Annual Report 2020

tabreed

tabreed.ae

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1. Chairman's Message

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Driven by a deep strategic commitment to remain a key national champion, we are accelerating our nation's transition to cleaner and more resource-efficient energy consumption.

In 2020, we added over 50,000 new customer connections, resulting in the delivery of 1,403,819 RT across its operations, and take great pride in our role as the largest district cooling developer. These are remarkable figures, and reinforce the potential that governments around the region are seeing in district cooling, and the role these solutions have to play in their sustainability agendas. Going forward, we see ourselves doing even more to provide cleaner, more efficient and reliable cooling for customers across an expanding range of countries.

But as we expand, so do our partnerships, which were strengthened considerably during 2020 through a series of new investments. These include the acquisition of the world's largest district cooling scheme in Downtown Dubai with a total capacity of 235,000RT and two concessions with a total capacity of 88,000RT in Saadiyat Island.

Through the introduction of advanced technologies, we are enhancing the nation's technological competitiveness and burgeoning knowledge economy, significantly contributing not only to the country's sustainable development, but also the development of its talent.

2020 was a challenging year, that's for sure, but as we enter 2021, I am optimistic that Tabreed is emerging stronger and more operationally secure than ever before. I hope you enjoy learning about how we are doing so in our report.

Khaled Abdulla Al Qubaisi
Chairman, Tabreed

2. CEO’s Message

“

We are investing heavily into Research & Development, and our aspiration for 2020 and beyond is to introduce new-to-market solutions that enhance the lives of people in the communities in which we operate.

I am pleased to share with you Tabreed's 2020 annual report, which brings together the collective efforts of the organization to transform the UAE and the world's district cooling sector. This report consists of an overview of our operations, our achievements, alongside key trends and developments that are influencing our operations.

Despite a challenging year in 2020, Tabreed continued to make considerable progress on its business objectives whilst also ensuring the health and safety of its staff across all its operational sites.

And although the outlook for 2020 remained uncertain, marked by the continued impact of COVID-19, our company pressed ahead with its long-term strategy and was well placed to meet the objectives. We have several exciting undertakings ahead of us over the next 12 months, building on our success over the last 12.

Looking further ahead, our operational capabilities will continue to be underpinned by our ability to attract and retain outstanding local and international talent, combined with our strong focus on quality assets, technology-led innovation, and customer experience. These are the four core enablers upon which our future success is built.

In doing so, we are staying true to our purpose of leading the district cooling sector by utilizing sustainable and reliable solutions, whilst also delivering long-term and stable returns for our shareholders.

I hope you enjoy going through our 2020 Annual Report. For everyone that has been part of our journey, thank you very much for your valuable contributions over the past few years. We are excited to continue working valuable with our stakeholders around the world as we pursue even greater growth and district cooling penetration.

Bader Al Lamki
CEO, Tabreed

3. Tabreed at a Glance

The world's largest** district cooling companies

86

plants in 5 countries

Over

1.404m RT

delivered to the clients

Equivalent to cooling

140

towers the size of Burj Khalifa

Environmentally responsible operations reducing green house gas emissions

2.26 billion kWh

annual reduction in energy consumption in the GCC through Tabreed's DC services in 2020

=

Enough energy to power

128,443

homes in the UAE every year

1.35 million metric tonnes

annual elimination of CO_2 emissions

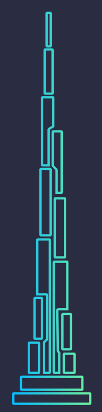
=

removing

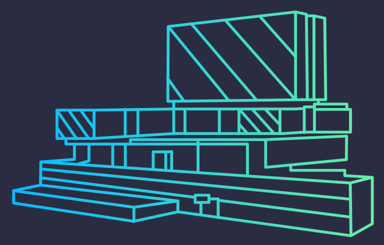
293,129

cars annually

Exclusive provider of DC services to several iconic projects

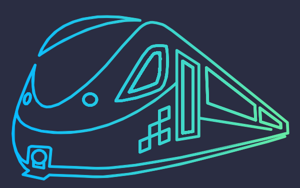


Burj Khalifa



Cleveland Clinic Abu Dhabi

Yas Mall



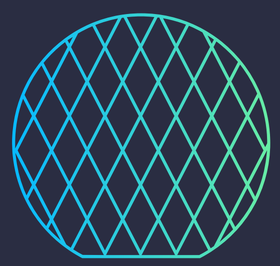
Dubai Metro

Sheikh Zayed Grand Mosque

Etihad Towers

World Trade Center

Ferrari World



Aldar HQ

Strong Regional presence

- Largest publicly listed district cooling provider in the region
- Currently present in the UAE, Saudi Arabia, Qatar, Oman and Bahrain
- Significant growth achieved in 2020 with potential for further expansion in new geographies

2020 Overview

Developed strong platform to support future growth opportunities

Significant growth achieved through Downtown DCP and Saadiyat Island acquisitions. Downtown DCP improved market **position to #2 from #4 in Dubai**

Successfully accessed both corporate and capital debt markets. **Investment grade status reaffirmed** by both Fitch and Moody's

Strong financial performance with **revenue and EBITDA growth 15% and 27%,** respectively despite the impact of pandemic

Increasing value and long-term returns for shareholders

- Capacity growth and margin enhancement
- Raised ~US$1.4 bn via term loan and bond issue
- Inorganic capacity growth of ~180k RT with over ~320k RT of potential concessions

Resilient Business Model

2020 performance is testament to Tabreed's resilient business model

Capacity Growth

+

Revenue and earnings visibility

+

Margin Enhancement

- Capacity growth of at 9% per annum since 2017
- 2020 capacity grew at 19%; primarily through acquisition of Downtown Dubai and Saadiyat concessions
- Revenue and earnings visibility provided by long term, price certain contracts
- Contracts of typically 25+ years with low contract termination risk
- Demand for cooling was maintained through the pandemic, demonstrating essential nature of our service
- Consumption revenue grew by over 17% compared to 2019
- Electrical efficiency has improved by 5% since 2017 in value terms AED 17.5m
- EBITDA margin enhancement from 50% in 2019 to 56% in 2020

Masdar: One of the World’s Most Sustainable Urban Communities

Sustainability is the key ethos of Masdar City, sharing Tabreed’s vision of efficient and low-emission urban developments

- Acquired Masdar City district cooling concession
- Ultimately will provide efficient cooling services to more than 2.7 million sq.m of sustainable urban communities in Masdar City, with a total capacity of about 69k RT
- Also acquired the use of two deep geothermal wells located in Masdar City that are a part of a major R&D collaboration initiative
- Potentially enables Tabreed to leverage its sector expertise and innovative approach to create unique, reliable and sustainable cooling solutions through geothermal technology

Iconic Sites

UAE Space Agency

Masdar City Center

IRENA Headquarters

Downtown DCP: A Historic Achievement for Tabreed and a Transformational Transaction

Reinforcing Tabreed's position as the global district cooling industry leader and improving position to #2 from #4 in Dubai

- Acquired 80% of Emaar's Dubai Downtown District Cooling business
- Signed a long-term concession to cool iconic sites such as, the Burj Khalifa, Dubai Mall and Dubai Opera House
- Partnership with Emaar anticipated to lead to further growth opportunities
- 4 interconnected plants with an ultimate concession capacity of 235k RT and around 146k RT of connected capacity at the time of acquisition
- Significantly increased Tabreed's market share in Dubai, the largest District Cooling market in the World. Also reduced customer concentration and added high quality off-takers to the portfolio
- Successfully completed the post merger integration of all plants despite prevailing pandemic

Saadiyat Island: Cooling Abu Dhabi's Most Prestigious Developments

Further strengthening Tabreed's presence in Abu Dhabi

- Acquired Saadiyat Island District Cooling assets from Aldar Properties. The transaction was signed in 2020 and expected to close by Q1 2021
- The ultimate capacity of these 2 concessions are 88k RT with currently connected capacity of 35k RT
- Additional prestigious projects are expected to be developed in the coming years in this prime cultural and tourism area of Abu Dhabi
- Tabreed to provide cooling to Abu Dhabi's cultural and tourism hub, home to hospitality, museums and education sectors

Iconic Sites

Louvre Museum

New York University

Guggenheim, Al Saadiyat

Resilient Business Model

Capitalization and efficient working capital utilization to support near term growth

Term Loan

- 5 year, US$ 692m Senior Unsecured Term Loan
- Bullet Repayment in 2025
- To acquire Downtown DCP assets
- Initially provided and fully underwritten by HSBC
- Successfully syndicated to a group of 9 banks during May & June 2020
- The syndication was oversubscribed with international, regional and local banks participating

Bond Issue

- US$ 500m, 7 year 2.5% coupon maturing in 2027
- 5x oversubscribed with international investors accounting for over 90% of final allotment
- To acquire Saadiyat Island assets and refinance an existing term loan
- Balance to be utilized for potential acquisition in 2021

Investment grade rating retained by Moody's (Baa3) and Fitch (BBB)

Interest costs fixed at historic low levels

Tabreed's Baa3 rating remains supported by the company's

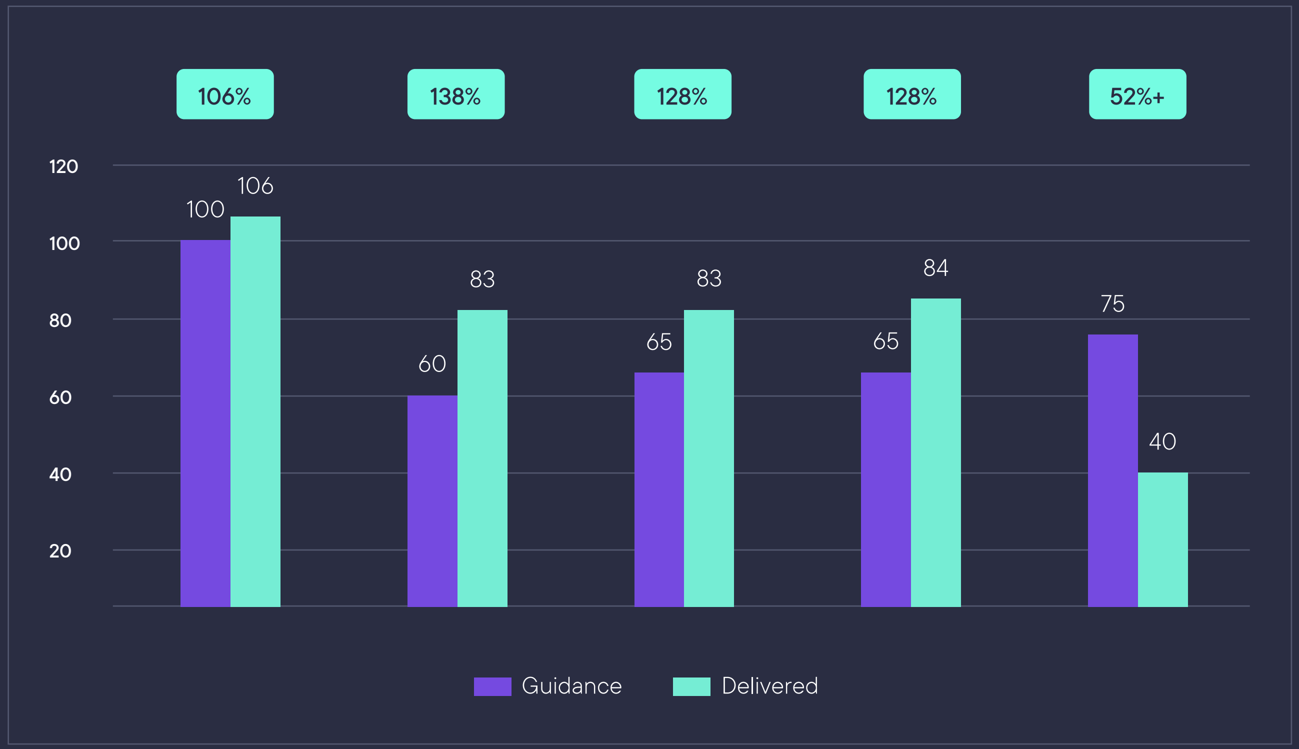
1. Strong cash flow resilience because of long-term fixed charge contracts
2. Low operating risk levels, with most variable costs being passed through
3. Strong competitive positions in growing Gulf Cooperation Council (GCC) markets; and
4. Complementary shareholder base...

Connected Capacity

Consolidated	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
UAE	724	871	872	882	928
Bahrain	28	32	32	32	32
Oman	32	32	32	32	32
Total Consolidated	**784**	**936**	**936**	**347**	**992**
Equity Accounted	**Q4 2019**	**Q1 2020**	**Q2 2020**	**Q3 2020**	**Q4 2020**
UAE	71	71	71	71	71
Qatar	218	224	224	224	230
KSA	110	110	110	110	110
Total Equity Accounted	**339**	**406**	**406**	**406**	**411**
Total	1,183	1,342	1,343	1,352	1,404

- Previously announced capacity guidance of 75k RT to be added over 2020 and 2021
- Organic capacity addition of 40k RT across the region in 2020
- Acquisition of Dubai Downtown in April 2020 added 146k RT
- Acquisition of Saadiyat Island added 35k RT, to be closed in Q1 2021
- Revised capacity guidance of 120k RT of organic growth to be added over 2021 and 2022

Organic Capacity Growth (kRT)



4. Performance Highlights

Financial Highlights: 12M 2020 vs. 12M 2019

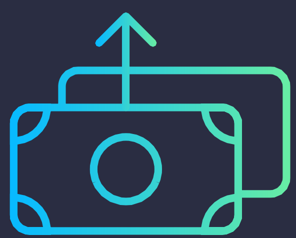
AED 1,687m
+15.8%
Chilled Water Revenue

AED 1,741m
+14.5%
Total Revenue

AED 970m
+27.1%
EBITDA

AED 550m
+16.5%
Net Income

11.5 Fils
+9.5%
Dividend



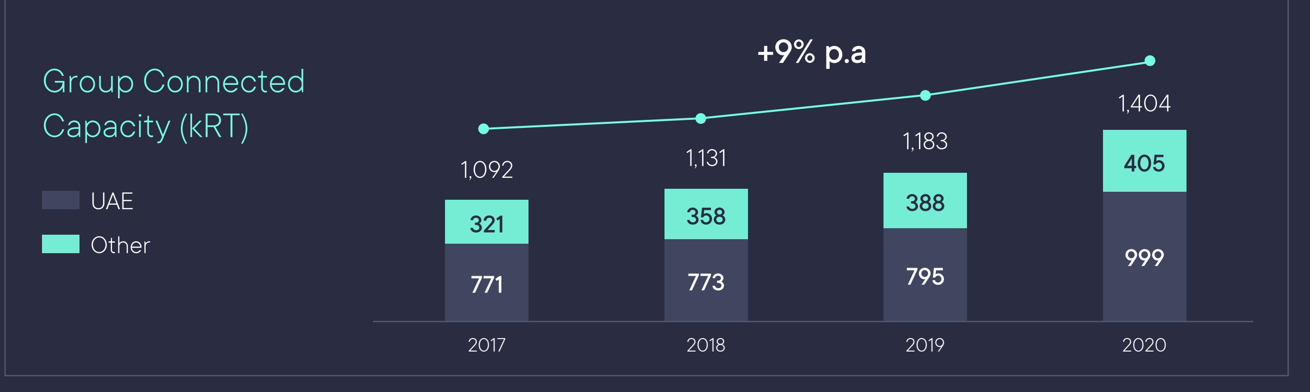
Performance Highlights

- Chilled Water revenue grew 15.8%. Total Revenue increased by 14.5%
- EBITDA increased by 27.1% to AED 970m and EBITDA margins increased from 50% to 56%
- Net Income increased by 16.5% to AED 550m
- Added 84k RT during 2019 and 2020 compared to guidance of 65k RT for the period
- Total capacity addition of 221k RT during 2020; organic capacity addition of 40k RT
- On track to meet previously announced capacity guidance to add 75k RT over 2020 and 2021
- New Debts raised to fund acquisitions totaling USD 1.2bn
- Interest Rates risk fixed
- Committed to returning value to shareholders – Proposed dividend of 11.5 fils, up from 10.5 fils in 2019, to be paid 50% in cash and 50% in equity

Headline Performance

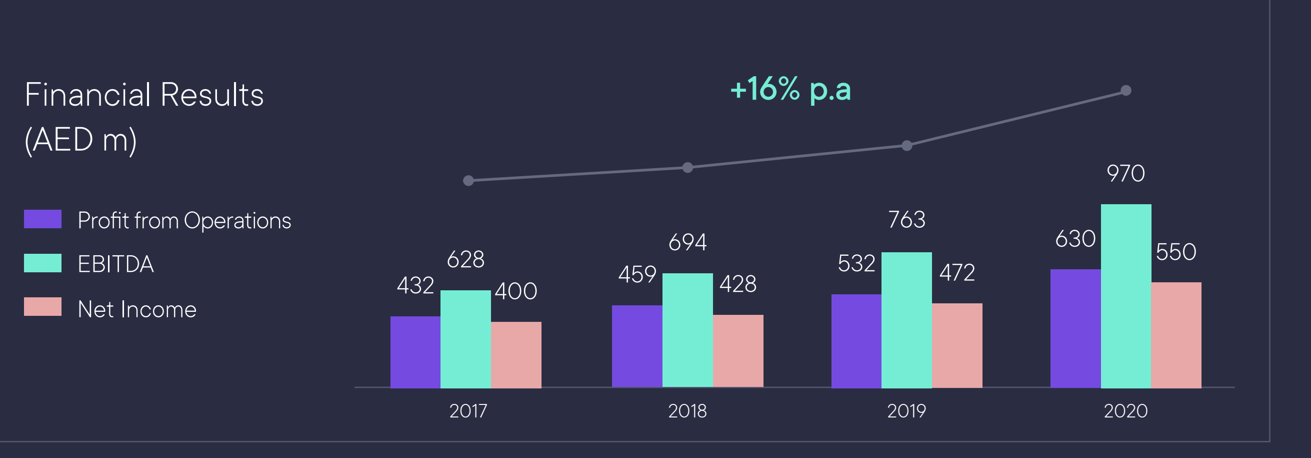
Long-term contracts with credit worthy customers

- Providing over 1.40m RT of cooling across GCC – grown at 9% CAGR since 2017
- Long term contracts (~25 years) mean over 90% of contracted capacity locked in for at least the next 10 years
- About 80% of revenues from wholly government owned and partially government owned entities



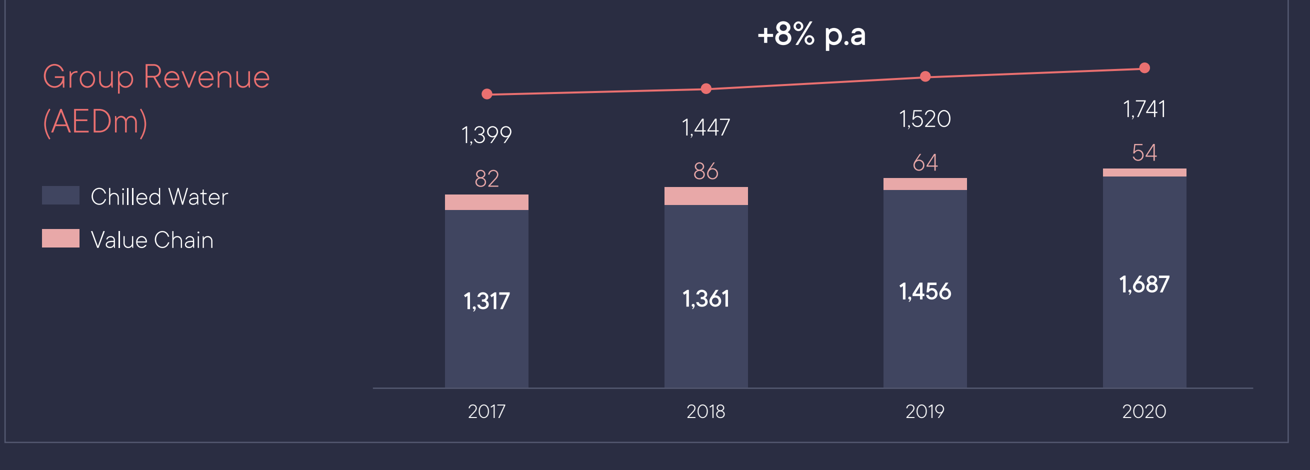
Solid financial performance

- Predictability in earnings driven by capacity charge
- EBITDA has grown 16% annually since 2017



