,283,900	27,160,019	30,119,845	76,563,764
Accrued expenses and other payables	78,485,604	3,569,036	-	82,054,640
Trade payables	63,212,940	55,646,563	-	118,859,503
Payable to government agency	6,265,038	-	-	6,265,038
Due to related parties	-	347,996,375	-	347,996,375
	<u>178,269,474</u>	<u>488,433,617</u>	<u>30,426,835</u>	<u>697,129,926</u>

Currency risk

The Group is not exposed to any significant currency risk as most of its transactions and balances are denominated in either US Dollars or AED, which is pegged to the US Dollars.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and liquidity. No changes were made in the objectives, policies or processes during the years ended 31 December 2022, 31 December 2021 and 31 December 2020. Capital comprises share capital, additional contribution and retained earnings and is measured at AED 889,293,213 as at 31 December 2022 (2021: AED 585,175,529, 2020: AED 451,947,389).

27 FAIR VALUES

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances and cash, trade and other receivables and due from related parties. Financial liabilities consist of accounts payable, accruals, loans and borrowings, lease liabilities and due to related parties.

The fair values of the financial assets and liabilities are not materially different from their carrying values.

The Group has no financial instruments carried at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

28 SUBSEQUENT EVENTS

Corporate tax

On 9 December 2022, the UAE Ministry of Finance (“MoF”) 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 is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting years beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes.

The UAE CT Law shall apply to the Group with effect from 1 January 2024. The MoF continue to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Since the provisions of UAE CT law will apply to Tax Years commencing on or after 1 June 2023, the related current taxes shall be accounted for in the consolidated financial statements for the year beginning 1 January 2024. However, the related deferred tax accounting impact has been considered for the nine-months period ended 30 September 2023. Following assessment of the potential impact of the UAE CT Law on the balance sheet, we do not consider there to be material temporary differences on which deferred taxes should be accounted.

The Group will continue to monitor the publication of subsequent Decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to this position at subsequent reporting dates.

Bond issue

In late 2023 the Group commenced the process to make a public bond offering on one or more markets. At the date of signing of these financial statements this process is ongoing.

29 RESTATEMENT OF COMPARATIVE BALANCES

Following a detailed review of prior statements, management identified a number of areas for improvement resulting in the certain adjustments and reclassifications of items, as follows:

- (i) Adjustment pertaining to recognition of development properties and inventories pertaining to unsold portion of the development properties amounting to AED 36,792,475 and AED 9,662,843, respectively and for reducing opening retained earnings by amount of AED 46,455,318 and reducing the cost of sales by amount of AED 47,440,198 of the unsold properties for the year ended 31 December 2020.
- (ii) In 2020, land cost for sold properties of AED 60,757,382 was included in development properties as of 31 December 2020. Development properties have been reduced by AED 60,757,382 and debited to cost of sales. Further, construction work in progress has been increased by AED 6,554,085 with a corresponding credit in development properties.
- (iii) Adjustment pertaining to recognition of development properties and inventories amounting to AED 6,418,520 and AED 4,207,704 and increased the cost of sales related to unsold portion of the properties by the AED 10,626,224 for the year ended 31 December 2021. Further, another adjustment entry has been passed amounting to AED 47,440,198 for decreasing the cost of sales and increasing the development properties by the same amount for the year ended 31 December 2021.
- (iv) In 2021, land cost for sold properties of AED 18,139,840 was included in development properties and inventory as of 31 December 2021. Development properties and inventories have been reduced by AED 12,772,644 and AED 5,367,196, respectively, and debited to cost of sales by the total amount of AED 18,139,840.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

29 RESTATEMENT OF COMPARATIVE BALANCES (continued)

- (v) Adjustment relating to reclassification of investment properties by AED 181,417,589 to inventories as at 31 December 2020. Thereby also resulting in a decrease in depreciation expense of AED 4,481,413 for the year ended 31 December 2020 and a decrease in depreciation expense of AED 5,270,482 for the year ended 31 December 2021. The cumulative impact of AED 9,751,895 has been included as reduction in the cost of sales for the year ended 31 December 2021.
- (vi) Adjustment pertaining to reclassification from construction in work-in-progress to due from related parties amounting to AED 10,865,415 and AED 24,210,669 as at 31 December 2021 and 2022, respectively.
- (vii) Adjustments pertaining to required netting-off trade receivables and contract liabilities as per invoice due amounting to AED 86,785,889 and AED 591,907,205 for the year ended 31 December 2021 and 2022 respectively.
- (viii) Adjustment pertaining to recognition of IFRS 16 impact considered in the financial year 2020. The impact resulted increasing lease liabilities by amount of AED 10,795,097, finance costs by AED 69,686 and reducing right of use assets and depreciation on right of use assets by amount of AED 1,081,512 and AED 27,540 respectively. The loss on remeasurement of leases by amount of AED 11,834,373.
- (ix) Adjustment pertaining to considering the loss on impairment of inventory, crediting inventory and debiting cost of sales by AED 10,000,000 for the year ended 31 December 2020.
- (x) Adjustment pertaining to reclassification from investment properties amounting to AED 605,116,756 to development properties as at 31 December 2022.
- (xi) Adjustment pertaining to reclassification from sales commission from general and administrative expenses to cost of sales by amount of AED 57,711,552, AED 37,248,751 and AED 8,538,995 for the year ended 31 December 2022, 2021 and 2020 respectively.
- (xii) Adjustment pertaining to revenue and contract liabilities considering the impact change in percentage of completion of the projects in the financial year 2021 and 2022. The impact resulted decreasing revenue by amount of AED 86,479,867 and 220,031,667 respectively and increasing contract liabilities by AED 86,479,867 and AED 220,031,667 respectively.
- (xiii) Certain other comparative information was reclassified to conform to the current year presentation and classification including re-presentation of cash and cash equivalents to exclude escrow balances held with authorities.