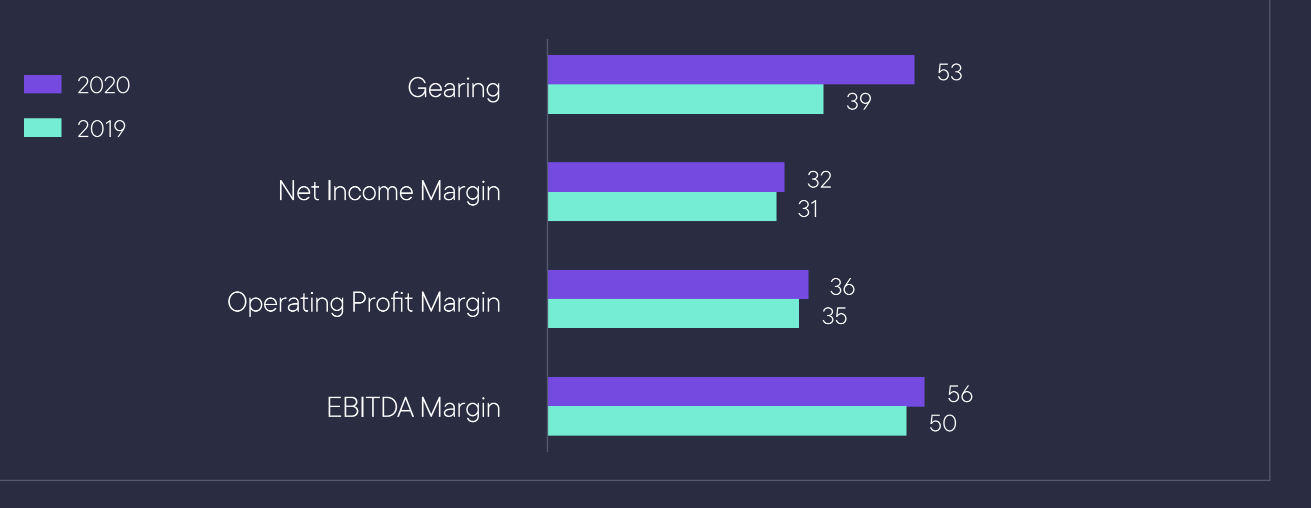
Revenue growth from existing and new business

- Group revenue growing at 8% CAGR since 2017 driven by Chilled Water revenue growth of 9%
- Utility business model leads to steady increases in revenue and profitability from existing customers
- Acquired 80% stake in Emaar's Dubai Downtown District Cooling business and signed a long-term concession



Revenue growth from existing and new business

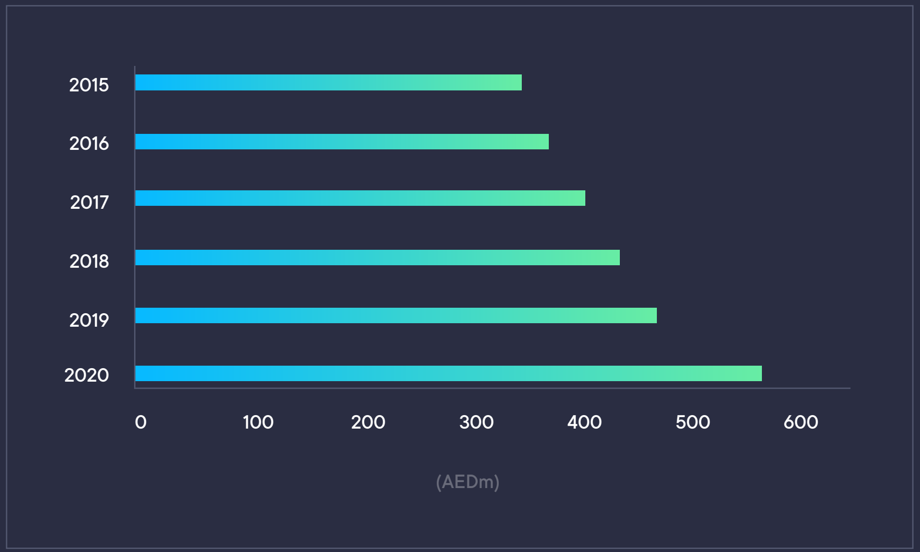
- EBITDA margin of 56%
- Strong balance sheet
- Stable cash flow generation
- Dividend of 11.5 fils (cash + equity value), up from 10.5 fils in 2019



5.
Overview Historical Highlights

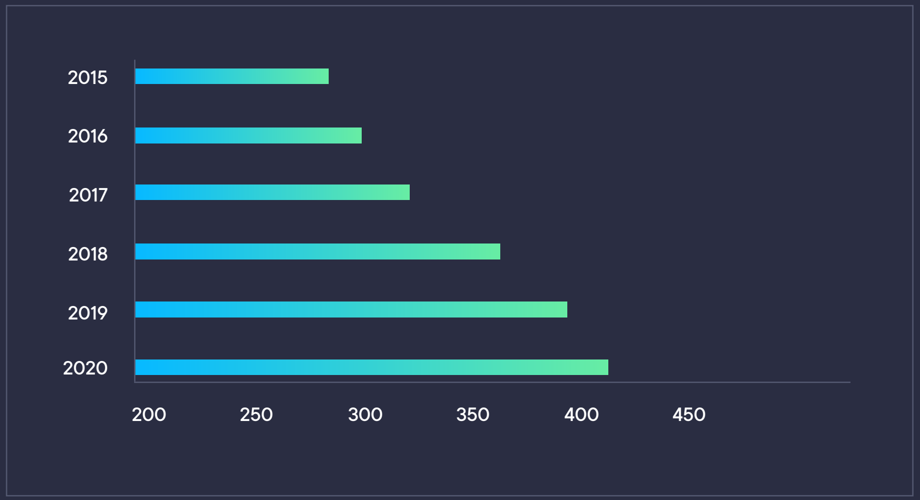
Net Profit

With a stable utility business model, Tabreed continues to deliver strong financial and operating performance year on year with rising profitability, stable margins and robust cash flows. In addition to delivering a strong performance during 2020, Tabreed undertook several strategic initiatives to enable the Company to capitalize on and deliver growth opportunities



GCC Capacity (kRT)

Tabreed announced a number of significant achievements during 2020, including the acquisition of Masdar City's district cooling plants, the acquisition of Saadiyat Island district cooling plants and the acquisition of 80% of Emaar District Cooling. This is in addition to launching Tabreed Energy Services and partnering with Bee'ah.

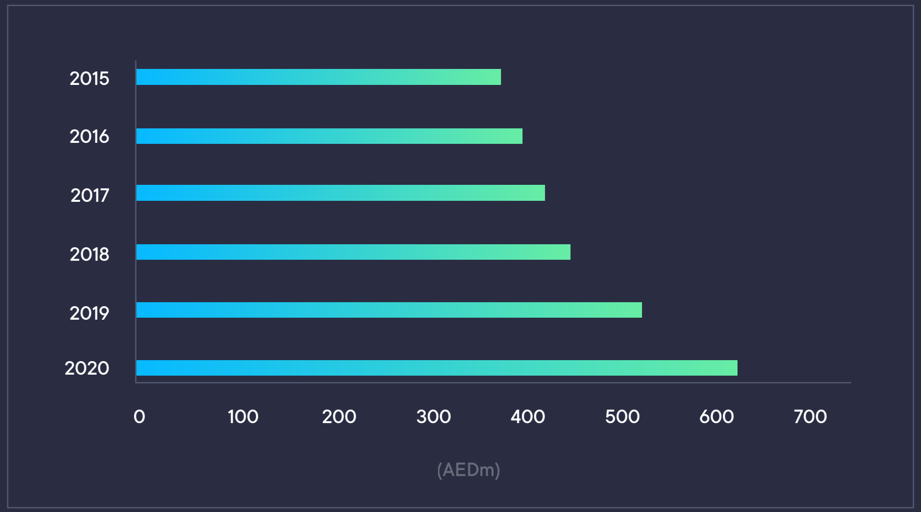


UAE Capacity (kRT)

Tabreed reported a 16.5% increase in 2020 net income to AED 550 Million, adding 39.6k Refrigeration Tons (RT) of organic capacity growth and 181.5k RT of inorganic capacity additions, resulting in the delivery of 1,403,819 RT of cooling capacity at the end of the calendar year.

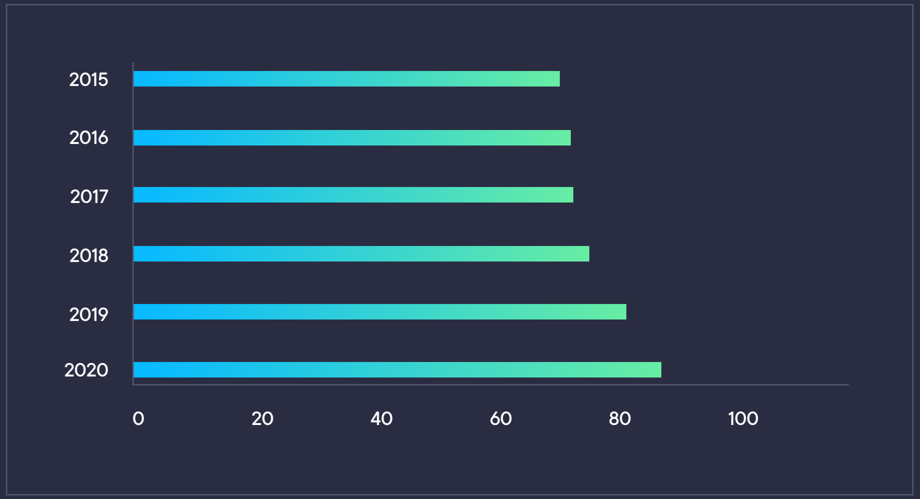
Profit from operations

Operationally, Tabreed celebrated a series of accomplishments in 2020 including the achievement of over 12 million safe work hours without Lost Time Injury (LTI), and receiving the Quality Management System (QMS): ISO 9001:2015, the Environment Management System: ISO 14001:2015 (EMS), the Occupational Health and Safety Management System: ISO 45001:2018, and the Energy Management System (EnMS): ISO 500001:2018. Also, the company received the Energy Management Insight Award, the Solar Impulse Efficient Solution Label Award and the Future Workplace Awards as a testament to its focus on energy management, operational excellence and its people.



Number of plants

Tabreed launched the Tabreed Energy Services, a new entity consolidating its service businesses to provide customers with an integrated set of consultancy, operations and maintenance services, that will help them optimize the energy efficiency of their buildings and developments.

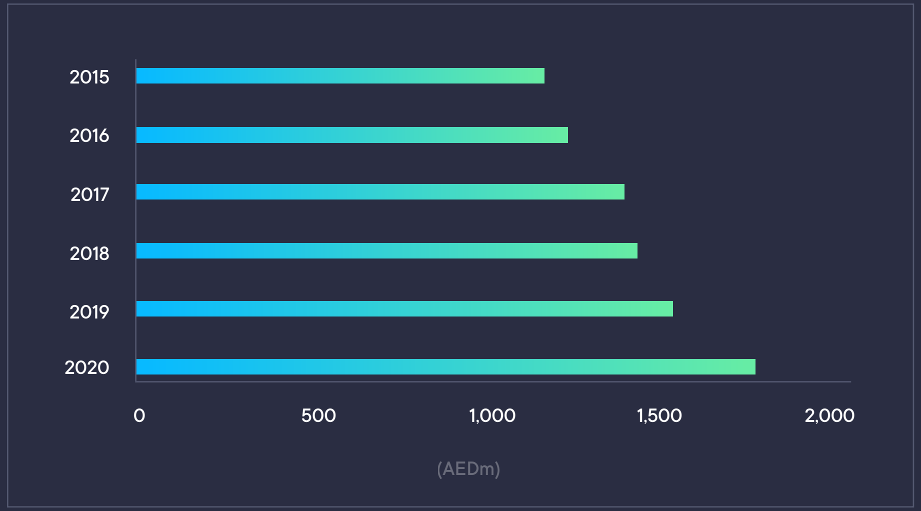


Group Revenue

Total revenue increased by 14.5% led by a 15.8% increase in chilled water revenue, which underscores the Company's strong financial performance and provides stable and predictable long-term returns. Chilled water revenue grew by 15.8% compared to last year; this represents an annualized growth of 9% since 2015. Profit from operations was AED 630.1 million, 18% higher than 2019 and driven by new acquisition and additions in the UAE, higher consumption volumes. Our profit from operations has grown at an annualized rate of 10% since 2015, in line with growth in revenues.

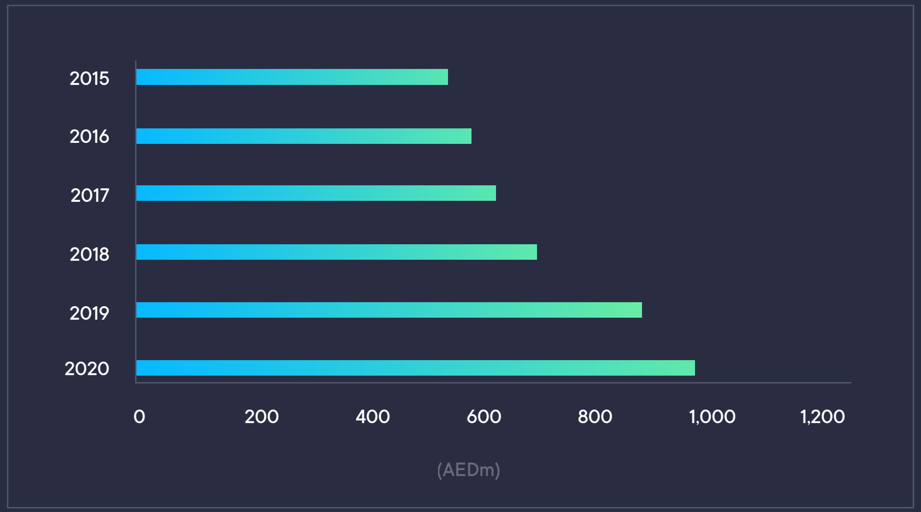
Chilled Water Revenue

Our core chilled water business model continues to deliver predictable and sustainable returns on the foundation of our long-term, price-certain contracts without customers across the GCC many of whom are established government entities. Around 69% of our revenues come from wholly government owned and partially government owned entities, therefore limiting counterparty risks. Accordingly, the Company continues to report strong top-line and bottom-line performance led by the core Chilled Water business growth. During 2020, total connected capacity increased by 221k RT to 1,404k RT. Six new plants were added to the portfolio in 2020, taking the total number of plants to 86.



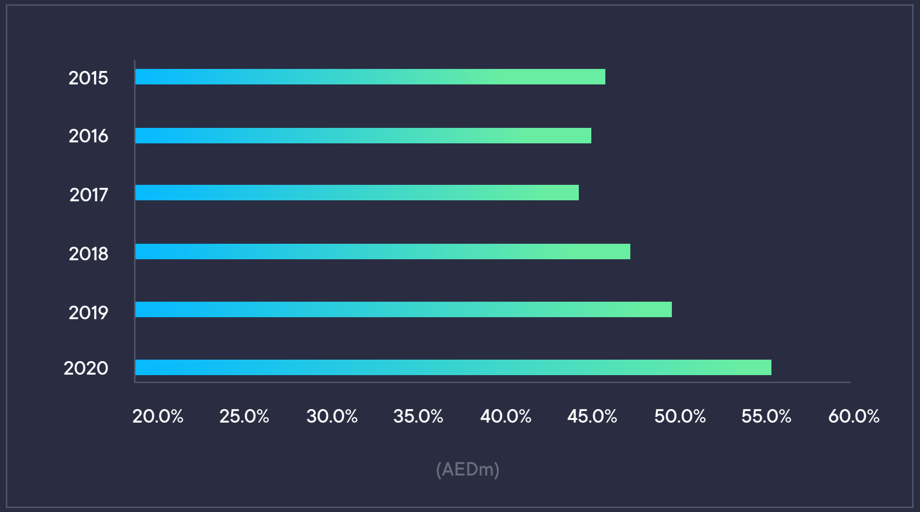
Group EBITDA

2020 also saw an 16.5% increase in Net Income and a 27.1% increase in EBITDA. And this was driven by a combination of factors such as strong chilled water performance, addition of new customer connections to the portfolio and continued focus on cost control and efficient operations.



Group EBITDA margin (%)

The high-margin chilled water business also drives the cash generation ability of the business with the Company's operational cash flow reaching AED 629.3 million in 2020, 19% lower than 2019. Stable earnings and cash flows enable Tabreed to maintain an attractive dividend payout. In line with the Company's commitment to provide sustainable returns to its shareholders and its policy to increase dividends in line with growth in the business, the Board of Directors has recommended a dividend of 11.5 fils per share year to be paid 50% in cash and 50% in equity compared to 10.5 fils paid in cash for 2019. This is 10% higher than last. and reflects a 57%, in line with the payout in 2019.



Capacity (kRT)

Tabreed's operations and performance in 2020 build on a consistent upward trend over the last five years, where the company has evolved from a business in development to a mature, utility infrastructure organization delivering on its growth potential.

6. Board of Directors

Paulo Almirante
Vice Chairman

Paulo Almirante is currently Senior Executive Vice President of Renewables and Chief Operating Officer at global energy leader ENGIE and is a member of ENGIE's Executive Committee. He is responsible for the following business units: Brazil; Middle East, South and Central Asia and Turkey; North, South and Eastern Europe and Generation Europe.

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

Khaled Abdulla Al Qubaisi
Chairman

Khaled Al Qubaisi is the Chief Executive Officer of Real Estate and Infrastructure Investments at Mubadala, overseeing a portfolio of both physical and digital assets around the globe, which includes properties, real estate, and the consolidation of our international infrastructure that offer long-term stable returns across business cycles.

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

He is the Chairman of Injazat Data Systems, the Director and Vice Chairman of Abu Dhabi Motor Sports Management. He is also a board member of Abu Dhabi Future Energy Company (Masdar), Emirates Global Aluminium, Emirates Integrated Telecommunications Company (du), GLOBALFOUNDRIES, Mubadala Petroleum, Finance House and Insurance House.

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

Mohamed Jameel Al Ramahi

Board Member

Mohamed Jameel Al Ramahi is the CEO of Abu Dhabi Future Energy Company (Masdar), where he spearheads the company's development and strategic direction in the renewable energy and clean technology sector.

Mr Al Ramahi also the Chairman of the Masdar Investment Committee, and a director of Shua'a Energy 2 PSC, the project vehicle developing Phase 3 of the MBR Solar Park, Emirates Waste to Energy Company and Medical Holding Company. He is also a director of the Catalyst, a joint venture between Masdar and BP specialising in the acceleration of clean-tech start-ups. Previously, Mr Ramahi ran the internal audit and risks management function of GASCO. He holds a Bachelor's degree in business administration & finance from the University of Evansville in the United States.

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

Board Member

His Excellency Dr. Ahmad Belhoul Al Falasi is the Minister of State for Entrepreneurship and SMEs. Under this role, H.E. Dr. Al Falasi is at the fore of designing national initiatives to strengthen the UAE's small and medium enterprise (SME) sector, one of the engines of the national economy, and promote entrepreneurship in various industries.

H.E. is also tasked to set a strategic direction and develop a general national policy for the country's tourism sector. His Excellency previously held positions as CEO of Masdar, Executive Director of Strategy and Tourism Sector Development at Dubai's Department of Tourism and Commerce Marketing, VP at Mubadala and an executive at McKinsey & Company. His Excellency holds a Ph.D. from Sir John Monash University in Australia, a Master of Science from the University of Melbourne and a Bachelor's degree in Telecommunications Engineering from Khalifa University, UAE.

Sébastien Arbola
Board Member

Sébastien Arbola is the Executive Vice President in charge of Thermal Generation and Energy Supply activities at ENGIE. He is also CEO of the Middle East, North Africa, South and Central Asia and Turkey region for global energy leader ENGIE.

Prior to that, he was the CFO and Senior Vice President of the company's Asian environmental operations as M&A Group Director. He has held roles of increasing seniority in Finance and Management over his 11-year tenure with ENGIE.

He is a graduate of the École Supérieure de Commerce de Paris.

Mohammed Al Huraimel Alshamsi
Board Member

Mohammed Al Huraimel Alshamsi is Director of Utilities Investments in Mubadala, where he is responsible for the asset management function of Mubadala's Utilities portfolio, which includes thermal power, water, and district cooling assets.

Prior to Mubadala, he was the director of Strategy and Policy at the UAE Prime Minister's Office. He has also held roles at McKinsey & Company, Dubai International Capital, and General Motors. He has an MBA from the HEC School of Management – Paris and a Bachelor's degree in Finance from the American University of Sharjah, UAE.

Saeed Ali Khalfan Al Dhaheri
Board Member

Saeed Ali Khalfan Al Dhaheri, is Director of Investments at Ali & Sons Holding LLC.

His current role at Ali & Sons Holding includes active management of the company's securities portfolio, whilst overseeing the company's real estate and hospitality division, as well as risk management of Ali & Sons and its subsidiaries.

Previously, he was an Analyst at Abu Dhabi Investments Authority. He holds a Bachelor of Finance degree from the American University in Dubai, UAE.

Frédérique Dufresnoy
Board Member

Frédérique is Deputy Director of Decentralized Solutions for Cities at global energy leader ENGIE.

Frédérique is Deputy Director of Decentralized Solutions for Cities at global energy leader ENGIE. Prior to that, she was the Director of Finance, Risks and International Development at ENGIE, CEO of Flexco and CFO of the company's European operations. Ms. Dufresnoy holds a Master's degree in Business from Emlyon Business School and an MBA degree from the University of Texas at Austin.

Frédéric Claux
Board Member

Frédéric Claux is currently the Head of Acquisitions, Investments and Financial Advisory for global energy leader ENGIE, with approximately 20 years of experience at the company.

Frédéric Claux is currently the Head of Acquisitions, Investments and Financial Advisory for global energy leader ENGIE, with approximately 20 years of experience at the company. Mr Claux also serves as a non-executive Board member of Les Eoliennes en Mer (offshore wind). He graduated from French civil engineering school École Nationale des Ponts et Chaussées and holds an MBA from HEC business school in Paris.

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A strategic board has a view of looking ahead, an insight to look deeper, and competency to look beyond.

7. Board of Directors' Report

We are pleased to report on the financial results and operational performance of National Central Cooling Company PJSC (Tabreed) for the year ended 31 December 2020. Tabreed's continued strong performance is underpinned by a robust utility infrastructure business model, which delivers consistent and sustainable results year-on-year. Operationally, we have continued to connect customers (many of whom are large government and private entities) to our 86 plants located throughout the GCC, and increase our contracted capacity to almost 1.4 million RT.

Financial highlights

In 2020, Tabreed continued to improve on the strong financial performance of recent years. Highlights include:

- Net income increased by 16.5% to AED 550 million (2019: AED 472 million)
- Group revenue increased by 14.5% to AED 1,741 million (2019: AED 1,520 million)
- EBITDA increased by 27% to AED 970 million (2019: AED 763 million)

Operational performance

In 2020, Tabreed added 39.6k Refrigeration Tons (RT) of organic capacity growth and 181.5k RT of inorganic capacity additions.

- Total Group connected capacity across the portfolio increased to 1,403,819 Refrigeration Tons (RT)
- 221.1k Refrigeration Tons (RT) of new customer connections added
- 6 new plants added through the acquisitions of Downtown Dubai and Saadiyat Island

Tabreed's total number of plants increased to 86 at the end of 2020.

Environmental impact highlights

During 2020, Tabreed achieved the milestone of 12,842,023 man-hours without a lost-time injury, reflecting our commitment to the health and safety of our workforce.

During 2020, our operations reduced the amount of energy utilized for cooling in the GCC by 2.26 billion kilowatt hours (enough electricity to power approximately 128,500 homes in the UAE every year). This reduction in energy consumption, achieved by employing district cooling instead of conventional air conditioning, has prevented the release into the atmosphere of 1.35 million metric tons of carbon dioxide emissions, the equivalent of eliminating the emissions of over 293,000 vehicles annually.

Corporate developments

In April 2020, the company distributed a 10.5 fils dividend for the FY 2019, an increase of 10.5% on the 9.5 fils dividend distributed a year earlier. The dividend profile reflected the Board's policy to grow dividends, whilst recognizing that some earnings fluctuations are to be expected. As a result, the annual dividend will continue to reflect the Board's view of the earnings prospects over the entirety of the investment cycle and after providing for business investment and meeting Tabreed's debt service obligations. In setting the annual dividend and the overall financial strategy, the Board's aim is to continue to strike a balance between the interests of the business, financial creditors and shareholders.

During the year, Tabreed achieved a number of notable milestones:

- In January, Tabreed announced an agreement to acquire the Masdar City district cooling concession which will grow to provide efficient cooling services to more than 2.7 million sq.m of sustainable urban communities in Masdar City, with a total capacity of about 69k RT.
- Also, in January, Tabreed signed a partnership agreement with Bee'ah to jointly explore the development of large-scale district cooling projects in the Emirate of Sharjah
- In April, Tabreed announced the acquisition of an 80% stake in Emaar Properties PJSC's (DFM: Emaar) Downtown Dubai district cooling business. The acquisition significantly increased Tabreed's market share in Dubai and was funded with a USD692m, 5 year corporate debt facility which was successfully syndicated to 9 banks
- In September, Tabreed announced the launch of a new initiative titled '#TabreedCares'. The initiative includes individual programs run across Tabreed's operations in collaboration with our partners in the region
- In October, Tabreed successfully raised USD500 million (AED 1.8 billion) with a 7-year, 2.5% coupon bond issuance.
- In December, Tabreed acquired Saadiyat Island District Cooling concessions of 88k RT from Aldar and other minority interest shareholders

Looking ahead

2020 was a strong year for Tabreed, despite the difficulties presented by the Covid-19 pandemic and we continue to look to the year ahead with optimism. Under the leadership of our new CEO, Bader Al Lamki, Tabreed is well positioned to build further on recent performance and deliver future growth and shareholder value. The Tabreed of today is a solid and financially stable company, underpinned by long-term contracts with strong organizations. We have a diversified portfolio of customers across the GCC region, including government and private entities, and we deliver our services to projects that are critical to economic development in the countries in which we operate.

8. Independent Auditor's Report

Independent auditor's report to the shareholders of National Central Cooling Company PJSC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Central Cooling Company PJSC ("the Company") and its subsidiaries (together, "the Group") as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- The consolidated statement of profit or loss for the year ended 31 December 2020
- The consolidated statement of comprehensive income for the year ended 31 December 2020
- The consolidated statement of financial position as at 31 December 2020
- The consolidated statement of changes in equity for the year then ended
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matters	• Impairment indicator assessment of property, plant and equipment; and • Valuation for business combination of Downtown District Cooling LLC.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

Impairment indicator assessment of property, plant and equipment.

The Group has AED 4.44 billion of property, plant and equipment carried in the consolidated statement of financial position representing 33% of the total assets.

The Group's policy is to carry these assets at cost less accumulated depreciation and impairment. The Group performs a detailed impairment assessment of its significant assets whenever there is an indication that the assets may e impaired.

During the year ended 31 December 2020, the Group performed a detailed assessment around external and internal impairment indicators for its property, plant and equipment. The Group has adopted a business model which proved to be resilient towards the impact of COVID-19 and thus the Group did not identify any impairment indicator which would trigger a detailed impairment assessment of its property, plant and equipment.

The impairment indicator assessment is inherently subjective and requires significant estimates and judgements.

Refer to Note 2.3.11 which explains the accounting policy and Note 2.6.2 and 11 which explain the critical estimates used by the Group in the impairment assessment.

How our audit addressed the key audit matter

In respect to the Group's impairment indicator assessment for property, plant and equipment, we have performed the following audit procedures:

- Evaluated compliance with the requirements of IAS 36 – Impairment of Assets in relation to the impairment indicators assessment methodology and accounting policy
- Obtained and analysed the detailed impairment indicators assessment prepared by the management for property, plant and equipment, to determine whether they are reasonable and supportable. As part of the overall impairment indicator assessment, amongst other factors, we reviewed:
  - Market capitalisation of the Group
  - The impact on Weighted Average Cost of Capital (WACC) at the reporting date
  - Remaining useful lives of the assets
  - Cash Generating Unit ("CGU") wise budget versus actual comparisons
  - Challenged key judgements made by the management while assessing internal and external indicators; and
- Assessed the appropriateness and adequacy of the related disclosures in Note 11 to the consolidated financial statements

Valuation for business combination of Downtown District Cooling LLC

During the year ended 31 December 2020, the Group acquired 80% equity interest in Downtown District Cooling LLC ("DDC") for a total consideration of AED 2.48 billion. DDC is involved district cooling business. This significant acquisition is part of the Group's strategic plan to expand its business within UAE.

On 5 April 2020, the conditions precedent under the Agreement were substantively met, resulting in the Group gaining control of DDC and thus accounting it for as a subsidiary. Details on the acquisition are provided in Note 27.1 of these consolidated financial statements.

An independent external valuation specialists (valuer) was engaged by the Group to the perform Purchase Price Allocation (PPA) exercise, fair valuation of the acquired assets & liabilities and identification and valuation of intangible assets of DCP.

The acquisition of DDC is a key audit matter as this is a significant transaction during the year which required significant assumptions, estimates and judgements regarding the allocation of purchase price to the assets and liabilities and the identification and valuation of intangible assets i.e. customer contracts and goodwill.

Refer to Note 2.3.1 for the accounting policy and Note 2.6.1 which explains the significant estimates, assumptions and judgement used by the Group.

We performed the following procedures to assess the key assumptions, estimates and judgement used in performing the PPA exercise and assessing the fair value of the assets and liabilities, acquired in the acquisition:

- We reviewed relevant board of directors' resolutions and the contracts related to the acquisition
- We obtained the Purchase Price Allocation report prepared by the independent valuer engaged by the Group
- We assessed the competence, capabilities and objectivity of Group's independent valuer
- We involved our internal valuation experts to review the methodology and assumptions used and to assess reasonableness of the conclusions regarding key assumptions used to determine the fair values of assets and liabilities recognised. Further, we assessed the key assumptions including cash flows focusing on revenues and earnings before interest, tax depreciation and amortisation ('EBITDA') and appropriateness of discount and growth rates, whilst considering the risk of management bias; and
- We assessed the appropriateness and adequacy of the related disclosures in Note 27.1 to the consolidated financial statements

Other information

The Directors are responsible for the other information. The other information comprises the Group's Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Group's Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2020:

(i) We have obtained all the information we considered necessary for the purposes of our audit

(ii) The consolidated financial statements comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015

(iii) The Group has maintained proper books of account;

(iv) As disclosed in Note 9 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2020

(v) Note 28 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted

(vi) Based on the information that has been made available to us, except for the fact that the Directors' report was not available to us at the date of this auditor's report, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2020; and

(vii) As disclosed in Note 1 to the consolidated financial statements, the Group has made social contributions of AED 0.7 million during the year ended 31 December 2020

PricewaterhouseCoopers
14 February 2021

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

9. Financial Statements

Consolidated statement of profit or loss

	Notes	Year ended 31 December	
		2020 AED '000	2019 AED '000
Continuing operations			
Revenues	3	**1,740,715**	1,520,103
Direct costs	6.1	**(886,086)**	(767,549)
Gross profit		**854,629**	752,554
Impairment provision for trade receivables	18	**(5,579)**	(13,576)
Administrative and other expenses	6.2	**(218,986)**	(206,671)
Operating profit		**630,064**	532,307
Finance costs	5	**(221,601)**	(180,793)
Finance income		**2,808**	3,112
Other gains and losses		**79,041**	27,051
Share of results of associates and joint ventures, net	12 , 13	**51,195**	63,474
Profit from continuing operations		**541,507**	445,151
Profit from discontinued operation	12	**31,963**	35,653
Profit for the year		**573,470**	480,804
Attributable to:			
Equity holders of the parent			
Profit from continuing operations		**518,379**	436,826
Profit from discontinued operation		**31,963**	35,653
		550,342	472,479
Non-controlling interests			
Profit from continuing operations		**23,128**	8,325
Profit from discontinued operation		**-**	-
		23,128	8,325
		573,470	480,804

	Notes	Year ended 31 December	
		2020 AED '000	2019 AED '000
Basic and diluted earnings per share from continuing operations attributable to ordinary equity holders of the parent (AED)		**0.19**	0.16
Basic and diluted earnings per share from discontinued operations attributable to ordinary equity holders of the parent (AED)		**0.01**	0.01
Total basic and diluted earnings per share attributable to ordinary equity holders of the parent (AED)	7	**0.20**	0.17

Consolidated statement of comprehensive income

	Notes	Year ended 31 December	
		2020 AED '000	2019 AED '000
Profit for the year		**573,470**	480,804
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Net movement in fair value of derivatives in cash flow hedges related to Interest Rate Swaps ("IRS")	26	**(17,016)**	(8,249)
Share of changes in fair value of derivatives of associates and a joint venture in cash flow hedges related to IRS	12, 13	**(28,509)**	(19,418)
Exchange differences arising on translation of overseas operations		**206**	682
Total other comprehensive loss		**(45,319)**	(26,985)
Total comprehensive income for the year		**528,151**	453,819
Attributable to:			
Equity holders of the parent			
Profit from continuing operations		**473,060**	409,841
Profit from discontinued operation		**31,963**	35,653
		505,023	445,494
Non-controlling interests			
Profit from continuing operations		**23,128**	8,325
Profit from discontinued operation		**-**	-
		23,128	8,325
		528,151	453,819

Consolidated statement of financial position

	Notes	Year ended 31 December	
		2020 AED '000	2019 AED '000
ASSETS			
Non-current assets			
Capital work in progress	10	**299,489**	66,956
Property, plant and equipment	11	**4,437,282**	3,940,360
Right-of-use assets	16	**165,469**	136,267
Intangible assets	14	**2,360,127**	28,527
Investments in associates and joint ventures	12, 13	**358,258**	605,708
Advance towards investment in an associate	12	**-**	126,274
Finance lease receivables	15	**2,793,069**	2,836,547
		10,413,694	7,740,639
Current assets			
Inventories		**42,420**	34,673
Trade and other receivables	18	**898,467**	593,424
Finance lease receivables	15	**315,581**	307,984
Cash and bank balances	19	**1,312,894**	226,902
		2,569,362	1,162,983
Assets held for sale	12	**329,885**	-
Total assets		**13,312,941**	8,903,622
EQUITY AND LIABILITIES			
Equity			
Issued capital	20	**2,715,529**	2,715,529
Treasury shares		**(2,016)**	(2,016)
Statutory reserve	21	**413,020**	358,466
Retained earnings		**2,133,906**	1,923,249
Foreign currency translation reserve		**(1,480)**	(1,686)
Cumulative changes in fair value of derivatives in cash flow hedges		**(94,078)**	(48,553)
Equity attributable to the equity holders of the parent		**5,164,881**	4,944,989
Non-controlling interests		**710,289**	70,666
Total equity		**5,875,170**	5,015,655

	Notes	Year ended 31 December	
		2020 AED '000	2019 AED '000
Liabilities			
Non-current liabilities			
Trade and other payables	26	**116,727**	95,261
Interest bearing loans and borrowings	22	**2,132,930**	870,477
Islamic financing arrangements	23	**630,681**	-
Non-convertible Bonds and Sukuks	24	**3,639,348**	1,828,843
Lease liabilities	17	**219,599**	247,495
Employees' end of service benefits	25	**36,486**	31,390
		6,775,771	3,073,466
Current liabilities			
Trade and other payables	26	**593,722**	620,013
Interest bearing loans and borrowings	22	**23,477**	147,234
Lease liabilities	17	**44,801**	47,254
		662,000	814,501
Total liabilities		**7,437,771**	3,887,967
Total equity and liabilities		**13,312,941**	8,903,622

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operation and consolidated cash flows of the Group as of, and for the year ended 31 December 2020.

Khaled Abdulla Al Qubaisi
Chairman

Bader Al Lamki
Chief Executive Officer

Adel Al Wahedi
Chief Financial Officer

Consolidated statement of changes in equity

	Attributable to equity holders of the parent									
	Issued capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	Retained earnings AED'000	Foreign currency translation reserve AED'000	Cumulative changes in fair value of derivatives AED'000	Other reserve AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2019	2,715,529	(2,016)	316,867	955,960	(2,368)	(20,886)	706,920	4,670,006	67,462	4,737,468
Effect of implementation of IFRS-16	-	-	-	87,290	-	-	-	87,290	-	87,290
Balance at 1 January 2019 (restated)	2,715,529	(2,016)	316,867	1,043,250	(2,368)	(20,886)	706,920	4,757,296	67,462	4,824,758
Profit for the year	-	-	-	472,479	-	-	-	472,479	8,325	480,804
Other comprehensive loss for the year	-	-	-	-	682	(27,667)	-	(26,985)	-	(26,985)
Total comprehensive income for the year	-	-	-	472,479	682	(27,667)	-	445,494	8,325	453,819
Transfer to statutory reserve	-	-	41,599	(41,599)	-	-	-	-	-	-
Dividends paid to shareholders (note 8)	-	-	-	(257,975)	-	-	-	(257,975)	-	(257,975)
Other reserve transferred to retained earnings	-	-	-	706,920	-	-	(706,920)	-	-	-
Effect of additional ownership in a subsidiary	-	-	-	174	-	-	-	174	(1,656)	(1,482)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(3,465)	(3,465)
Balance at 31 December 2019	2,715,529	(2,016)	358,466	1,923,249	(1,686)	(48,553)	-	4,944,989	70,666	5,015,655
Balance at 1 January 2020	**2,715,529**	**(2,016)**	**358,466**	**1,923,249**	**(1,686**	**(48,553)**	**-**	**4,944,989**	**70,666**	**5,015,655**
Profit for the year	**-**	**-**	**-**	**550,342**	**-**	**-**	**-**	**550,342**	**23,128**	**573,470**
Other comprehensive loss for the year	**-**	**-**	**-**		**206**	**(45,525)**	**-**	**(45,319)**	**-**	**(45,319)**
Total comprehensive income for the year	**-**	**-**	**-**	**550,342**	**206**	**(45,525)**	**-**	**505,023**	**23,128**	**528,151**
Transfer to statutory reserve	**-**	**-**	**54,554**	**(54,554)**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends paid to shareholders (note 8)	**-**	**-**	**-**	**(285,131)**	**-**	**-**	**-**	**(285,131)**	**-**	**(285,131)**
Non-controlling interest on acquisition of a subsidiary (note 27)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**619,953**	**619,953**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,458)**	**(3,458)**
Balance at 31 December 2020	**2,715,529**	**(2,016)**	**413,020**	**2,133,906**	**(1,480)**	**(94,078)**	**-**	**5,164,881**	**710,289**	**5,875,170**

Consolidated statement of cash flows

	Notes	Year ended 31 December	
		2020 AED '000	2019 AED '000
Operating activities			
Profit from continuing operations		**541,507**	445,151
Profit from discontinued operations		**31,963**	35,653
Profit for the year including discontinued operations		**573,470**	480,804
Non-cash adjustments:			
Depreciation of property, plant and equipment	11	**167,617**	150,114
Depreciation of right of use assets	16	**21,742**	19,896
Amortisation of intangible assets	14	**33,030**	-
Finance lease income	3	**(200,887)**	(262,169)
Share of results of associates and joint ventures including discontinued operations, net	12, 13	**(83,158)**	(99,127)
Net movement in employees' end of service benefits	25	**5,096**	2,135
Other gains and losses		**(79,041)**	(27,051)
Allowance for provision for trade receivables	18	**5,579**	13,576
Finance income		**(2,808)**	(3,112)
Finance costs	5	**221,601**	180,793
Operating cash flows before changes in working capital		**662,241**	455,859
Working capital changes:			
Inventories		**(5,383)**	(1,867)
Trade and other receivables		**(258,900)**	(38,536)
Trade and other payables		**(87,181)**	43,425
Lease rentals received	15	**318,491**	323,029
Net cash flows generated from operating activities		**629,268**	781,910

	Notes	Year ended 31 December	
		2020 AED '000	2019 AED '000
Investing activities			
Purchase of property, plant and equipment	4	**(16,180)**	(13,005)
Payments for capital work in progress		**(90,104)**	(90,571)
Payment for acquisition of shares in subsidiaries	27	**(2,579,670)**	-
Dividends from a joint venture	13	**7,750**	23,500
Advance towards additional investment in an associate		**-**	(126,274)
Dividends from associates	12	**81,776**	20,725
Payment for acquisition of additional share in a subsidiary		**-**	(1,482)
Finance income received		**1,841**	3,129
Net cash flows used in investing activities		**(2,594,587)**	(183,978)
Financing activities			
Interest bearing loans and borrowings received		**1,864,748**	95,000
Interest bearing loans and borrowings repaid		**(739,317)**	(240,588)
Islamic financing arrangement received		**628,709**	-
Proceeds upon issuance of non-convertible Bonds (net of transaction cost)		**1,808,823**	-
Principal elements of lease payments	17	**(51,795)**	(51,257)
Finance cost paid		**(171,268)**	(161,691)
Dividends paid to shareholders	8	**(285,131)**	(257,975)
Dividends paid to non-controlling interests		**(3,458)**	(3,465)
Net cash flows generated from / (used in) financing activities		**3,051,311**	(619,976)
Net increase / (decrease) in cash and cash equivalents		**1,085,992**	(22,044)
Cash and cash equivalents at 1 January		**226,902**	248,946
Cash and cash equivalents at 31 December	19	**1,312,894**	226,902

Notes to the consolidated financial statements for the year ended 31 December 2020

1. General information

National Central Cooling Company PJSC ("Tabreed" or the "Company" or the "parent") is registered in the United Arab Emirates as a Public Joint Stock Company pursuant to the UAE Federal Law No. (2) of 2015 and is listed on the Dubai Financial Market. The company was incorporated under the U.A.E Federal Law No. (8) of 1984, as amended, on 15 March 2016. Subsequently, the U.A.E Federal Law No. (8) of 1984 was superseded by U.AE. Federal Law No (2) of 2015. The principal activities of the Company and its subsidiaries (the "Group") are supply of chilled water, operation and maintenance of plants, construction of secondary networks, manufacturing of pre-insulated pipes and design and supervision consultancy. Activities of subsidiaries are described in note 9 to the consolidated financial statements.

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

The Group has made social contributions of AED 0.7 million during the year.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on February 14, 2021.

2.1 Basis of preparation

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

The consolidated financial statements are prepared under the historical cost basis, except for derivative financial instruments which are measured at fair value and assets held for sale which are measured at lower of carrying value and fair value less cost to sell. The consolidated financial statements have been presented in United Arab Emirates Dirham ("AED") which is the reporting currency of the Company. All values are rounded to the nearest thousand (AED '000) except when otherwise indicated.

The consolidated statement of profit or loss and the consolidated statements of comprehensive for the prior year have been re-presented to reflect discontinued operations both those operations reported as discontinued in the comparative year together with those classified as discontinued in the current year, separately.

The accounting policies have been consistently applied to all the periods presented.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together the "Group") as at 31 December 2020 over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

For changes in ownership interests the Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within equity attributable to owners.

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

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

2.3 Summary of significant accounting policies

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

2.3.1 Business combinations and goodwill

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

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

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

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

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

2.3.2 Revenue recognition

The Group recognises revenue from the following major sources:

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

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount.

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

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

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

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

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

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

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

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

(a) Supply of chilled water

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

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

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

(b) Rendering of services (value chain business)

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

(c) Interest income

Interest income including interest on finance lease receivable is recognised as the interest accrues using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset. For details on finance lease refer to note 2.28. Finance income on finance lease receivables is included in revenue due to its operating nature.

2.3.3 Foreign currencies

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

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Emirati Dirham currency units (AED), which is National Central cooling PJSC functional and presentation currency.