A third columnar statement of financial position has also been presented by the Group's management for the impact of the above adjustments and reclassifications on the consolidated statement of financial position.

The aggregate effect of the above adjustments and reclassifications on the affected financial statement line item for 2020 is as follows:

	<i>For the year ended 31 December 2020</i>			
	<i>As previously reported</i> <i>AED</i>	<i>Adjustments</i> <i>AED</i>	<i>Reclassifications</i> <i>AED</i>	<i>As restated</i> <i>AED</i>
Consolidated statement of comprehensive income:				
Cost of sales (i),(ii), (ix) and (xi)	(241,345,308)	(23,289,734)	(8,538,995)	(273,174,037)
General and administrative expenses (v),(viii) and (xi)	(59,941,748)	(7,352,960)	6,191,916	(61,102,792)
Finance costs	(8,819,602)	-	2,277,393	(6,542,209)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

29 RESTATEMENT OF COMPARATIVE BALANCES (continued)

	<i>As of 31 December 2020</i>			
	<i>As previously reported AED</i>	<i>Adjustments AED</i>	<i>Reclassifications AED</i>	<i>As restated AED</i>
Consolidated statement of financial position:				
ASSETS				
Development properties ((i) and (ii))	140,670,528	16,921,206	-	157,591,734
Inventories ((i), (iv) and (ix))	89,776,719	(10,000,000)	181,417,589	261,194,308
Investment properties (iv)	211,927,843	-	(176,936,176)	34,991,667
Construction work in progress (ii)	-	16,216,928	-	16,216,928
Right of use assets (viii)	65,164,320	(1,081,512)	-	64,082,808
LIABILITIES				
Lease liabilities (viii)	71,145,235	10,795,097	-	81,940,332
EQUITY				
Retained earnings ((i) to (iv), (viii))	211,389,677	15,742,738	-	227,132,415

The aggregate effect of the above adjustments and reclassifications on the affected financial statement line item for 2021 is as follows:

	<i>For the year ended 31 December 2021</i>			
	<i>As previously reported AED</i>	<i>Adjustments AED</i>	<i>Reclassifications AED</i>	<i>As restated AED</i>
Consolidated statement of comprehensive income:				
Revenue from contracts with customers (xii)	1,077,870,220	(55,595,020)	-	1,022,275,200
Cost of sales (iii), (iv), (v) and (xi)	(775,973,498)	(24,733,117)	(42,519,233)	(843,225,848)
General and administrative expenses (iv) and (xi)	(117,729,267)	2,973,766	41,080,836	(73,674,665)
Finance costs	(5,311,068)	(51,459)	1,438,397	(3,924,130)

	<i>As of 31 December 2021</i>			
	<i>As previously reported AED</i>	<i>Adjustments AED</i>	<i>Reclassifications AED</i>	<i>As restated AED</i>
Consolidated statement of financial position:				
ASSETS				
Development properties ((ii) and (v))	102,304,443	(4,908,751)	29,584,430	126,980,122
Trade and other receivables (vii)	589,666,173	(86,785,889)	-	502,880,284
Construction work-in-progress (vi)	10,865,415	-	(10,865,415)	-
Due from related parties (vi)	133,209,876	-	10,865,415	144,075,291
Inventories ((iii) and (v))	14,193,121	(1,159,492)	-	13,033,629
Investment properties (iii)	62,676,097	-	(29,584,430)	33,091,667
LIABILITIES				
Contract liabilities (viii) and (xii)	102,433,506	(306,021)	-	102,127,485
EQUITY				
Retained earnings ((i) to (v))	571,444,385	(92,548,111)	-	478,896,274

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

29 RESTATEMENT OF COMPARATIVE BALANCES (continued)

The aggregate effect of the above adjustments and reclassifications on the affected financial statement line item for 2022 is as follows:

	<i>For the year ended 31 December 2022</i>			
	<i>As previously reported AED</i>	<i>Adjustments AED</i>	<i>Reclassifications AED</i>	<i>As restated AED</i>
Consolidated statement of comprehensive income:				
Revenue from contracts with customers (xii)	1,179,780,896	(133,551,800)	-	1,046,229,096
Cost of sales (iii), (iv), (v) and (xi)	(587,856,202)	14,663,658	(57,711,552)	(630,904,096)
General and administrative expenses (iv) and (xi)	(173,908,074)	-	54,588,567	(119,319,507)
Finance costs	(13,987,293)	-	3,122,985	(10,864,308)
	<u>1,179,780,896</u>	<u>(133,551,800)</u>	<u>(57,711,552)</u>	<u>1,046,229,096</u>
Consolidated statement of financial position:				
ASSETS				
Development properties ((ii), (v) and (x))	66,036,523	8,595,414	605,116,756	679,748,693
Investment properties (x)	629,479,165	-	(605,179,165)	24,300,000
Inventories	8,003,974	-	62,409	8,066,383
Trade and other receivables (vii)	1,221,209,144	(591,907,205)	-	629,301,939
Construction work-in-progress (vi)	24,210,669	-	(24,210,669)	-
Due from related parties (vi)	40,488,584	-	24,210,669	64,699,253
	<u>1,969,468,999</u>	<u>(583,311,791)</u>	<u>(578,896,459)</u>	<u>1,807,260,759</u>
LIABILITIES				
Contract liabilities (viii) and (xii)	861,856,265	(371,875,538)	-	489,980,727
Long term loans	270,330,146	-	44,700,000	315,030,146
Accounts payable and accruals	288,966,614	-	(44,700,000)	244,266,614
	<u>1,429,153,025</u>	<u>(371,875,538)</u>	<u>(44,700,000)</u>	<u>1,012,577,487</u>
EQUITY				
Retained earnings ((i) to (v))	994,437,570	(211,436,253)	-	783,001,317
	<u>994,437,570</u>	<u>(211,436,253)</u>	<u>-</u>	<u>783,001,317</u>

Binghatti Holding Limited and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

30 SEGMENT INFORMATION

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

Business segments

For management purposes, the Group is organized into three major segments, namely, real estate (Develop, Construction, joinery and Industry and Maintenance), hospitality (develop and maintain in house F&B brands). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 Operating Segments.

	<i>Year ended 31 December 2022</i>			
	<i>Real Estate & Related AED</i>	<i>Hospitality AED</i>	<i>Corporate AED</i>	<i>TOTAL AED</i>
Revenue	1,005,758,639	40,470,457	-	1,046,229,096
Result Profit	326,645,456	(7,588,104)	(14,939,668)	304,117,684
Other segment information				
Capital expenditure	39,076,742	1,870,479	813,935	41,761,156
Depreciation	5,447,021	3,992,449	130,744	9,570,214
Assets & liabilities				
Segment assets				
Right-of- use assets	28,540,599	10,581,710	-	39,122,309
Other segmental assets	1,962,509,718	16,121,437	54,952,785	2,033,583,940
Total assets	1,991,050,317	26,703,147	54,952,785	2,072,706,249
Total liabilities	1,103,011,905	25,602,875	54,798,256	1,183,413,036
	<i>Year ended 31 December 2021 (restated)</i>			
	<i>Real Estate & Related AED</i>	<i>Hospitality AED</i>	<i>Corporate AED</i>	<i>TOTAL AED</i>
Revenue	967,715,110	54,560,090	-	1,022,275,200
Result Profit	164,584,543	(21,105,517)	(10,250,886)	133,228,140
Other segment information				
Capital expenditure	1,534,283	824,432	33,136	2,391,851
Depreciation	2,591,200	18,426,082	52,043	21,069,325
Assets & liabilities				
Segment assets				
Right-of- use assets	18,267,376	11,592,909	-	29,860,285
Other segmental assets	837,922,376	30,348,217	69,438,794	937,709,387
Total assets	856,189,752	41,941,126	69,438,794	967,569,672
Total liabilities	274,648,615	24,162,433	83,583,095	382,394,143

Binghatti Holding Limited and its Subsidiaries

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At 31 December 2022

30 SEGMENT INFORMATION (continued)

Business segments (continued)

	<i>Year ended 31 December 2020 (restated)</i>			
	<i>Real Estate & Related AED</i>	<i>Hospitality AED</i>	<i>Corporate AED</i>	<i>TOTAL AED</i>
Revenue	275,364,482	63,826,108	-	339,190,590
Result Profit	83,701,773	(27,777,712)	(10,733,978)	45,190,083
Other segment information				
Capital expenditure	1,572,003	2,716,113	12,000	4,300,116
Depreciation	3,112,641	20,257,831	95,444	23,465,916
Assets & liabilities				
Segment assets				
Right-of- use assets	47,749,754	16,333,054	-	64,082,808
Other segmental assets	1,047,100,926	329,300,544	39,748,596	1,416,150,066
Total assets	<u>1,094,850,680</u>	<u>345,633,598</u>	<u>39,748,596</u>	<u>1,480,232,874</u>
Total liabilities	<u>849,276,265</u>	<u>130,872,583</u>	<u>48,136,637</u>	<u>1,028,285,485</u>

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