(b) Transactions and balances

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

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

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

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

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

(c) Group companies

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

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

2.3.4 Capital work in progress

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

2.3.5 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the consolidated statement of profit or loss over the term of the borrowings using the effective interest method. Borrowings are classified as non-current liabilities when the Group has an unconditional right to defer settlement of the liabilities for more than twelve months after the reporting date. Borrowing costs (including finance costs on lease liabilities) that are directly attributable to the acquisition or construction of a qualifying asset are capitalised (net of interest income on temporary investment of borrowings) as part of the cost of the asset until the asset is commissioned for use. Borrowing costs in respect of completed and suspended projects or not attributable to qualifying assets are expensed in the period in which they are incurred. During the year ended 31 December 2020, no borrowing cost was capitalised (2019: AED nil).

2.3.6 Trade and other payables

Trade payables are obligations to pay for goods or service that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.3.7 Property, plant and equipment

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

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

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

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

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

2.3.8 Leases

The Group as a lessee

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

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

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

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

The Group as a lessor

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

Operating lease

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

Finance lease

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group reviews the contractual arrangements it enters into with its customers. In instances where the contract conveys the right to control the use of the identified asset for substantially all the economic benefits and the right to direct the use, such contracts are accounted for as a finance lease.

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

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

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

As an accounting policy choice, management opted to remeasure the lease payments, being a lessor, to effect the subsequent changes resulting from variable lease payments that depend on an index or a rate, in accordance with the guidance provided by IFRS 16 for a lessee. Management has already applied the effect of the catch-up adjustment of this remeasurement in the opening retained earnings as at 1 January 2019.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

2.3.9 Investments in associates and joint ventures

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

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

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

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

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

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

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

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

2.3.10 Treasury shares

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

2.3.11 Impairment of non-financial assets

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

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

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

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

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

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

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

2.3.12 Financial instruments

The Group initially recognises financial assets or financial liabilities designated at fair value through profit or loss, investments measured at fair value through other comprehensive income (FVTOCI) and investments measured at amortised cost on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables, finance lease receivables, cash and bank balances, trade and other payables, interest bearing loans and borrowings, Islamic financing arrangements and non-convertible Bonds, Sukuks, and lease liabilities etc. are recognised on the day they are originated.

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss) in the consolidated statement of profit or loss. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the consolidated statement of profit or loss when the inputs become observable, or when the instrument is derecognised.

Financial assets

Recognition and derecognition:

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Classification:

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a nonderivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

(i) The entity's business model for managing the financial assets; and
(ii) The contractual cash flow characteristics of the financial asset

(a) Financial assets at amortised cost

A financial asset measured at amortised cost are categorised under such category if both of the following conditions are met:

(i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(ii) 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.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

(c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

Debt instruments that do not meet the amortised cost criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is

changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed. Irrevocable designation of financial assets at FVTPL at initial recognition is made by the Group only if by doing so it eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the consolidated statement of profit or loss. The net gain or loss is recognised in the consolidated statement of profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in the consolidated statement of profit or loss when the Group's right to receive the dividends is established in accordance with IFRS.

(d) Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

(e) Write-off

Receivables are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Fair value measurement principles

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

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

Offsetting financial instruments

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

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

Impairment

The Group recognises loss allowances for Expected Credit Losses (ECL) on the trade receivables, contract assets and lease receivables that are not measured at FVTPL.

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

(a) Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(b) Loss Given Default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Definition of default

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

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

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

Significant increase in credit risk

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

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

2.3.13 Inventories

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

2.3.14 Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.3.15 Provisions

(a) General

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

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

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

(b) Decommissioning liability

The Group records a provision for decommissioning costs of removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

(c) Contingent liabilities recognised in a business combination

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

2.3.16 Employees' end of service benefits

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

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

2.3.17 Derivative financial instruments

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

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

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

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

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

Embedded derivatives

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

2.3.18 Hedge accounting

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

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

(a) Fair value hedges

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

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

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

(b) Cash flow hedges

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

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

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

(c) Hedge effectiveness testing

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

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

(d) Derivatives that do not qualify for hedge accounting

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

The Group has adopted the Interest Rate Benchmark Reform amendment to IFRS 9 and IFRS 7 issued in September 2019; hedging relationships and instruments. The Group is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates.

2.3.19 Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

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

2.3.20 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

The Group classifies all other liabilities as non-current.

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

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

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

2.3.22 Trade receivables

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

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

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

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

2.3.23 Customer contracts

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

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

2.3.24 Assets classified as held for sale and discontinued operations

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

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

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

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

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

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

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

2.3.25 Value added tax (VAT)

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

2.3.26 Segment reporting

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

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

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these consolidated financial statements.

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. Other than the above, there are no other significant IFRS and amendments that were effective for the first time for the financial year beginning on or after 1 January 2020.

2.5 Standards and Interpretations in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Management anticipates that these IFRS and amendments will be adopted in the consolidated financial statements in the initial period when they become mandatorily effective. The impact of these standards and amendments are currently being assessed by the management.

2.6 Significant accounting judgements, estimates and assumptions

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

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

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

2.6.1 Judgments

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

(a) Provisions relating to contracts

The Group reviews all its arrangements on a regular basis to identify any arrangements where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The Group estimates any such provision based on the facts and circumstances relevant to the contract.

(b) Determining lease terms

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

The following factors are normally the most relevant:

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

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

(c) Lessor accounting policy

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

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

(d) Business combinations

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

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

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

In relation to DDC, the Group has the right to appoint the majority of the directors who can take key decisions relating to the relevant activities of DDC including expanding and acquiring other assets. Furthermore, the Group has the right to appoint all employees of DDC, which provides clear evidence of operational control. The Group is directly and significantly exposed, and has rights to variable returns from DDC and is able to use its power over DDC to affect these returns.

Any rights provided to the minority shareholder are purely protective in nature.

Accordingly, the Group has concluded that it has control over DDC.

2.6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the consolidated financial statements when they occur.

(a) Impairment of financial assets

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

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

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

For all other financial assets, the Group recognises expected credit loss when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

At the reporting date, gross trade receivables were AED 827.6. million (2019: AED 594.6 million) and impairment loss recognised in the consolidated statement of profit or loss for the year ended 31 December 2020 was AED 5.6 million (2019: AED 13.6 million). Provision for impairment at 31 December 2020 is AED 48.9 million (2019: AED 61.4 million).

At the reporting date, gross finance lease receivables were AED 3,145.3 million (2019: AED 3,181.2 million) and provision for impairment at 31 December 2020 is AED 36.7 million (2019: AED 36.7 million). No impairment loss was recognised in the consolidated statement of profit or loss for the year ended 31 December 2020 (2019: nil).

(b) Impairment of non-financial assets

Management determines at each reporting date whether there are any indicators of impairment relating to the Group's cash generating units. A broad range of internal and external factors is considered as part of the indicator review process, where necessary, an impairment assessment is performed. Impairment testing requires an estimation of the fair values less cost to sell and value in use of the cash generating units. The recoverable amounts require the Group to estimate the amount and timing of future cash flows, terminal value of the assets and choose a suitable discount rate in order to calculate the present value of the cash flows. The net carrying amounts of non-financial assets affected by the above estimations are mainly property, plant and equipment and customer contract assets (Note 11).

(c) COVID 19

The economic fallout of COVID-19 crisis is significant in the region the Group operates and is still evolving. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. However, due to the nature of the services, the Group provides, there is no direct impact of COVID-19 on the business. The Group is continuously monitoring the indirect impact of COVID-19 pandemic on the business, operations and its finances, particularly on the usage of chilled water consumption which affects the consumption revenue.

Business continuity planning

The Group is closely monitoring the situation and has invoked crisis management actions to ensure the safety and security of the Group's staff as well as uninterrupted customer service. Alternative working arrangements have been made and administrative staff are currently working remotely.

COVID-19 impact on measurement of ECL

IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecasted economic conditions. In order to assess ECL under forecast economic conditions, the Group concluded that such situation is likely to lead to an increase in the Expected Credit Loss (ECL) from trade receivables. This is mainly due to the increase of the counterparty risk (risk of default) from commercial customers particularly relating to industries which are most affected with COVID 19. The quantification of such increase in risk remains very difficult in the current uncertain environment. However, management has performed revised assessments and an additional loss allowance of AED 5.1 million have been accounted for in these consolidated financial statements. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

Liquidity management

The global market stress brought on by the COVID-19 crisis can negatively affect the liquidity. In this environment, the Group has taken measures to manage liquidity risk until the crisis is over. The Group's credit and treasury department is closely monitoring the cash flows and forecasts.

(d) Impairment of intangible assets, including goodwill

The Group reviews its assets to assess impairment at least on an annual basis. In determining whether impairment losses should be recorded in the consolidated statement of profit or loss, management makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, provision for impairment is made - whenever appropriate - where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

3. Revenues

	2020 AED '000	2019 AED '000
Supply of chilled water	**1,408,148**	1,123,298
Value chain business	**53,827**	63,712
Revenue from contracts with customers	**1,461,975**	1,187,010
Operating lease income	**77,853**	70,924
Finance lease income (note 15)	**200,887**	262,169
Lease income	**278,740**	333,093
	1,740,715	1,520,103

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

	2020 AED '000	2019 AED '000
Within one year	**493,771**	369,158
After one but no more than five years	**1,906,843**	1,418,316
More than five years	**7,077,128**	3,689,995
	9,477,742	5,477,469

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

	2020 AED '000	2019 AED '000
Timing of transfer of goods and services:		
At a point in time	**29,921**	38,197
Over time	**1,432,054**	1,148,813
	1,461,975	1,187,010

4. Operating segments

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

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

	2020				2019			
	Chilled water AED'000	Value chain business AED'000	Eliminations AED'000	Total AED'000	Chilled water AED'000	Value chain business AED'000	Eliminations AED'000	Total AED'000
Continuing Operation								
Revenues								
External revenue	1,686,888	53,827	-	1,740,715	1,456,391	63,712	-	1,520,103
Inter-segment revenue	-	38,147	(38,147)	-	-	24,286	(24,286)	-
Total revenues	1,686,888	91,974	(38,147)	1,740,715	1,456,391	87,998	(24,286)	1,520,103
Direct costs	(856,122)	(44,081)	14,117	(886,086)	(720,941)	(64,349)	17,741	(767,549)
Gross profit	830,766	47,893	(24,030)	854,629	735,450	23,649	(6,545)	752,554
Impairment provision for trade receivables	(5,259)	(320)	-	(5,579)	(13,576)	-	-	(13,576)
Administrative and other expenses	(212,089)	(23,643)	16,746	(218,986)	(193,857)	(25,811)	12,997	(206,671)
Operating profit	613,418	23,930	(7,284)	630,064	528,017	(2,162)	6,452	532,307
Finance costs	(220,908)	(693)	-	(221,601)	(180,243)	(550)	-	(180,793)
Finance income	2,711	97	-	2,808	3,010	102	-	3,112
Other gains and losses	79,041	-	-	79,041	27,051	-	-	27,051
Share of results of associates and joint ventures	51,195	-	-	51,195	63,474	-	-	63,474
Profit from continuing operations				541,507				445,151
Profit from discontinued operation	31,963	-	-	31,963	35,653	-	-	35,653
Profit for the year				573,470				480,804

Inter-segment transaction are eliminated on consolidation.

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

	2020			2019		
	Chilled water AED'000	Value chain business AED'000	Total AED'000	Chilled water AED'000	Value chain business AED'000	Total AED'000
Depreciation on property, plant and equipment (note 11)	**163,898**	**3,719**	**167,617**	146,204	3,910	150,114
Depreciation on Right-of-use asset (note 16)	**21,278**	**464**	**21,742**	19,523	373	19,896
	185,176	**4,183**	**189,359**	165,727	4,283	170,010

Segment assets and liabilities are as follows:

	2020			2019		
	Chilled water AED'000	Value chain business AED'000	Total AED'000	Chilled water AED'000	Value chain business AED'000	Total AED'000
Other segment assets	**12,494,881**	**129,917**	**12,624,798**	8,160,587	137,327	8,297,914
Investments in associates	**339,063**	**-**	**339,063**	566,454	-	566,454
Investment in joint ventures	**19,195**	**-**	**19,195**	39,254	-	39,254
Assets held for sale	**329,885**	**-**	**329,885**	-	-	-
Total assets	**13,183,024**	**129,917**	**13,312,941**	8,766,295	137,327	8,903,622
Segment liabilities	**7,372,803**	**64,968**	**7,437,771**	3,820,888	67,079	3,887,967
Total liabilities	**7,372,803**	**64,968**	**7,437,771**	3,820,888	67,079	3,887,967

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

	2020			2019		
	Chilled water AED'000	Value chain business AED'000	Total AED'000	Chilled water AED'000	Value chain business AED'000	Total AED'000
Capital expenditure:						
Property, plant and equipment	**13,937**	**2,243**	**16,180**	10,828	2,177	13,005
Capital work in progress	**89,170**	**-**	**89,170**	126,587	-	126,587

Geographic information

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

	Revenue		Non-current assets	
	2020 AED '000	2019 AED '000	2020 AED '000	2019 AED '000
United Arab Emirates	**1,667,824**	**1,445,889**	6,845,738	3,750,937
Others	**72,891**	**74,214**	416,629	421,173
	1,740,715	**1,520,103**	7,262,367	4,172,110

For this purpose, non-current assets comprise of capital work in progress, property, plant and equipment, right-of-use asset and intangible assets.

Revenue from external customers

The following table provides information relating to the Group's major customers, which individually contribute more than 10% towards the Group's revenue for the year ended 31 December 2020 and 31 December 2019.

	2020 AED '000	2019 AED '000
Chilled water segment:		
Customer 1	**361,148**	318,967
Customer 2	**218,046**	275,254
Customer 3	**206,004**	141,153
	785,198	735,374

5. Finance costs

	2020 AED '000	2019 AED '000
Gross interest charge for the year	**221,601**	180,793
Less: interest capitalised during the year	**-**	-
Interest charged to consolidated statement of profit or loss during the year	**221,601**	180,793
Interest charged to consolidated statement of profit or loss comprises of:		
Interest on interest bearing loans and borrowings	**68,936**	56,111
Margin on Sukuk	**100,996**	100,997
Interest on Bonds	**7,620**	-
Profit on Islamic financing arrangements	**4,913**	-
Amortisation of transaction costs (note 19)	**16,919**	4,622
Finance cost related to lease liabilities (note 17,19)	**15,603**	17,234
Other finance costs	**6,614**	1,829
	221,601	180,793

6. Profit from operations

6.1 Direct costs

	2020 AED '000	2019 AED '000
Cost of inventories recognised as an expense (i)	**34,212**	36,430
Depreciation on property, plant and equipment (note 11)	**157,833**	142,487
Depreciation on right-of-use assets (note 16)	**12,419**	11,620
Amortisation on intangible assets (note 14)	**33,030**	-
Utility costs	**521,297**	449,085
Purchase of chilled water from a related party (note 28)	**62,128**	60,839
Staff costs (note 6.3)	**63,306**	64,793
Others	**1,861**	2,295
	886,086	767,549

(i) As at 31 December 2020, the inventory balance represents stores and spares which are utilised for repairs and maintenance of the plants managed by the Group.

6.2 Administrative and other expenses

	2020 AED '000	2019 AED '000
Staff costs (note 6.3)	**147,579**	142,303
Depreciation on property, plant and equipment (note 11)	**9,784**	7,627
Depreciation on right-of-use assets (note 16)	**9,323**	8,276
Other expenses	**52,300**	48,465
	218,986	206,671

6.3 Staff costs

	2020 AED '000	2019 AED '000
Salaries, benefits and allowances	**204,529**	200,219
Employees' end of service benefits (note 25)	**6,356**	6,877
	210,885	207,096
Staff costs are allocated as follows:		
Direct costs (note 6.1)	**63,306**	64,793
Administrative and other expenses (note 6.2)	**147,579**	142,303
	210,885	207,096

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

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

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

	2020 AED '000	2019 AED '000
Profit for the year attributable to ordinary equity holders of the parent for basic earnings (AED '000)		
From continuing operations	**518,379**	436,826
From discontinued operation	**31,963**	35,653
	550,342	472,479
Weighted average number of shares (excluding treasury shares) outstanding during the year ('000)	**2,713,514**	2,713,514
Basic earnings per share from continuing operations (AED)	**0.19**	0.16
Basic earnings per share from discontinued operation (AED)	**0.01**	0.01
Total basic earnings per share (AED)	**0.20**	0.17

The Company does not have any instruments which would have a dilutive impact on earnings per share. Therefore, basic and diluted earnings per share are same for the year ended 31 December 2020 and 2019.

8. Dividends and board remuneration

On 14 February 2021, the Board of Directors resolved to recommend to the shareholders at the upcoming Annual General Assembly meeting, the distribution of cash dividends of 5.75 fils per share and bonus shares of 2.22% to the shareholders in respect of the fiscal year ended 31 December 2020.

The Board of Directors proposed a cash dividend of 10.5 fils per share to the shareholders in respect of the fiscal year ended 31 December 2019. The shareholders at the Annual General Assembly Meeting held on 15 March 2020 approved the dividend. The dividend amounted to AED 285.1 million and was paid in April 2020.

In 2019, the Board of Directors proposed a cash dividend of 9.5 fils per share to the shareholders in respect of the fiscal year ended 31 December 2018. The shareholders at the Annual General Assembly Meeting held on 6 March 2019 approved the dividend. The dividend amounted to AED 257.9 million and was paid in April 2019.

Furthermore, Board of Directors' remuneration of AED 7.1 million for the year ended 31 December 2019 was also approved at the Annual General Meeting held on 15 March 2020. Board remuneration of AED 7.1 million for the year ended 31 December 2018 was approved at the previous Annual General Meeting held on 6 March 2019.

9. Subsidiaries

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

Chilled water segment	Country of incorporation	Percentage of holding		Principal activities
		2020	2019	
National Central Cooling Company Ras Al Khaimah LLC	UAE	**100**	100	Sale of chilled water
Summit District Cooling Company	UAE	**100**	100	Sale of chilled water
Bahrain District Cooling Company	Bahrain	**99.8**	99.8	Sale of chilled water
Tabreed Oman SAOC	Oman	**61**	61	Sale of chilled water
Tabreed LLC Oman	Oman	**100**	100	Sale of chilled water
Tabreed Operation & Maintenance Zones Cooling Stations Company LLC	UAE	**100**	100	Operation and maintenance of plants
Tabreed Parks Investment LLC	UAE	**100**	100	Sale of chilled water
Prime District Cooling Company LLC	UAE	**75**	75	Sale of chilled water
S&T Cool District Cooling Company LLC (note 13 & 27)	UAE	**100**	100	Sale of chilled water
Tabreed Amaravati District Cooling Private Limited (TADCPL)	India	**100**	100	Sale of chilled water
Downtown District Cooling LLC	UAE	**80**	-	Sale of chilled water
Masdar City Cooling Company Limited	UAE	**100**	-	Sale of chilled water

Value chain business segment:	Country of incorporation	Percentage of holding		Principal activities
		2020	2019	
Gulf Energy Systems LLC	UAE	**100**	100	Construction of secondary networks
Emirates Preinsulated Pipes Industries LLC	UAE	**65**	65	Manufacturing of pre-insulated pipes
Installation Integrity 2000 LLC	UAE	**100**	100	Commissioning and engineering services
CoolTech Energy Water Treatment LLC	UAE	**100**	100	Water treatment services and sale chilled water related products
Ian Banham and Associates	UAE	**70**	70	Design and supervision consultancy
Sahara Cooling and Air Conditioning LLC	UAE	**51**	51	Supervision services
Tasleem Metering and Payment LLC	UAE	**100**	100	Billing and collection of chilled water charges
Cooltech Water Treatment LLC (Abu Dhabi)	UAE	**100**	100	Water treatment services and sale chilled water related
Cooltech Water Service L.L.C.	UAE	**100**	100	Water treatment services and sale chilled water related
Tabreed Energy Service L.L.C.	UAE	**100**	100	Building energy efficiency service

Others – Unallocated:	Country of incorporation	Percentage of holding		Principal activities
		2020	2019	
Tabreed Holdings WLL	Bahrain	**100**	100	Act as a holding company
Tabreed Al Maryah District Cooling Investment LLC	UAE	**100**	100	Act as a holding company
District Utilities Energy Investments L.L.C	UAE	**100**	100	Act as a holding company
Tabreed India Private Limited	India	**100**	100	Act as a holding company
Tabreed Energy Investments One Person Company LLC	UAE	**100**	100	Act as a holding company
Tabreed Utilities & Metering Energy Investment LLC	UAE	**100**	100	Act as a holding company
Central Utilities & Metering Energy Investment LLC	UAE	**100**	100	Act as a holding company

During the year ended 31 December 2020, the Group purchased 80% equity shares in Downtown District Cooling LLC and 100% shares in Masdar City Cooling Company Limited (note 27).

10. Capital work in progress

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

	2020 AED '000	2019 AED '000
Balance at 1 January	**62,912**	93,859
Additions during the year	**89,170**	126,587
Acquisition through business combination (note 27)	**173,820**	-
Transfer to property, plant and equipment (note 11)	**(33,094)**	(54,234)
Transfer to finance lease (note 15)	**-**	(103,300)
	292,808	62,912
Advances to contractors	**6,681**	4,044
Balance at 31 December	**299,489**	66,956

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

11. Property, plant and equipment

	Land, plant and buildings AED'000	Distribution network AED'000	Furniture and fixtures AED'000	Office equipment and instruments AED'000	Motor vehicles AED'000	Total AED'000
2020						
Cost:						
At 1 January 2020	3,840,041	2,404,794	21,833	50,716	1,327	6,318,711
Additions	8,178	4,126	66	3,810	-	16,180
Acquisition through business combination (note 27)	478,503	136,741	7	12	2	615,265
Transfer from capital work in progress (note 10)	64	30,932	2,098	-	-	33,094
At 31 December 2020	4,326,786	2,576,593	24,004	54,538	1,329	6,983,250
Accumulated depreciation:						
At 1 January 2020	917,220	408,933	8,406	40,901	1,218	1,376,678
Depreciation for the year	103,769	58,928	1,533	3,317	70	167,617
At 31 December 2020	1,020,989	467,861	9,939	44,218	1,288	1,544,295
Net carrying amount before accumulated impairment: At 31 December 2020	3,305,797	2,108,732	14,065	10,320	41	5,438,955
Accumulated impairment:						
At 1 January 2020 and at 31 December 2020	527,691	473,982	-	-	-	1,001,673
Net carrying amount after accumulated impairment: At 31 December 2020	2,778,106	1,634,750	14,065	10,320	41	4,437,282

	Land, plant and buildings AED'000	Distribution network AED'000	Furniture and fixtures AED'000	Office equipment and instruments AED'000	Motor vehicles AED'000	Total AED'000
2019						
Cost:						
At 1 January 2019	3,855,847	2,354,554	20,666	47,836	1,327	6,280,230
Additions	3,370	6,659	96	2,880	-	13,005
Acquisition through business combination (note 27)	9,582	43,581	1,071	-	-	54,234
Transfer from capital work in progress (note 10)	(28,758)	-	-	-	-	(28,758)
At 31 December 2019	3,840,041	2,404,794	21,833	50,716	1,327	6,318,711
Accumulated depreciation:						
At 1 January 2019	820,694	359,488	7,711	37,552	1,119	1,226,564
Depreciation for the year	96,526	49,445	695	3,349	99	150,114
At 31 December 2019	917,220	408,933	8,406	40,901	1,218	1,376,678
Net carrying amount before accumulated impairment: At 31 December 2019	2,922,821	1,995,861	13,427	9,815	109	4,942,033
Accumulated impairment:						
At 1 January 2019 and at 31 December 2019	527,691	473,982	-	-	-	1,001,673
Net carrying amount after accumulated impairment: At 31 December 2019	2,395,130	1,521,879	13,427	9,815	109	3,940,360

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

	2020 AED '000	2019 AED '000
Direct costs (note 6.1)	157,833	142,487
Administrative and other expenses (note 6.2)	9,784	7,627
	167,617	150,114

Property, plant and equipment of AED 310.4 million (2019: AED 318.7 million) have been pledged as security against interest-bearing loans (note 22).

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

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

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

- Identification of cash generating units
- Estimated use of the plant measured by its Equivalent Full Load Hours (EFLH) defined as annual ton-hours of cooling actually supplied divided by the supplying chiller's design capacity in tons
- Amount and timing of revenue relating to capacity of the plant
- Contracted but not connected at year end
- Inflation rate (3%) used to extrapolate cash flows beyond the period of the initial agreement with the respective customer
- Cost of construction relating to plant and equipment under construction based on contracts signed to date and estimate of cost required to complete
- Discount rate based on the Group's weighted average cost of capital (WACC) of 6.5% - 10%; and
- Terminal value of distribution assets and buildings

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

During the year ended 31 December 2020, no borrowing cost is capitalised (2019: nil).

12. Investments in associates

The Group has the following investments in associates:

	Country of incorporation	Principal activities	Ownership		Carrying value	
			2020	2019	2020	2019
Industrial City Cooling Company	United Arab Emirates	Sale of chilled water	20%	20%	4,139	4,703
Qatar Central Cooling Company PJSC*	Qatar	Sale of chilled water	44%	44%	-	296,057
Tabreed District Cooling Company (Saudi)	Kingdom of Saudi Arabia	Sale of chilled water	28%	20%	306,199	172,434
Sahara Cooling Limited	United Arab Emirates	Sale of chilled water	40%	40%	28,725	93,260
					339,063	566,454

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

	2020 AED '000	2019 AED '000
At 1 January	566,454	528,053
Share of results for the year from continuing operations	35,191	35,051
Share of results for the year from discontinued operation (ii)	31,963	35,653
Additions (i)	126,274	-
Dividends received	(81,776)	(20,725)
Share of changes in fair value of effective cash flow hedges	(4,513)	(6,334)
Adjustments for inter group transactions	(4,645)	(5,244)
Classified as held for sale (ii)	(329,885)	-
At 31 December	339,063	566,454

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

(i) During the year, upon completion of the regulatory approvals, the Group recorded acquisition of 8% additional shares purchased from an existing shareholder of Tabreed District Cooling Company (Saudi), at a price of AED 126.3 million. Accordingly, this amount is transferred from 'Advance towards investment in an associate' to 'investments in associates'. The transaction resulted in an increase in the Group's shareholding in Tabreed District Cooling Company (Saudi) from 20% to 28% in 2020

(ii) In December 2020, the Group decided to enter into discussions to explore the sale of its investment in Qatar Central Cooling Company PJSC to the other existing shareholders. The sale is expected to be signed and conclude in the next 12 months. Accordingly, the investment is classified as held for sale in the consolidated financial statements. Similarly, an amount of AED 32.0 million and AED 35.7 million of share of profit from investment in Qatar Central Cooling Company PJSC for year ended 31 December 2020 and 31 December 2019, respectively, was reclassified to profit from discontinuing operation in the consolidated statement of profit or loss . The investment was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification

The following illustrates summarised financial information of the Group's investments in associates:

		Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2020				
Total current assets		**522,268**	**66,960**	**589,228**
Total non-current assets		**1,963,654**	**336,911**	**2,300,565**
Total current liabilities		**(387,660)**	**(26,835)**	**(414,495)**
Total non-current liabilities		**(1,209,338)**	**(284,525)**	**(1,493,863)**
Net assets		**888,924**	**92,511**	**981,435**
Tabreed's share of net assets		**177,785**	**32,864**	**210,649**
Impact of additional investment made during the year		**128,414**	**-**	**128,414**
		306,199	**32,864**	**339,063**

	Qatar Central Cooling Company PJSC AED '000	Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2019				
Total current assets	464,919	511,105	75,920	1,051,944
Total non-current assets	1,796,870	1,948,675	348,128	4,093,673
Total current liabilities	(297,161)	(408,893)	(29,585)	(735,639)
Total non-current liabilities	(1,291,771)	(1,188,718)	(137,798)	(2,618,287)
Net assets	672,857	862,169	256,665	1,791,691
Tabreed's share of net assets	296,057	172,434	97,963	566,454

Reconciliation of carrying amounts

		Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2020				
Opening net assets		**862,169**	**256,664**	**1,118,833**
Profit for the year		**42,436**	**62,260**	**104,696**
Other comprehensive loss		**(21,955)**	**(308)**	**(22,263)**
Dividends paid		**-**	**(208,460)**	**(208,460)**
Other adjustments		**6,274**	**(17,645)**	**(11,371)**
Closing net assets		**888,924**	**92,511**	**981,435**
Tabreed's share of net assets		**177,785**	**32,864**	**212,789**
Impact of additional investment made during the year		**128,414**	**-**	**128,414**
		306,199	**32,864**	**339,063**

	Qatar Central Cooling Company PJSC AED '000	Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2019				
Opening net assets	594,843	877,886	237,368	1,710,097
Profit for the year	81,029	72,606	55,390	209,025
Other comprehensive loss	-	(31,265)	295	(30,970)
Dividends paid	-	(50,000)	(28,813)	(78,813)
Other adjustments	(3,015)	(7,058)	(7,575)	(17,648)
Closing net assets	672,857	862,169	256,665	1,791,691
Tabreed's share of net assets	296,057	172,434	97,963	566,454

		Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2020				
Revenue		**257,494**	**134,156**	**391,650**
Cost of sales		**(88,067)**	**(60,276)**	**(148,343)**
Administrative and other expenses		**(57,155)**	**(3,550)**	**(60,705)**
Other Loss		**(1,936)**	**-**	**(1,936)**
Net finance cost		**(67,900)**	**(8,070)**	**(75,970)**
Profit for the year		**42,436**	**62,260**	**104,696**
Tabreed's share of results for the year		**11,882**	**23,309**	**35,191**

	Qatar Central Cooling Company PJSC AED '000	Tabreed District Cooling Company (Saudi) AED '000	Others AED '000	Total AED '000
2019				
Revenue	393,624	246,203	125,122	764,949
Cost of sales	(189,661)	(79,992)	(57,909)	(327,562)
Administrative and other expenses	(106,850)	(41,847)	(4,706)	(153,403)
Other Loss	17,588	11,162	971	29,721
Net finance cost	(30,917)	(62,920)	(8,088)	(101,925)
Other charges	(2,755)	-	-	(2,755)
Profit for the year	81,029	72,606	55,390	209,025
Tabreed's share of results for the year	35,653	14,521	20,530	70,704

Net assets of associates include the Group's share of negative fair value of derivatives of associates amounting to AED 13.6 million (2019: AED 9.0 million). Summarised financial information of the Group's investments in associates is adjusted for intercompany transactions.

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

13. Investments in joint ventures

The Group has the following investments in joint ventures:

	Country of incorporation	Principal activities	Ownership		Carrying value	
			2020	2019	2020 AED 000'	2019 AED 000'
SNC Lavalin Gulf Contractors LLC	United Arab Emirates	Construction business	**51%**	51%	**18,983**	20,031
Business District Cooling Investment LLC	United Arab Emirates	Sale of chilled water	**50%**	50%	**212**	19,223
					19,195	39,254

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

The reporting date for the joint ventures is same as for Tabreed.

Movement in investments in joint ventures is as follows:

	2020 AED '000	2019 AED '000
At 1 January	**39,254**	51,227
Share of results for the year	**16,004**	28,423
Dividends paid	**(7,750)**	(23,500)
Share of changes in fair value of effective cash flow hedges	**(23,996)**	(13,084)
Adjustments for inter group transactions	**(4,317)**	(3,812)
At 31 December	**19,195**	39,254
Share of the joint ventures' revenues and profits:		
Revenues	**78,501**	97,338
Profit for the year	**16,004**	28,423

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

	2020 AED '000	2019 AED '000
Revenue	**156,613**	193,751
Cost of sales	**(64,022)**	(91,514)
Administrative and other expenses	**(17,437)**	(12,048)
Other income	**18**	8,127
Net finance cost	**(43,135)**	(41,469)
Profit for the year	**32,037**	56,847
Tabreed's share of results for the year	**16,004**	28,423
Total current assets	**101,448**	100,866
Total non-current assets	**833,142**	856,593
Total current liabilities	**(243,811)**	(205,650)
Total non-current liabilities	**(652,389)**	(673,301)
Net assets	**38,390**	78,508
Tabreed's share of net assets	**19,195**	39,254
Reconciliation of carrying amounts:		
Opening net assets	**78,508**	101,740
Profit for the year	**32,037**	56,847
Other comprehensive loss	**(47,990)**	(26,166)
Dividends paid	**(15,500)**	(47,000)
Other adjustments	**(8,666)**	(6,913)
Closing net assets	**38,389**	78,508
Tabreed's share of net assets	**19,195**	39,254

	2020 AED '000	2019 AED '000
Reconciliation of carrying amounts:		
Opening net assets	**78,508**	101,740
Profit for the year	**32,037**	56,847
Other comprehensive loss	**(47,990)**	(26,166)
Dividends paid	**(15,500)**	(47,000)
Other adjustments	**(8,666)**	(6,913)
Closing net assets	**38,389**	78,508
Tabreed's share of net assets	**19,195**	39,254

Net assets of joint ventures include the Group's share of negative fair value of derivatives of a joint venture amounting to AED 56.0 million (2019: AED 32.0 million). Summarised financial information of the Group's investments in joint ventures is adjusted for intercompany transactions.

None of the joint ventures are individually material to the Group.

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

14. Intangible assets

		Goodwill AED '000	Customer contracts AED '000	Total AED '000
2020				
At 1 January 2020		**28,527**	**-**	**28,527**
Acquisition of subsidiary (note 27)		**78,919**	**2,285,711**	**2,364,630**
Amortisation charge for the year (note 6.2)		**-**	**(33,030)**	**(33,030)**
At 31 December 2020		**107,446**	**2,252,681**	**2,360,127**

Refer to note 11 for indicators and impairment assessment of intangible assets.

		Goodwill AED '000	Customer contracts AED '000	Total AED '000
2019				
At 1 January 2019 and at 31 December 2019		28,527	-	28,527

Ian Banham & Associates

The recoverable amount of the Ian Banham & Associates unit has been determined based on a value in use calculation using revenue and cost cash flow projections approved by the board of directors covering a five-year period ending 31 December 2023. The discount rate applied to the cash flow projections is 25% (2019: 25%). Revenue is earned from project supervision and study and design contracts. The revenue in the five-year cash flow model reflects management estimates of projected revenue on a conservative basis. Contract costs primarily represent salaries and related benefits of technical staff such as engineers and other administrative costs. Such costs are included in the model based on current expected market trend. The cash flow projections include an estimate of terminal value based on inflation related growth rate of 3% (2019: 3%). The carrying value of goodwill for Ian Banham & Associates as at 31 December 2020 is AED 28.5 million (2019: AED 28.5 million)

15. Finance lease receivables

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

	2020 AED '000	2019 AED '000
At 1 January	**3,144,531**	2,869,966
Impact of implementation of IFRS 16	**-**	171,642
At 1 January (restated)	**3,144,531**	3,041,608
Finance lease income	**234,493**	208,120
Variable lease payment CPI indexation	**(33,606)**	54,049
Total Finance lease income (note 3)	**200,887**	262,169
Initial recognition of new finance lease receivables during the year (i)	**-**	163,783
Lease rentals received	**(318,491)**	(323,029)
Modification of existing finance lease (i)	**81,723**	-
At 31 December	**3,108,650**	3,144,531

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

	2020 AED '000	2019 AED '000
Current assets	**315,581**	307,984
Non-current assets	**2,793,069**	2,836,547
	3,108,650	3,144,531

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

	2020		2019	
	Minimum lease receivables AED '000	Present value of minimum lease AED '000	Minimum lease receivables AED '000	Present value of minimum lease AED '000
Within one year	**328,493**	**315,581**	331,412	307,984
After one but no more than five years	**1,345,969**	**1,080,829**	1,325,652	1,089,950
More than five years	**3,755,832**	**1,712,240**	3,630,515	1,746,597
	5,430,294	**3,108,650**	5,287,579	3,144,531
Unearned finance income	**(2,321,644)**	**-**	(2,143,048)	-
	3,108,650	**3,108,650**	3,144,531	3,144,531

Movement in unearned finance income is as follows:

	2020 AED '000	2019 AED '000
At 1 January	**2,143,048**	1,961,728
Impact of implementation of IFRS 16	**-**	150,653
At 1 January (restated)	**2,143,048**	2,112,381
Modification of existing finance lease (i)	**441,074**	-
Finance income recognised during the year	**(234,493)**	(208,120)
Variable lease payment CPI indexation	**(27,985)**	48,153
Relating to new finance leases (ii)	**-**	190,634
At 31 December	**2,321,644**	2,143,048

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

(i) During the year, the Group signed an amended agreement with a customer updating its pricing and tenure terms. This amendment is considered a substantial modification and resulted in an extinguishment of its existing finance lease receivable of AED 1,238.6 million and recognition of a new finance lease receivable of AED 1,320.3 million. The resulting difference of AED 81.7 million is recorded as a modification gain by the Group under 'other gains and losses' in the consolidated statement of profit or loss. Consequently, this resulted in increase in unearned finance income by AED 441.1 million

(ii) During the year ended 2019, the Group completed construction of a new district cooling plant and the related distribution network for an existing customer and new district cooling plant and related distribution network for new customers and signed a cooling agreement with the customers. Management had carried out an assessment of the arrangement to provide cooling services to the customers through the plant in accordance with the terms of the agreement and the requirements of the relevant IFRSs, and concluded that the arrangement contains a finance lease with respect to the plant and related distribution network as it transferred substantially all the risk and rewards incidental to the ownership of the plant to the customers

Accordingly, the carrying amount of the plant and related distribution network was transferred out from capital work in progress and finance lease receivable was recorded at fair value at the commencement of lease, which resulted in a gain of AED 27.4 million which is recorded in consolidated statement of profit or loss in 'other gains and losses'.

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

16. Right-of-use assets

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

	Land, plant and buildings AED'000	Distribution network	Motor vehicles AED'000	Total AED'000
2020				
Cost:				
At 1 January 2020	238,383	-	6,033	244,416
Acquisition through business combination (note 27)		45,100	-	45,100
Additions	1,144	-	4,700	5,844
At 31 December 2020	239,527	45,100	10,733	295,360
Depreciation:				
At 1 January 2020	17,913	-	1,983	19,896
Depreciation for the year	17,994	82	3,666	21,742
At 31 December 2020	35,907	82	5,649	41,638
Net carrying amount before accumulated impairment: At 31 December 2020	203,620	45,018	5,084	253,722
Impairment:				
At 1 January 2020 and at 31 December 2020	88,253	-	-	88,253
Net carrying amount after accumulated impairment: At 31 December 2020	115,367	45,018	5,084	165,469

	Land, plant and buildings AED'000	Motor vehicles AED'000	Total AED'000
2019			
Cost:			
At 1 January 2019	-	-	-
Impact of implementation of IFRS 16	238,118	5,432	243,550
Additions	265	601	866
At 31 December 2019	238,383	6,033	244,416
Depreciation:			
At 1 January 2019	-	-	-
Depreciation for the year	17,913	1,983	19,896
At 31 December 2019	17,913	1,983	19,896
Net carrying amount before accumulated impairment: At 31 December 2019	220,470	4,050	224,520
Impairment:			
Impact of implementation of IFRS 16 (i)	88,253	-	88,253
Net carrying amount after accumulated impairment: At 31 December 2019	132,217	4,050	136,267

	2020 AED '000	2019 AED '000
Included in direct costs (note 6.1)	**12,419**	11,620
Included in administrative and other expenses (note 6.2)	**9,323**	8,276
	21,742	19,896

(i) The balance represents an amount of AED 88 million, which represents onerous provision related to one of the Group associates for the respective contracts.

17. Lease liabilities

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

	31 December 2020 AED '000	31 December 2019 AED '000
At 1 January 2019	**294,749**	-
Impact of implementation of IFRS 16	**-**	327,906
At 1 January (restated)	**294,749**	327,906
Addition (note 19)	**5,843**	866
Accretion(note 5)	**15,603**	17,234
Repayment	**(51,795)**	(51,257)
At 31 December 2020	**264,400**	294,749

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

	31 December 2020 AED '000	31 December 2019 AED '000
Current	**44,801**	47,254
Non-current	**219,599**	247,495
	264,400	294,749

18. Trade and other receivables

	31 December 2020 AED '000	31 December 2019 AED '000
Trade receivables, net	**728,055**	514,353
Amounts due from related parties (note 28)	**50,642**	18,821
Advances to suppliers and employees	**11,171**	13,214
Deposits, accruals and other receivables	**96,150**	35,000
Prepayments	**12,449**	12,036
	898,467	593,424

As at 31 December 2019, trade receivables with a nominal value of AED 48.9 million (2019: AED 61.5 million) were provided for as per the requirements of IFRS 9 expected credit loss model. Movement in the provision for impairment of trade receivables is as follows:

	31 December 2020 AED '000	31 December 2019 AED '000
At 1 January	**61,449**	48,380
Charge for the year	**5,579**	13,576
Amounts reversed / recovered	**(17,112)**	-
Amounts written off	**(1,050)**	(507)
At 31 December	**48,866**	61,449

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base for majority of the customers.

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

2020	Total	Current	< 30 days	30 – 60 days	60 – 90 days	90 – 120 days	120 – 365 days	>365 days
Gross Receivable (AED'000)	**827,563**	**235,471**	**95,490**	**152,680**	**32,147**	**93,087**	**123,853**	**94,835**
Provision %	**5.6%**	**0.1%**	**0.2%**	**1.2%**	**1.5%**	**1.6%**	**14.8%**	**27.7%**
Provision (AED'000)	**48,866**	**263**	**192**	**1,853**	**485**	**1,494**	**18,284**	**26,295**
Net receivable (AED'000)	**778,697**	**235,208**	**95,298**	**150,827**	**31,662**	**91,593**	**105,569**	**68,540**

2019	Total	Current	< 30 days	30 – 60 days	60 – 90 days	90 – 120 days	120 – 365 days	>365 days
Gross Receivable (AED'000)	594,623	295,309	42,595	113,807	13,663	18,075	48,478	62,696
Provision %	10.3%	0.2%	0.2%	1.1%	3.4%	19.9%	25.5%	68.6%
Provision (AED'000)	61,449	638	94	1,276	465	3,591	12,359	43,026
Net receivable (AED'000)	533,174	294,671	42,501	112,531	13,198	14,484	36,119	19,670

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

19. Cash and bank balances

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

	2020 AED '000	2019 AED '000
Bank balances and cash	**239,031**	120,646
Bank deposits	**1,073,863**	106,256
Cash and cash equivalents as at 31 December	**1,312,894**	226,902

Included in the bank balances is an amount of AED 9.7 million (2019: AED 2.6 million) placed in debt service reserve accounts in relation to bank facilities and an amount of AED 4.2 million (2019: AED 16.6 million) held as cash margin against trade related bank guarantees and letters of credit.

Bank deposits attract a fixed rate of interest ranging from 0.4% to 2.5% per annum (2019: 1.4 % to 3.1 % per annum).

Geographical concentration of cash and bank balances is as follows:

	2020 AED '000	2019 AED '000
Within UAE	**1,285,785**	196,436
Outside UAE	**27,109**	30,466
	1,312,894	226,902

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

	2020 AED '000	2019 AED '000
Cash and bank balances	**1,312,894**	226,902
Interest bearing loans and borrowings	**(2,156,407)**	(1,017,711)
Islamic financing arrangements	**(630,681)**	-
Non-convertible Bonds and Sukuk	**(3,639,348)**	(1,828,843)
Lease liabilities	**(264,400)**	(294,749)
Net debt	**(5,377,942)**	(2,914,401)

Non-cash transactions in the consolidated statement of cash flows for the year 2019:

- AED 136.3 million of right-of-use assets
- AED 294.8 million of lease liabilities

	Cash and bank balances AED'000	Interest bearing loans and borrowings AED'000	Islamic financing arrange-ments AED'000	Non-Converti-ble Bonds and Sukuk AED'000	Lease liabilities AED'000	Total AED'000
Net debt						
Balance at 1 January 2020	**226,902**	**(1,017,711)**	**-**	**(1,828,843)**	**(294,749)**	**(2,914,401)**
Cash flows	**1,085,992**	**(1,125,431)**	**(628,709)**	**(1,808,823)**	**51,795**	**(2,425,176)**
Non-cash transaction: Amortisation of transaction cost (note 5)	**-**	**(13,265)**	**(1,972)**	**(1,682)**	**-**	**(16,919)**
Addition (note 17)	**-**	**-**	**-**	**-**	**(5,843)**	**(5,843)**
Accretion (note 5)	**-**	**-**	**-**	**-**	**(15,603)**	**(15,603)**
Balance at 31 December 2020	**1,312,894**	**(2,156,407)**	**(630,681)**	**(3,639,348)**	**(264,400)**	**(5,377,942)**

	Cash and bank balances AED'000	Interest bearing loans and borrowings AED'000	Islamic financing arrange-ments AED'000	Non-Converti-ble Bonds and Sukuk AED'000	Lease liabilities AED'000	Total AED'000
Net debt						
Balance at 1 January 2019	248,946	(1,160,191)	-	(1,828,794)	-	(2,740,039)
Impact of implementation of						
IFRS 16		-	-	-	(327,906)	(327,906)
Cash flows	(22,044)	145,588	-	-	51,257	174,801
Non-cash transaction: Amortisation of transaction cost (note 5)	-	(3,108)	-	(49)	-	(3,157)
Addition (note 17)	-	-	-	-	(866)	(866)
Accretion (note 5)	-	-	-	-	(17,234)	(17,234)
Balance at 31 December 2019	226,902	(1,017,711)	-	(1,828,843)	(294,749)	(2,914,401)

20. Issued capital

	2020 AED '000	2019 AED '000
Authorised, issued and fully paid up share capital		
Shares 2,715,529,124 (2019: 2,715,529,124) ordinary shares of AED 1 each	**2,715,529**	2,715,529

21. Statutory reserve

As required by the UAE Federal Law No. (2) of 2015 and the articles of association of companies registered in UAE, 10% of the profit of the parent and relevant subsidiaries for the year is transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 50% of the issued capital. The reserve is not available for distribution.

22. Interest bearing loans and borrowings

	Effective interest rate %	2020 AED '000	2019 AED '000
Term loan 1(i)	LIBOR + margin	-	714,676
Term loan 2 (ii)	5.75%	**67,558**	67,311
Term loan 3(iii)	EIBOR + margin	**157,072**	166,114
Term loan 4(iv)	EIBOR + margin	**67,021**	69,610
Term loan 5(v)	LIBOR + margin	**1,864,756**	-
		2,156,407	1,017,711

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

	2020 AED '000	2019 AED '000
Current portion	**23,477**	147,234
Non-current portion	**2,132,930**	870,477
	2,156,4	1,017,711

(i) Term loan 1

Facility of AED 918 million (US$ 250 million) from the local banks. The facility carries interest rate of LIBOR plus a margin, payable in cash on a quarterly basis. The facility was repayable in 10 fixed semi-annual instalments with a bullet payment of 30% on 1 November 2023. During the year, the Group settled this facility in full using Bond issuance proceeds (Note 25).

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

The Group has a revolving facility of AED 590 million to be utilised in the form of cash withdrawals. The revolving facility carries interest at EIBOR plus a margin and is repayable on 31 December 2023. As of 31 December 2020, the Group has not utilised balance from this revolving facility. This facility is unsecured.

(ii) Term loan 2

Term loan 2 relates to a subsidiary and represents borrowing with a local commercial bank. This facility is secured against the receivables and commercial charge over property, plant and equipment (plant & machinery). The loan is repayable in quarterly instalments and maturing in 2028 and carries fixed interest of 5.75% per annum (December 2019: 5.25% per annum). During the year 2020, total repayments of AED 1.7 million were made against this facility.

(iii) Term loan 3

This facility amounting to AED 192.5 million was obtained to finance the construction of a plant. The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which facility was obtained. The facility is repayable in 23 semi-annual instalments commencing on March 2017 with a bullet payment of AED 48.1 million in March 2028. During the year 2020, total repayments of AED 9.5 million were made against this facility.

(iv) Term loan 4

This facility amounting to AED 77.9 million was obtained to finance the acquisition of a plant. The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which facility was obtained. The facility is repayable in 60 quarterly instalments with the last instalment due on 31 December 2031. During the year 2020, total repayments of AED 2.7 million were made against this facility.

(v) Term loan 5

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

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

The Group has complied with all the applicable financial covenants throughout the reporting period.

Included in the interest-bearing loans and borrowings is an amount of AED 43.1 million of unamortised transaction cost.

23. Islamic financing arrangement

	Effective interest rate %	2020 AED '000	2019 AED '000
Islamic financing arrangement	LIBOR + margin	**630,681**	-

During the year ended 31 December 2020, the Group secured a new Islamic facility of AED 641.3 million (US$ 174.6 million) from a syndicate of banks to finance the acquisition of a subsidiary. The facility carries interest rate of LIBOR plus a margin. The interest is payable in cash on a flexible basis as agreed with the Bank at every interest reset period. The facility is repayable with a 100% bullet payment in March 2025.

The Group has complied with all the applicable financial covenants throughout the reporting period.

24. Non-convertible Bonds and Sukuk

Non-convertible Sukuk

	2020 AED '000	2019 AED '000
	1,829,987	1,828,843

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

The sukuk is stated net of discount and transaction costs incurred in connection with the sukuk arrangements, amounting to AED 6.5 million, which are amortised to the consolidated statement of profit or loss over the repayment period of Sukuk using effective interest rate method.

Non-convertible Sukuk

	2020 AED '000	2019 AED '000
	1,809,361	-

During the year 2020, the Group issued a 7-year investment grade Bonds of US$ 500 million which is listed on the London Stock Exchange. The Bonds carry coupon rate of 2.5% payable semi-annually. The Bonds are repayable on 31 October 2027. The proceeds of the Bonds were utilised to repay the previous Term Loan 1 and to fund the future growth.

The Bonds are stated net of discount and transaction costs incurred in connection with the Bonds issuance, amounting to AED 27.1 million, which are amortised to the consolidated statement of profit or loss over the repayment period of the Bonds using effective interest rate method.

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

25. Employees' end of service benefits

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

	2020 AED '000	2019 AED '000
Balance at 1 January	**31,390**	29,255
Charge for the year (note 6.3)	**6,356**	6,877
Payments made during the year	**(1,260)**	(4,742)
Balance at 31 December	**36,486**	31,390

26. Trade and other payables

	2020 AED '000	2019 AED '000
Non-current liabilities		
Relating to capital expenditure:		
Contractor payable and retentions	**5,740**	5,740
Others:		
Contract liabilities	**110,987**	89,521
	116,727	95,261
Current liabilities		
Relating to capital expenditure:		
Contractor payable and retentions	**20,850**	35,214
Accrued expenses	**57,356**	40,778
	78,206	75,992
Others:		
Trade payables	**47,681**	96,324
Due to related parties (note 28)	**35,618**	44,057
Accrued expenses	**209,477**	213,641
Derivative financial instruments(i)	**28,339**	7,453
Contract liabilities	**88,793**	93,983
Other payables	**105,608**	88,563
	515,516	544,021
	593,722	620,013

(i) The Group has entered into interest rate swaps (IRS) for the interest-bearing loans denominated in AED and USD, which are designated as a hedging instrument (note 31). During the year ended December 2020, the fair value movement of IRS amounting to AED 17.0 million was recorded in the consolidated statement of comprehensive income (2019: AED 8.2 million).

Terms and conditions of the financial liabilities:

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

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

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

Movement in contract liabilities is as follows:

	2020 AED '000	2019 AED '000
Contract liabilities	**199,780**	183,504

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

During the year ended 31 December 2020, total addition of AED 31.6 million (2019: AED 40.6 million) is made to contract liabilities. The revenue recognised during the year is AED 10.3 million (2019: AED 7.3 million).

27. Business combination

27.1 Downtown District Cooling LLC

On 5 April 2020, the Group acquired 80% of the shares of Downtown District Cooling LLC, a cooling services provider in Downtown Dubai, from a Dubai based real estate developer. This acquisition has been accounted for in accordance with IFRS 3 Business Combinations.

The initial accounting is based on the management's best estimate of the fair value of the assets and liabilities acquired by the Group and will be finalised within the next 12 months. The finalisation of the purchase price allocation may result in a change in the fair value of assets and liabilities acquired, and accordingly a corresponding change in the goodwill. The purchase consideration and the fair value of the identifiable assets and liabilities of Downtown District Cooling Company LLC at the date of acquisition are as follows:

	AED '000
Purchase consideration	
Relating to capital expenditure:	
Cash paid	2,479,947
	2,479,947
Assets and liabilities	
Capital work in progress (i)	173,820
Property, plant and equipment (including land) (i)	586,265
Intangible assets: customer contracts (ii)	2,243,311
Inventories	2,364
Trade and other receivables (iii)	50,755
Cash and bank balances	27
Trade and other payables	(35,561)
Net identifiable assets acquired	**3,020,981**
Less: non-controlling interests	(619,953)
Goodwill arising on acquisition (iv)	78,919
Net assets acquired	**2,479,947**

(i) Property, plant and equipment and capital work in progress are recorded at their fair value at the acquisition date. Property, plant and equipment includes AED 54 million of land

(ii) Customer contracts are recorded at their fair value at the acquisition date. This represents the expected cash flows from Downtown District Cooling LLC's cooling service agreements discounted at the project's WACC. The valuation technique adopted was multi-period excess earning method. The customer contracts are amortised over 50 years, which represent their estimated remaining useful life

(iii) The fair value and the gross contractual amount for trade receivables acquired was AED 50.8 million, with no loss allowance recognised on acquisition

(iv) Goodwill represents expected synergies from the merger of operations and intangible assets that do not qualify for separate recognition

Revenue and profit contribution:

The acquired business contributed revenues of AED 258.3 million and net profit of AED 85.6 million to the Group for the period from 5 April 2020 to 31 December 2020.

If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and profit for the year ended 31 December 2020 would have been AED 311.2 million and AED 124.1 million, respectively.

Revenue and profit contribution:

The acquired business contributed revenues of AED 258.3 million and net profit of AED 85.6 million to the Group for the period from 5 April 2020 to 31 December 2020.

If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and profit for the year ended 31 December 2020 would have been AED 311.2 million and AED 124.1 million, respectively.

27.2 Masdar City Cooling Company Limited

On 29 November 2020, the Group acquired 100% of the shares of Masdar City Cooling Company Limited, a cooling services provider in Masdar City Abu Dhabi, from an Abu Dhabi based real estate developer. This acquisition has been accounted for in accordance with IFRS 3 Business Combination.

The initial accounting is based on the management's best estimate of the fair value of the assets and liabilities acquired by the Group and will be finalised within the next 12 months. The finalisation of the purchase price allocation may result in a change in the fair value of assets and liabilities acquired, and accordingly a corresponding change in the negative goodwill. The purchase consideration and the fair value of the identifiable assets and liabilities of Masdar City Cooling Company Limited at the date of acquisition are as follows:

	AED '000
Purchase consideration	
Relating to capital expenditure:	
Cash paid	99,750
	99,750
Assets and liabilities	
Property, plant and equipment	29,000
Intangible assets: customer contracts (i)	42,400
Right of use assets (ii)	45,100
Liabilities	(3,750)
Net assets acquired	**112,750**
Net identifiable assets acquired	112,750
Less: purchase consideration	(99,750)
Negative goodwill arising on acquisition	**13,000**

(i) Customer contracts are recorded at their fair value at the acquisition date. This represents the expected cash flows from Masdar City Cooling Company Limited cooling service agreements discounted at the project's WACC. The valuation technique adopted was multi-period excess earning method

(ii) Right of use assets are recorded at their fair value at the acquisition date and represent rights of use over the distribution network

Revenue and profit contribution:

The acquired business contributed revenues of AED 0.9 million and net profit of AED 0.4 million to the Group for the period from 30 November 2020 to 31 December 2020.

If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and profit for the year ended 31 December 2020 would have been AED 23.7 million and AED 6.2 million, respectively.

28. Related party transactions and balances

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

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

	2020		2019	
	Revenue AED '000	Direct costs AED '000	Revenue AED '000	Direct costs AED '000
Associated companies	**11,336**	**62,128**	3,972	60,839
Joint ventures	**4,828**	**-**	4,892	-
Non-Controlling interest	**206,004**	**-**	-	-

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

	2020	
	Trade receivables AED '000	Trade payables and advances AED '000
Associated companies	**7,911**	**35,618**
Joint ventures	**1,666**	**-**
Non-Controlling interest	**41,065**	**-**
	50,642	**35,618**

	2019	
	Trade receivables AED '000	Trade payables and advances AED '000
Associated companies	16,787	44,057
Joint ventures	2,034	-
	18,821	44,057

During the year ended 31 December 2020, the Group has a management and technical services agreement with a shareholder amounting to AED 3 million (2019: AED 3 million).

Terms and conditions of transactions with related parties

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

	Terms and conditions	2020 AED '000	2019 AED '000
Trade receivables	Interest free, unsecured, settled over agreed payment terms	**50,642**	18,821
Trade payables and advances	Interest free, unsecured, settled over normal credit period	**35,620**	44,057

Compensation of key management personnel

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

	2020 AED '000	2019 AED '000
Short-term benefits	**11,836**	12,813
Employees' end of service benefits	**172**	231
	12,008	13,044
Number of key management personnel	**5**	5

29. Contingent liabilities

Bank guarantees

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

	2020 AED '000	2019 AED '000
Performance guarantees	**96,991**	100,257
Advance payment guarantees	**633**	633
Financial guarantees	**50**	50
	97,674	100,940

The Group's share of contingencies of associates and joint ventures as of 31 December 2020 amounted to AED 20.4 million (2019: AED 10.0 million) and AED 2.1 million (2019: AED 2.0 million), respectively. The Group expects no outflow of economic resources and accordingly no provision has been made in the consolidated financial statements.

30. Commitments

Contractual commitments

The authorised contractual commitments as at 31 December 2020, contracted but not provided for amounted to AED 174 million (2019: AED 148.0 million). The Group's share of authorised future capital expenditure of associates at 31 December 2020 amounted to AED 22 million (2019: AED 2.6 million) and the Group's share of authorised future capital expenditure for joint ventures amounted to AED 63 million (2019: AED 1.5 million).

Business combination

In December 2020, the Group signed a Share Purchase Agreement (SPA) with Aldar Properties PJSC to acquire 100% shares of Saadiyat Cooling LLC (SCL) and Saadiyat District Cooling Sole Proprietorship LLC (SDCL), for a value of AED 963 million. The transaction is subject to finalisation of incidental agreements and approval from local government body and will therefore be recorded in the future once all conditions are met.

Operating lease commitments - lessor

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

These non-cancellable leases have remaining term between 15 and 30 years. Majority of leases include a clause to enable upward revision of the rental charge on a periodic basis according to prevailing market conditions.

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

	2020 AED '000	2019 AED '000
Within one year	**77,853**	70,924
After one year but not more than five years	**311,411**	283,696
More than five years	**962,548**	931,479
	1,351,812	1,286,099

31. Financial risk management objectives and policies

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

The Group enters into derivative transactions to manage the interest rate risk arising from the Group's sources of finance. It is, and has been throughout 2020 and 2019 the Group's policy that no trading in derivatives shall be undertaken.

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

(a) Market risk

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

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

The sensitivity analysis in the following sections relate to the position as at 31 December 2020 and 2019.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2020 and 2019.

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

- The consolidated statement of financial position sensitivity relates to derivatives instruments
- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2020 and 2019 including the effect of hedge accounting

(b) Interest rate risk

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

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

To manage the cash flow risk relating to its variable interest borrowings, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At 31 December 2020, after taking into account the effect of interest rate swaps, approximately 97% of the Group's borrowings are at a fixed rate of interest (2019: 61%).

Interest rate sensitivity

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

	Effect on profit AED '000
2020	
+100 basis point increase	**(1,948)**
-100 basis point decrease	**1,948**
2019	
+100 basis point increase	(8,088)
-100 basis point decrease	8,088

(c) Foreign currency risk

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

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

(d) Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The maximum exposure relating to trade receivables, contract assets and finance lease receivables is the carrying amount as disclosed in notes 18 and 15. The Group's three largest customers accounted for 55% of outstanding trade and related party receivable balances at 31 December 2020 (2019: 3 customers, including a related party, account for approximately 62%). Amounts due in respect of finance lease receivables are from three customers (2019: three customers).

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

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

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

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

(e) Liquidity risk

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

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

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2020 based on undiscounted payments and current market interest rates.

	On demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 Years AED'000	>5 years AED'000	Total AED'000
Interest bearing loans and borrowings	**-**	**19,078**	**47,942**	**2,170,522**	**192,550**	**2,430,092**
Islamic financing arrangements	**-**	**3,109**	**9,493**	**676,189**	**-**	**688,791**
Non-convertible Bonds and Sukuk	**-**	**-**	**146,920**	**2,424,180**	**1,928,325**	**4,499,425**
Lease liabilities	**-**	**11,749**	**35,247**	**172,909**	**108,064**	**327,969**
Trade and retention payables, due to related parties and other financial liabilities	**-**	**138,299**	**223,249**	**5,740**	**-**	**367,288**
At 31 December 2020	**-**	**172,235**	**462,851**	**5,449,540**	**2,228,939**	**8,313,565**
Interest bearing loans and borrowings	-	15,673	165,364	780,747	236,903	1,198,687
Non-convertible Sukuk	-	-	101,021	404,085	1,937,771	2,442,877
Lease liabilities	-	12,169	36,508	174,271	150,619	373,567
Trade and retention payables, due to related parties and other financial liabilities	-	179,538	278,952	5,740	-	464,230
At 31 December 2019	-	207,380	581,845	1,364,843	2,325,293	4,479,361

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

	2020 AED '000	2019 AED '000
Expiring beyond one year (bank loans)	**590,000**	590,000

(e) Liquidity risk

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

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

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2020 based on undiscounted payments and current market interest rates.

	2020 AED '000	2019 AED '000
Interest bearing loans and borrowings	**2,156,407**	1,017,711
Islamic financing arrangement	**630,681**	-
Non-convertible Bonds and Sukuk	**3,639,348**	1,828,843
Lease liabilities	**264,400**	294,749
	6,690,836	3,141,303
Less: cash and bank balances	**(1,312,894)**	(226,902)
Net debt	**5,377,942**	2,914,401
Equity attributable to equity holders of the parent	**5,164,881**	4,944,989
Adjustment for cumulative changes in fair values of derivatives	**94,078**	48,553
Total capital	**5,258,959**	4,993,542
Capital and net debt	**10,636,901**	7,613,194
Gearing ratio	**51%**	37%

32. Financial instruments and fair value measurement

32.1 Financial instruments

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

	2020 AED '000	2019 AED '000
Derivative financial instruments	**28,339**	7,453
Trade and other receivables	**778,697**	533,174
Finance lease receivables	**3,108,650**	3,144,531
Cash and bank balances	**1,312,894**	226,902
Financial assets measured at amortised cost	**5,200,241**	3,904,607
Trade and other payables	**109,889**	181,335
Interest bearing loans and borrowings	**2,156,407**	1,017,711
Islamic financing arrangement	**630,681**	-
Non-convertible Bonds and Sukuk	**3,639,348**	1,828,843
Lease liabilities	**264,400**	294,749
Financial liabilities measured at amortised cost	**6,800,725**	3,322,638

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

32.2 Fair values of financial instruments

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

	Carrying Amount		Fair Value	
	2020 AED '000	2019 AED '000	2020 AED '000	2019 AED '000
Liabilities measured at fair value				
Interest rate swaps	**28,339**	**7,453**	**28,339**	7,453
Financial assets				
Finance lease receivables	**3,108,650**	**3,144,531**	**3,949,472**	3,582,872
Financial liabilities				
Interest bearing loans and borrowings	**2,156,407**	**1,017,711**	**2,191,499**	1,054,562
Islamic financing arrangement	**630,681**	**-**	**637,162**	-
Non-convertible bonds and Sukuk	**3,639,348**	**1,828,843**	**3,999,860**	2,042,849
Lease liabilities	**264,400**	**294,749**	**294,729**	321,280

As at 31 December 2020 and 2019, the fair value measurement hierarchy of the Group's assets and liabilities is as follows:

	2020				2019			
	31 December 2020 AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	31 December 2019 AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Liabilities measured at fair value								
Interest rate swaps	**28,339**	**-**	**28,339**	**-**	7,453	-	7,453	-
Assets for which fair values are disclosed								
Finance lease receivables	**3,949,472**	**-**	**-**	**3,949,472**	3,582,872	-	-	**3,582,872**
Liabilities for which fair values are disclosed								
Interest bearing loans and borrowings	**2,191,499**	**-**	**-**	**2,191,499**	1,054,562	-	-	**1,054,562**
Islamic financing arrangement	**637,162**	**-**	**-**	**637,162**	-	-	-	-
Non-convertible bonds and Sukuk	**3,999,860**	**3,999,860**	**-**	**-**	2,042,849	2,042,849	-	-
Lease liabilities	**298,214**	**-**	**-**	**298,214**	321,280	-	-	**321,280**
	7,126,735	**3,999,860**	**-**	**3,126,875**	3,418,691	2,042,849	-	**1,375,842**

During the reporting years ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

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

32.3 Hedging activities

Cash flow hedges

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

In order to reduce its exposure to interest rate fluctuations on the interest bearing loans and borrowings the Group has entered into interest rate swaps with counter-party banks designated as effective cash flow hedges for notional amounts that mirror the drawdown and repayment schedule of the loans. The notional amount of the interest rate swaps was AED 2,574 billion as at 31 December 2020 (2019: AED 157.3 million).

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

	Within 1 year AED '000	1-3 years AED '000	Total AED '000
2020			
Cash inflows (assets)	**5,442**	**20,440**	**25,882**
Cash outflows (liabilities)	**(16,987)**	**(31,722)**	**(48,709)**
Net cash outflows	**(11,545)**	**(11,282)**	**(22,827)**
2019			
Cash inflows (assets)	2,949	6,045	8,994
Cash outflows (liabilities)	(5,084)	(9,324)	(14,408)
Net cash outflows	(2,135)	(3,279)	(5,414)

All derivative contracts are with counterparty banks in UAE.

10. Appendix: Corporate Governance Report

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This Corporate Governance Report is **approved by:**

KHALED ABDULLA AL QUBAISI
Chairman of the Board

BADER SAEED AL LAMKI
Chief Executive Officer

MOHAMED JAMEEL AL RAMAHI
Chairman of the Audit Committee

H.E. DR AHMAD BIN ABDULLAH HUMAID BELHOUL AL FALASI
Chairman of the Nomination and Remuneration Committee

MOUSA SAJWANI
Acting VP, Internal Control & Risk

تبريد tabreed 16
الشركة الوطنية للتبريد المركزي ش.م.ع
NATIONAL CENTRAL COOLING COMPANY PJSC

Preface

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

Tabreed has 23 years of industry leading experience in the district cooling sector, and throughout its journey Tabreed has enhanced its commitment to implementing the highest standards of corporate governance within the Company to enhance value for its shareholders and stakeholders.

1. Compliance with Regulations

Tabreed's corporate governance system is well developed, adopts local and international best practice and meets all relevant requirements of UAE legislation on corporate governance, including the Commercial Companies Law No. 2 of 2015 (as amended) and Decision 3/2020. Decision 3/2020 applies to Tabreed's listing on the Dubai Financial Market ("DFM"). SCA supervises, controls and verifies Tabreed's compliance with Decision 3/2020.

2. Corporate Governance Structure

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

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

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

Board of Directors (Art. 6, Decision 3/2020)

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

Upon implementation of the membership balance criteria set down by Decision 3/2020 in relation to executive, non-executive and independent members of the Board, we confirm that compliance was maintained by Tabreed in relation to all criteria except in relation to the requirement for a majority of the members of the Board to be independent due to the Chairman no longer being considered under Decision 3/2020 as independent by virtue of being re-elected on more than four occasions by the shareholders of Tabreed. The current Board of Tabreed comprises four independent directors, and the Board is implementing steps to increase the number of independent directors from four directors to five directors out of the total of nine Board members. The Board has at all times maintained an appropriate level of skills, experience and capabilities across the membership.

Chairman of the Board (Art. 7 and 15, Decision 3/2020)

In 2020, Khaled Abdulla Al Qubaisi presided as the Chairman of the Board (the "Chairman").

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

Members of the Board (Art. 9, 10, 13 - 19, Decision 3/2020)

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

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

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

Remuneration of the Chairman and the Board Members (Art. 29, Decision 3/2020)

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

Board Committees (Art. 53 and 58 Decision 3/2020)

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

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

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

1. Audit Committee
2. Nomination and Remuneration Committee
3. Finance Committee; and
4. Projects Committee

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

Nomination and Remuneration Committee (Art. 59, Decision 3/2020)

The Nomination and Remuneration Committee assists the Board in discharging its responsibilities in relation to qualifications, compensation, appointment and succession of the Company's directors and key management personnel.

The Committee oversees the Company's nomination process for the Board of Directors and continuously monitors the independence of the independent members of the Board (see Section 7 for further detail on the Nomination and Remuneration Committee).

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

The Board maintains an Audit Committee that monitors financial statements, reviews and recommends changes to Tabreed's financial and control systems, and appoints and maintains an appropriate relationship with the Company's external auditors.

The Audit Committee also oversees the Internal Control function and is responsible for approving recommendations for internal control improvements (see Section 6 for further detail on the Audit Committee).

Finance Committee:

The role of the Finance Committee is to assist the Board in monitoring and reviewing:

a) the economics and financial returns of investments and commitments,
b) debt and equity financing transactions; and
c) financial risk management programs of the Company.

Projects Committee:

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

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

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

The Board ensures that the internal controls are effective by reviewing the work of the Audit Committee, effectively dealing with risk and control issues at Board meetings and requiring that risk and internal control issues are discussed at each Board meeting. The Board also ensures that an internal control review is conducted by the Internal Control function each year. (See Section 10 for further detail on the Internal Control function).

External Auditor
(Art. 70, Decision 3/2020)

On the recommendation of the Audit Committee, the Board appointed PricewaterhouseCoopers ("PwC") as Tabreed's external auditor at the 2020 AGA held on 15 March 2020.

The Board ensures that the external auditor remains independent from the Company. The external auditor has broad powers to provide reports to the General Assembly Meeting and to regulatory bodies (see Section 5 for further detail on the External Auditor).

Delegation to Management (Art.14, Decision 3/2020)

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

The Board is responsible for the direction and oversight of the Company on behalf of the shareholders. The day to day activities of Tabreed are delegated to management through the Board approved Delegation of Authority as amended and approved by the Board on 11 November 2020. The Delegation of Authority will be valid for a duration of 3 years and subject to regular review and amendment (if required) by the Board and the Audit Committee.

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

1. Contractual or other commitments
2. Expenditure, purchases; and
3. Investments

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

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

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

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

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

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

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

Code of Conduct (Art. 52, Decision 3/2020)

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

3.
Board Member Transactions

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

The table below outlines the Board members' (and their immediate relatives') shareholdings and share transactions during 2020:

Name	Position	Total shares held as of 31/12/2020	Total shares bought	Total shares sold
Khaled Abdulla Al Qubaisi	Chairman	645,000	0	0
Saeed Ali Khalfan Al Dhaheri	Board Member	5,547,771	4,173,771	0
Paulo Almirante	Board Member	0	0	0
H.E. Dr Ahmad Belhoul Al Falasi	Board Member	0	0	0
Mohammed Al Huraimel Alshamsi	Board Member	0	0	0
Mohamed Jameel Al Ramahi	Board Member	0	0	0
Sébastien Arbola	Board Member	0	0	0
Frédéric Claux	Board Member	0	0	0
Frédérique Dufresnoy	Board Member	0	0	0

4. Formation of the Board

4(a) Board Composition

The following table outlines details of each Board member holding office during 2020 in terms of independence, executive position and term of office.

Name	Position	Year of Appointment	Executive	Independent
Khaled Abdulla Al Qubaisi	Chairman	2009	x	x
Paulo Almirante	Vice Chairman	2017	x	x
H.E. Dr Ahmad Belhoul Al Falasi	Member	2017	x	✔
Mohammed Al Huraimel Alshamsi	Member	2014	x	✔
Mohamed Jameel Al Ramahi	Member	2017	x	✔
Sébastien Arbola	Member	2017	x	x
Frédéric Claux	Member	2017	x	x
Frédérique Dufresnoy	Member	2017	x	x
Saeed Ali Khalfan Al Dhaheri	Member	2017	x	✔

Tabreed has one female member on its Board of Directors, Frédérique Dufresnoy, who was elected by the General Assembly on 11 September 2017. Although other nominations were received from female candidates during the last Board election process in 2020, which publicly invited candidates to nominate themselves for election, no female candidates were elected by the shareholders pursuant to the secret, cumulative ballot of the General Assembly.

4(b) Elections and terms of office

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

4(c) CVs and other PJSC Board Memberships

We confirm that no delegations or authorizations to any Board member or member of executive management were granted by the Board in respect of duties and functions of the Board of Directors during the year 2020.

Paulo Almirante
Vice Chairman

Paulo Almirante is currently Senior Executive Vice President of Renewables, Global Energy Management and Nuclear Activities and is a member of ENGIE's Executive Committee. He is a board member of several ENGIE group companies. He holds a Master of Science degree in Mechanical Engineering Production Management and a Master's degree in Mechanical Engineering Thermodynamics from the Instituto Superior Técnico in Lisbon, Portugal.

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

Khaled Abdulla Al Qubaisi
Chairman

Khaled Al Qubaisi is the Chief Executive Officer of Real Estate and Infrastructure Investments at Mubadala, overseeing a portfolio of both physical and digital assets around the globe, which includes properties, real estate, and the consolidation of our international infrastructure that offer long-term stable returns across business cycles.

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

He is the Chairman of Injazat Data Systems, the Director and Vice Chairman of Abu Dhabi Motor Sports Management. He is also a board member of Abu Dhabi Future Energy Company (Masdar), Emirates Global Aluminium, Emirates Integrated Telecommunications Company (du), GLOBALFOUNDRIES, Mubadala Petroleum, Finance House and Insurance House.

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

Mohamed Jameel Al Ramahi
Board Member

Mohamed Jameel Al Ramahi is the CEO of Abu Dhabi Future Energy Company (Masdar), where he spearheads the company's development and strategic direction in the renewable energy and clean technology sector.

Mr Al Ramahi also the Chairman of the Masdar Investment Committee, and a director of Shua'a Energy 2 PSC, the project vehicle developing Phase 3 of the MBR Solar Park, Emirates Waste to Energy Company and Medical Holding Company. He is also a director of the Catalyst, a joint venture between Masdar and BP specialising in the acceleration of clean-tech start-ups. Previously, Mr Ramahi ran the internal audit and risks management function of GASCO. He holds a Bachelor's degree in business administration & finance from the University of Evansville in the United States.

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

His Excellency Dr. Ahmad Belhoul Al Falasi is the Minister of State for Entrepreneurship and SMEs. Under this role, H.E. Dr. Al Falasi is at the fore of designing national initiatives to strengthen the UAE's small and medium enterprise (SME) sector, one of the engines of the national economy, and promote entrepreneurship in various industries.

H.E. is also tasked to set a strategic direction and develop a general national policy for the country's tourism sector. His Excellency previously held positions as CEO of Masdar, Executive Director of Strategy and Tourism Sector Development at Dubai's Department of Tourism and Commerce Marketing, VP at Mubadala and an executive at McKinsey & Company. His Excellency holds a Ph.D. from Sir John Monash University in Australia, a Master of Science from the University of Melbourne and a Bachelor's degree in Telecommunications Engineering from Khalifa University, UAE.

Sébastien Arbola
Board Member

Sébastien Arbola is the Executive Vice President in charge of Thermal Generation and Energy Supply activities at ENGIE. He is also CEO of the Middle East, North Africa, South and Central Asia and Turkey region for global energy leader ENGIE.

Prior to that, he was the CFO and Senior Vice President of the company's Asian environmental operations as M&A Group Director. He has held roles of increasing seniority in Finance and Management over his 11-year tenure with ENGIE.

He is a graduate of the École Supérieure de Commerce de Paris.

Mohammed Al Huraimel Alshamsi
Board Member

Mohammed Al Huraimel Alshamsi is Director of Utilities Investments in Mubadala, where he is responsible for the asset management function of Mubadala's Utilities portfolio, which includes thermal power, water, and district cooling assets.

Prior to Mubadala, he was the director of Strategy and Policy at the UAE Prime Minister's Office. He has also held roles at McKinsey & Company, Dubai International Capital, and General Motors. He has an MBA from the HEC School of Management – Paris and a Bachelor's degree in Finance from the American University of Sharjah, UAE.

Frédérique Dufresnoy
Board Member

Frédérique is Deputy Director of Decentralized Solutions for Cities at global energy leader ENGIE.

Frédérique is Deputy Director of Decentralized Solutions for Cities at global energy leader ENGIE. Prior to that, she was the Director of Finance, Risks and International Development at ENGIE, CEO of Flexco and CFO of the company's European operations. Ms. Dufresnoy holds a Master's degree in Business from Emlyon Business School and an MBA degree from the University of Texas at Austin.

Saeed Ali Khalfan Al Dhaheri
Board Member

Saeed Ali Khalfan Al Dhaheri, is the Managing Director of the Investments Division at Ali & Sons Holding LLC.

His current role at Ali & Sons Holding includes committee board membership to the audit committee and the executive committee, whilst overseeing the company's real estate and hospitality division, as well as risk management of Ali & Sons and its subsidiaries. Previously, he was an Analyst at Abu Dhabi Investments Authority. He holds a Bachelor of Finance degree from the American University in Dubai, UAE.

Frédéric Claux

Board Member

Frédéric Claux is currently the Head of Acquisitions, Investments and Financial Advisory for global energy leader ENGIE, with approximately 20 years of experience at the company.

Frédéric Claux is currently the Head of Acquisitions, Investments and Financial Advisory for global energy leader ENGIE, with approximately 20 years of experience at the company. Mr Claux also serves as a non-executive Board member of Les Eoliennes en Mer (offshore wind). He graduated from French civil engineering school École Nationale des Ponts et Chaussées and holds an MBA from HEC business school in Paris.

4(d) Board Remuneration

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

Remuneration paid to the Board members, in aggregate, in 2020 and recommended to be paid in 2021, are as follows:

Sitting Fees and Remuneration	AED
Remuneration for 2019 paid in 2020 after approval at last AGA	7,125,000
Board and Committees sitting fees for 2020 recommended for payment in 2021	0
Remuneration recommended for 2020 to be paid in 2021 after approval at next AGA	7,125,000

Other than the remuneration recommended for 2020 and referred to above, no other allowances, salaries or additional fees are to be paid to any Board member by Tabreed for 2020.

4(e) Board Meetings in 2020

The Board held 6 meetings in 2020 on the dates set out below:

- 27 January
- 26 February
- 6 May
- 23 July
- 8 September; and
- 11 November

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

Meeting Number	Number of Attendees	Date (2020)	Absence or proxy attendance
Board meeting 1	7	27 January	Frédérique Dufresnoy was absent, and Proxy attendance: Paulo Almirante to Sébastien Arbola.
Board meeting 2	7	26 February	Frédérique Dufresnoy was absent, and Proxy attendance: Paulo Almirante to Sébastien Arbola.
Board meeting 3	8	6 May	Proxy attendance: Paulo Almirante to Sébastien Arbola
Board meeting 4	8	23 July	Proxy attendance: Paulo Almirante to Sébastien Arbola
Board meeting 5	8	8 September	Proxy attendance: Paulo Almirante to Sébastien Arbola
Board meeting 6	9	11 November	Full attendance of all Board members.

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

4(f) Board Terms of Reference

In line with good practice and governance, the Board provides strategic direction to the management team.

The Board provides this direction by working with management to establish:

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

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

4(g) Executive Management

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

Executive management consists of five Chief Officers. These positions together with other management positions, the incumbents, dates of appointment and remuneration received (or accrued) in 2020 (in AED) are outlined below and an organisational chart is attached at Annex 2 of this Report:

Position	Fulfilled By	Appointment	Salary & Allowances 2020 (AED)	2020 Bonus (AED)	Other /Future Remuneration
Chief Executive Officer	Bader Saeed Al Lamki	2019	2,522,764	1,500,000	-
Chief Financial Officer	Adel Salem Al Wahedi	March 2020	1,684,077	-	-
Chief Legal Counsel	Hamish Jooste	2011	1,334,164	641,660	-
Chief Operating Officer	Jean-François Chartrain	2017	1,428,752	635,733	-
Chief Development Officer	François-Xavier Boul	2017	1,420,008	668,901	-

Position	Fulfilled By	Appointment	Salary & Allowances 2020 (AED)	2020 Bonus (AED)	Other /Future Remuneration
SVP, Human Capital	Ahmed Al Marzooqi	2015 - April 2020	1,074,492	402,244	-
Acting Vice President, Human Capital	Sarah Mohamed Ahmed Al Bakeri	May 2020	739,815	105,528	-
Acting VP, Internal Control & Risk	Mousa Sajwani	2015	1,009,938	99,392	-
Managing Director - DDCP	Dr. Yousif Al Hammadi	2014	1,658,928	383,182	-
VP, Technical Development	Julien Olivier Borredon	2019	1,081,521	-	-
Country Manager India	Sudheer Perla	2017	839,186	103,022	-
VP, Strategic Communications	Souad Al Serkal	2018	993,830	210,085	-
VP, Supply Chain Management	Mohamed Ali Habib	2019	1,062,297	100,371	-
SVP, Operations & Maintenance	Atef Al Breiki	2018	1,454,307	420,921	-
VP, HSEQ	Sabooh Asghar	2014	819,648	101,000	-
Managing Director, Tabreed Energy Services	Alastair Mulligan	2009	1,245,240	289,679	-
VP, Regional Asset Management & Value Chain Business	Colin Stuart Sangster	2015	1,078,920	162,084	-
VP, Projects	Irshad Hussain	2004	793,260	151,031	-
Senior Vice President Finance	Richard Rose	2014	1,214,448	477,116	-
VP – IT	Saeed Al Maeeni	June 2020	642,000	-	-
Acting VP-Commercial & Regulatory Affairs	Hannah Khalid Ali Al Bustani	April 2020	1,033,911	104,775	-
Acting VP-Regional Business Development	Faisal Tahir Bhatti	April 2020	722,700	226,793	-

4(h) Related party transactions

Tabreed was not a party to any related party transactions during 2020 based on the definition of “Related Parties” set out in Decision 3/2020.

Tabreed entered into three transactions in 2020 which exceeded the value of 5% of the capital of the Company (however, no transactions were related party transactions) :

- 6 April: the acquisition of an 80% stake in Emaar Properties PJSC's Downtown Dubai district cooling business at a cost of AED 2.48 billion (USD 675 million)
- 21 October: the Company successfully raised USD 500 million (AED 1.8 billion) with a 7-year, 2.5% coupon bond issuance
- 23 December: the acquisition of Saadiyat Cooling LLC (SCL), which is currently majority owned by Aldar Properties PJSC, and Saadiyat District Cooling Sole Proprietorship LLC (SDCL), which is wholly owned by Aldar Investment Properties PJSC, at a total cost of AED 963 million

4(i) Organisational Chart

The Organisational Chart of Tabreed is attached as Annex 2 of this Report.

5. External Auditor

PwC were appointed as External Auditors for Tabreed at the Annual General Assembly on 15 March 2020 for a one-year term. Tabreed selected PwC as the successful applicant pursuant to a competitive tender process issued by Tabreed in 2018 in respect of the auditing services mandate. Three major audit firms participated in the competitive process.

PwC is one of the Big Four accounting and professional services firms. PwC is a global network of firms operating in 155 countries with approximately 800 offices and more than 284,000 employees. The company offers business advisory services such as auditing, accounting, taxation, strategy management, and human resource consulting services. In 2020, PwC firms provided services to 84% of the Global Fortune 500 companies and more than 100,000 entrepreneurial and private businesses.

The scope of the audit for the 2020 financial year, as outlined in their engagement plan, was to:

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

The following table outlines the audit annual and quarterly related fees for Tabreed group companies for 2020:

External Auditor	PwC
Number of Years as External Auditor	2
Total audit fees for 2020	AED 882,609
Number of years the Partner of the External Auditor audited the Company	2
Fees for additional work in 2020	Nil
Nature of additional work	Issuance of bonds and consultancy work on digital transformation
Audit fees for additional work done in 2020 by auditors other than those appointed by Tabreed	AED 2.6 million
Name of partner auditor	Rami Sarhan (registered auditor number 1152)

Tabreed's external auditors did not make any qualified opinion for the interim and annual financial statements for 2020.

6. Audit Committee

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

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

The following table outlines the membership of the Audit Committee during 2020:

Member	2020 Term	Role	Status
Mohamed Jameel Al Ramahi	From 1 Jan to 31 Dec	Chair	Independent, Non-Executive
Frédérique Dufresnoy	From 1 Jan to 31 Dec	Member	Non-Independent, Non-Executive
Saeed Ali Khalfan	From 1 Jan to 31 Dec	Member	Independent, Non-Executive

Mohamed Jameel Al Ramahi, Chairman of the Audit Committee, acknowledges his responsibility for the Audit Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The Audit Committee met 4 times, on the following dates, during 2020:

- 27 January
- 5 May
- 22 July; and
- 5 November

The following table shows the attendance of each member for 2020:

Member	Meetings invited to attend in 2020	Attendance in person	Absence
Mohamed Jameel Al Ramahi	4	4	-
Frédérique Dufresnoy	4	3	1
Saeed Ali Khalfan Al Dhaheri	4	4	-

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

7. Nomination and Remuneration Committee

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

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

The following table outlines the membership of the NRC during 2020:

Member	2020 Term	Role	Status
H.E. Dr Ahmad bin Abdullah Humaid Belhoul Al Falasi	From 1 Jan to 31 Dec	Chairman	Independent, Non-Executive
Mohammed Al Huraimel Alshamsi	From 1 Jan to 31 Dec	Member	Non-Independent, Non-Executive
Sébastien Arbola	From 1 Jan to 31 Dec	Member	Non-Independent, Non-Executive

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

The NRC met 3 times, on the following dates, during 2020:

- 24 February
- 9 March; and
- 17 November

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

Member	Meetings invited to attend in 2020	Attendance in person	Proxy attendance
H.E. Dr Ahmad bin Abdullah Humaid Belhoul Al Falasi	3	3	-
Mohammed Al Huraimel Alshamsi	3	3	-
Sébastien Arbola	3	3	-

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

8. Other Committees approved by the Board

a) Finance Committee:

The duties of the Finance Committee are outlined below:

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

The following table outlines the membership of the Finance Committee during 2020:

Member	2020 Term	Role	Status
Mohammed Al Huraimel Alshamsi	From 1 Jan to 31 Dec	Chairman	Independent, Non-Executive
Frédéric Claux	From 1 Jan to 31 Dec	Member	Non-Independent, Non-Executive
Saeed Ali Khalfan Al Dhaheri	From 1 Jan to 31 Dec	Member	Independent, Non-Executive

Mohammed Al Huraimel Alshamsi, Chairman of the Finance Committee, acknowledges his responsibility for the Finance Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The Finance Committee met 6 times, on the following dates, during 2020:

- 26 January
- 29 April
- 15 July
- 11 October (bond issuance update call)
- 14 October (bond issuance update call); and
- 4 November

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

Member	Meetings invited to attend in 2020	Attendance in person	Proxy attendance
Mohammed Al Huraimel Alshamsi	6	6	-
Frédéric Claux	6	6	-
Saeed Ali Khalfan Al Dhaheri	6	6	-

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

b) The Projects Committee:

The duties of the Projects Committee are outlined below:

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

The following table outlines the membership of the Projects Committee during 2020:

Member	2020 Term	Role	Status
Frédéric Claux	From 1 Jan to 31 Dec	Chairman	Non-Independent, Non-Executive
Mohammed Al Huraimel Alshamsi	From 1 Jan to 31 Dec	Member	Independent, Non-Executive
Sébastien Arbola	From 1 Jan to 31 Dec	Member	Non-Independent, Non-Executive

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

The Projects Committee met 2 times on the following dates, during 2020:

- 15 June; and
- 14 September

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

Member	Meetings invited to attend in 2020	Attendance in person	Proxy attendance
Frédéric Claux	2	2	-
Mohammed Al Huraimel Alshamsi	2	2	-
Sébastien Arbola	2	2	-

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

9. Insider Information and Dealings Committee

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

Following approval by the Board of the policy, the Insider Information and Dealings Committee operated in accordance with the approved policy. The following table shows the Committee members during 2020:

Member	Date of appointment	Role
Hamish Jooste	February 2017	Chairman
Mousa Sajwani	February 2020	Member
Richard Rose	February 2017	Member

During 2020 the committee maintained insider lists for various price sensitive matters and operated in accordance with the Market Conduct and Securities Trading Policy and the Insider Information and Dealings Policy.

Hamish Jooste, Chairman of the Insider Information and Dealings Committee, acknowledges his responsibility for the Insider Information and Dealings Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

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

10. Internal Control System

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

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

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

The designated Internal Control Officer for 2020 was Mousa Sajwani who was appointed on 23 February 2020. Mousa has over 12 years of experience starting with Ernst & Young in which organizational skills and ethical standards were gained to ensure that audits are performed with the highest level of compliance and confidentiality. Mousa's industry journey also spans across multiple industries such as Oil & Gas, Regulatory and Utilities with all part of Finance division in addition to Asset Management experience. The Internal Control Officer reports directly to the Audit Committee.

Hamish Jooste is the duly appointed Compliance Officer of the Company in April 2020 and acknowledges his responsibility for the Internal Control function systems in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The annual review of Internal Controls, as is required under Article 50 of Decision 3/2020, was completed by the Internal Control function and reported to the Audit Committee and to the Board for 2020. In addition, the Internal Control function issued 8 other reports to the Board covering IT, operations (building maintenance), VAT, billing and collection, procurement to pay processes for non-projects functions, HSE, business development, NOC processes and an annual internal controls review for 2020.The Board met its internal control responsibilities in 2020 by reviewing presentations on risk management, discussing control issues at Board meetings and reviewing the detailed reports from Board Committees, and found that the internal control environment was satisfactory for 2020. During 2020, the Company did not face any major issue requiring disclosure in any report or to the market.

11. Irregularities in 2020

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

12.
Corporate Social Responsibility and Sustainability: Code of Conduct, Health, Safety and Environment, Local Community Development

Tabreed's approach to corporate social responsibility involves adopting business practices that, in addition to being compliant with applicable legal and regulatory requirements, are based on ethical values and respect for the immediate community and stakeholders of the Company (being employees, customers, partners, investors, suppliers, vendors, government and the environment).

Beyond providing sustainable and environmentally friendly cooling services, Tabreed is also conscious about its overall social impact and understands the increasing expectations of its stakeholders in relation to how Tabreed conducts its business. Consequently, Tabreed chooses to be socially responsible and to contribute as a sustainable business to positively impact the wider community.

In light of the above, Tabreed has developed a Code of Conduct which sets out internal rules and requirements for:

- Improper payments
- Market misconduct
- Prevention of fraud, and money laundering;
- Entertainment and gifts
- Working with stakeholders, suppliers and government
- Serving the community; and
- Sustainability and corporate social responsibility

Tabreed's Code of Conduct sets out the framework, values, principles and standards by which we expect all our employees to abide when dealing with vendors, customers, contractors and other external stakeholders, as well as when dealing with colleagues, affiliates, subsidiaries and internal departments.

Tabreed Cares

The "Tabreed Cares" campaign was introduced in 2020 as a continuous, long-term CSR campaign, broadcasting the Company's efforts across its operations. The "Tabreed Cares" slogan is intended to be used in our online broadcasting of the initiatives undertaken by the Company, to showcase Tabreed's role as a socially conscious and active company.

The current initiatives being undertaken revolve around the impact of the Covid-19 pandemic, and these include:

- A partnership with the SAAED association, the Emirates Red Crescent, and the Ministry of Interior in an initiative titled "Your families are ours" which sees Tabreed offer a substantial donation to provide support for families across the UAE that have been impacted by the Covid-19 pandemic
- A partnership with Opal (Oman Society for Petroleum Services), a non-profit member association in the Sultanate of Oman, in addition to the Oman Ministry of Health, to support in funding the testing of Covid-19 in the country
- A strategic collaboration with Bahrain's Royal Humanitarian Foundation (RHF) and taking part in the national "Feena Khair" initiative by providing financial support in Bahrain to help combat the effects of the coronavirus pandemic

Ideas@Tabreed

During 2020, the Company launched the "Ideas@Tabreed" initiative, where employees were encouraged to share their ideas for the betterment of the Company's performance as a team and the working environment and relationships both internally and externally. The purpose of this initiative was to encourage a greater level of engagement from all employees and to foster a culture of team, innovation and a drive for continuous improvement. To implement this, a committee from different departments was formed to evaluate feasibility and impact of the proposed ideas and accordingly to recommend and develop the implementation plan. The initiative was overseen directly by the CEO and resulted in a very high level of employee engagement where more than 50 submissions were received and 15 ideas were assessed and implemented during 2020.

United Nations Sustainable Development

In addition, we are working to align our business strategy with the United Nations (UN) Sustainable Development Goals (SDGs). As a member of the "Cool Coalition" steering committee - a United Nations initiative - we have supported the UN SDGs since their inception. So far, we have set aggressive goals that align to the targets of several SDG targets.

Sustainability is at the core of Tabreed's operations. It reflects the company's commitment to energy efficiency and to the environment, to its customers and to the sustainable socio-economic development of the region. They guide our day-to-day work, environmental and governance practices as well as our social initiatives.

Environment and Sustainability

I. Go Green Initiative

Go Green is an initiative to support Tabreed's efforts on sustainability with a keen focus on reduction of environmental impact. A core element of this initiative is reduction in the amounts of resources consumed which will consequently reduce the generated waste. In the primary phase, this initiative focused on Tabreed Head Office with requirements, such as energy efficiency and reduction in generated waste (e.g., reducing paper and plastic usage). In subsequent phases, the focus will also include Tabreed plants. The following were the accomplishments:

1. **Secure printing initiative:** Decrease no. of printers (group and standalones), and card-operated printers for increased security and usage efficiency.
2. **Digital signature initiative:** Adopted paper-free, fast and secure process to send, sign, and approve documents.
3. **Paperless project site initiative:** Projects department identified 3 sites for paperless transactions; action plan was set and achieved to reduce paper usage by certain percentage at these sites.
4. **Plastic bottles initiative:** Usage of plastic water bottles stopped, dispensers along with biodegradable paper cups placed, and refillable, sanitized metal water bottles provided.

II. Environmental Management

The Company complies with all applicable UAE environmental laws and regulations and has received specific permits from the UAE Environment Agencies in each applicable Emirate. In relation to effluent water release and emissions into the air:

- Environmental reporting on continuous basis to Dubai Municipality for all Tabreed's plants located in Dubai; and
- Tabreed continues to obtain permits for effluent water release from Environmental Agency Abu Dhabi (EAD) after undertaking to control certain parameter requirements such as acidity, turbidity and conductivity of the effluent

III. Waste Management

Tabreed continued to comply with relevant UAE federal / local authorities by enforcing its Waste Management Reduction Plan that applies to all its plants, project sites and offices, with the key objectives to protect the environment and minimize / reduce waste materials through prudent waste management program.

Nurturing Future Leaders

At Tabreed, we are committed to developing the next generation of leaders through encouraging UAE and GCC nationals to pursuing Science, Technology, Engineering and Math (STEM) studies leading to careers that help them realize their potential while positively impacting the growth of knowledge economies and socio-economic development.

University Talks and Career Fairs

Tabreed executives regularly visit local universities and engage with engineering students, sharing technology advances and best practices in district cooling as well as discussing potential career opportunities. Some of these universities include Khalifa University, Higher Colleges of Technology, UAE University, Zayed University and Tawdheef Career Fair.

Student Internships

The company also offers internships to students in their third or final year of university studies. Areas that students intern at range from Human Resources, Finance and Accounting, Legal, Information Technology, Operations, Asset Management, Projects, Customer Relations, Health and Safety Executive, Corporate Communications, Business Development and Audit and Risk.

Plant tours and education

Students interested in gaining first-hand experience on the operations of district cooling plants are invited to tour our plants. Tabreed has partnered with five universities to provide guided tours to their engineering students to deepen their knowledge of district cooling technology.

HSE Initiatives:

Tabreed is committed to promoting a positive health, safety and environment ("HSE") culture in the Company. In 2020, and despite the pandemic, the Company continued to build on strong initiatives from previous years to sustain continual improvement in HSE systems and processes, and further reinforce management's commitment to all stakeholders. Some of the highlights include:

Integrated Management System ("IMS") and ISO Certification

IMS refers to Tabreed's certification in and compliance to quality, environment, occupational health and safety and energy management system.

- Corporate **HSE Management System** that was adopted in 2015 was thoroughly implemented across all Tabreed plants and project sites in 2020
- Tabreed's certifications for **ISO14001:2015** (Environment Management System), **ISO9001:2015** (Quality Management System) and **ISO50001:2018** (Energy Management System) standards were renewed without any minor/major non-conformities following respective surveillance audits
- The surveillance audits also confirmed Tabreed's commitment to quality management by overseeing full transition of **ISO9001** certification to the revised (2015) version

- In 2020, Tabreed strengthened its compliance to international standards by successfully transitioning to **ISO45001:2018** certification for **Occupational Health and Safety**. Thus, becoming the first district cooling company in the region to have done so. ISO45001:2018 standard is based upon ISO's High-Level Structure (HLS) philosophy that enables organizations to follow a systematic approach to achieving continual improvement in occupational health and safety, its predecessor (OHSAS18001) has now become obsolete
- Furthermore, the renewed **ISO50001** certification manifests Tabreed's commitment to stakeholders regarding the optimized performance of its facilities. Tabreed's dedication to energy management also proves that we are committed to supplying reliable and sustainable energy and offering cost savings by continuously improving efficiency and limiting the impact on the environment

Note: Tabreed secured its first-ever Clean Energy Ministerial (CEM) Insight Award for which ISO50001 was a prerequisite.

Incident Reporting and Investigation

- Improved Tabreed **Automated Incident Reporting System (AIRS)** by introducing options to identify High Potential (HiPo) near misses as well as incident investigation requirements using Tabreed's Risk Management tools (such as RAM). Also, increased the closure rate on reported incident and recommended corrective actions through the **AIRS**
- Conducted number of investigations for incidents as well as high potential (HiPo) near misses, and prepared both detailed investigation reports

Core Focus on Risk Management:

- Developed 10 additional Generic Task Risk Assessment (GTRAs) to support operations and maintenance personnel during high and medium risk activities
- Conducted and/or proposed number of risk management studies, such as Fire Risk Assessments (FRA), Project HSE Review (PHSER), and Occupied Building Risk Assessment (OBRA) etc.

Strengthening HSE Culture:

- Training and Awareness: Conducted in-house detailed or slot and external training sessions on various HSE topics, including: HSE Management System/Risk Management; Chemical Safety, PTW, NEBOSH, IOSH SS/WS, Scaffolding, and Electrical Safety
- HSE awareness campaigns: monthly HSE themes, tips and HSE performance dashboards, using EDS to relay information on 12 top hazards via Tabreed's Life Saving Rules
- Employee Behavioral Observation (eBO): The program is at the core of Tabreed's efforts on Behavioral-based Safety (BBS) to develop the culture of working safely with the goal of achieving and sustaining low rate of near misses and incidents. In 2020, Tabreed's Executive Management participated in the program by visiting the plants and recognizing safe or at-risk behaviors using the eBO checklist
- Electronic Display Screens (EDS): Additional screens were installed at 8 Tabreed plants bringing the total to 48 screens. Besides relaying vital HSE messages, these screens were successfully used to display messages related to the ongoing pandemics

Occupational Health and Hygiene

- COVID-19 Efforts: The efforts included both producing essential documentation (procedures, guidelines, emergency response, and safety talks) to fulfill regulatory requirements and ensuring implementation of COVID-related control measures at Tabreed Head Office, plants, facilities and project sites
- Pre-Existing Health Conditions: In coordination with Human Capital and Tabreed's Insurance Service Provider, arrangements were made to check medical conditions of Tabreed personnel working in medium to high-risk activities. The core objective was to ensure their fitness to continue working in such activities. The medical records of such personnel will be retained and monitored on a periodic basis

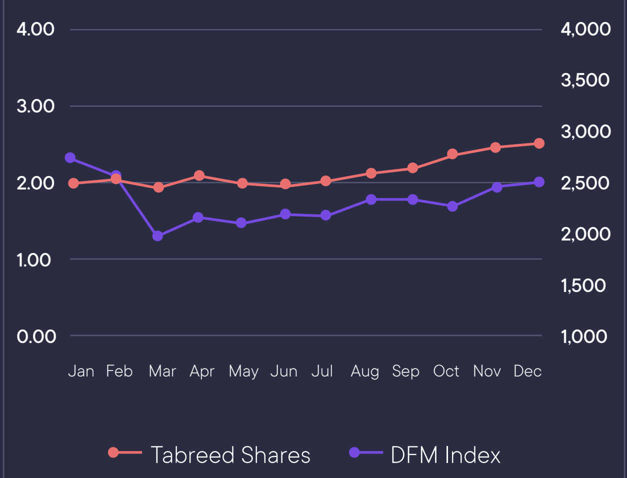
13. General Information

13(a) Share Price

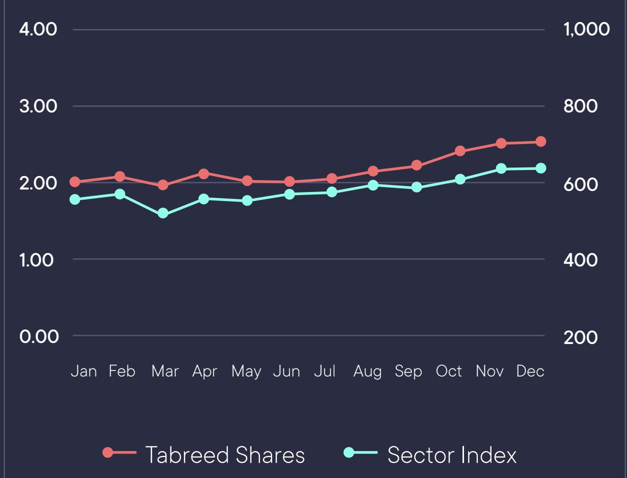
The following table presents the highest and lowest share price for each month during 2020 showing the market index and sector index as of 31 December 2020:

	Share Price (AED)		Market Index	Sector Index	Closing Price	Share Performance	
	Highest	Lowest				VS Market	VS sector
January	2.070	1.800	2790.42	527.01	1.960	5.60%	7.94%
February	2.140	1.950	2590	544.39	2.040	11.26%	0.78%
March	2.050	1.670	1771.31	476.89	1.900	24.75%	5.54%
April	2.180	1.900	2026.61	530.19	2.100	-3.89%	-0.65%
May	2.220	1.920	1945.09	523.24	1.970	-2.17%	-4.88%
June	2.000	1.830	2065.28	547.69	1.930	-8.21%	-6.70%
July	2.000	1.870	2.000	2050.77	556.55	4.33%	2.01%
August	2.160	1.960	2245.29	576.21	2.140	-2.49%	3.47%
September	2.340	2.060	2273.48	567.51	2.230	2.95%	5.72%
October	2.550	2.130	2187.86	593.56	2.450	13.63%	5.28%
November	2.750	2.400	2419.6	633.05	2.600	-4.47%	-0.53%
December	2.700	2.510	2491.97	637.16	2.650	-1.07%	1.27%

Source: Dubai Financial Market



Source : Dubai Financial Market



Source : Dubai Financial Market

13(b) Shareholder Ownership

Shareholder Ownership (%) as at 31 December 2020 is as follows:

	Individuals	Companies	Government	Total
Arab	0.6367	1.1060	0.00	0.0009
Local	5.7367	46.7011	0.0262	1.7427
Foreign	0.2607	45.5235	0.00	45.7842
Total	6.6341	93.3397	0.0262	100.000

Source: Dubai Financial Market

13(c) Ownership - 5% or More

Shareholders who own 5% or more of the share capital as at 31 December 2020 are:

Name	% Ownership
GDF International	40.00
General Investments FZE	38.2114

Source: Dubai Financial Market

13(d) Shareholders Ownership Distribution

	Shares owned	No. of Shareholders	No. of shares held	Total
1	Less than 50,000	18,264	35,530,185	1.308
2	From 50,000 to less than 500,000	307	49,084,977	1.808
3	From 500,00 to less than 5,000,000	86	115,456,777	4.252
4	More than 5,000,000	20	2,515,457,185	92.632
	Total:	18,677	18,479	2,715,529,124

Source: Dubai Financial Market

13(e) Investor Relations

For the purposes of Article 35 of Decision 3/2020, the officer in charge of investors' relations and shareholder communications for the Company is Souad Al Serkal (available at email address: salserkal@tabreed.ae, or IR@tabreed.ae; telephone: +971 2 2020400/+971 4 3132432; mobile: +971 50 446 5191; fax: +9712 6455 008). Further information in relation to investor relations is available in the "Investor Relations" section of Tabreed's website: www.tabreed.ae.

13(f) General Assemblies; Special Resolutions

Tabreed conducted two general assemblies in 2020, namely its Annual General Assembly on 15 March 2020 and 6 October 2020, where the following special resolutions were passed:

- 15 March 2020 AGA: a special resolution was passed to amend the articles of association of the Company in the form posted on the Company's website
- 6 October 2020 General Assembly: a special resolution was passed granting a 12 month authority to the Board to issue bond(s) or sukuk up to USD 1 billion with a maximum tenor of 30 years

13(g) Board Secretary

Hamish Jooste is the Company Secretary of Tabreed and was appointed on 28 April 2014, holding Bachelor of Laws and Bachelor of Economics degrees. Hamish Jooste is a lawyer with over 20 years of experience and is also the Chief Legal Counsel of Tabreed. The primary responsibilities of the Company Secretary are to promote corporate governance excellence within the Boardroom and to ensure that a healthy relationship exists between the Board and the management of the Company. The Company Secretary ensures compliance with applicable corporate governance requirements and regulations at all times. The Company Secretary also coordinates meetings of the Board of Directors, circulates the agenda and supporting information in advance of the meetings and then prepares and finalizes the minutes of those meetings. Currently the Company Secretary acts independently from management and reports directly to the Board in his capacity as the Company Secretary, however Hamish Jooste is an employee of the Company, in a separate capacity as the Chief Legal Counsel.

13(h) Significant Events - 2020

	Event
15 January	**Tabreed Energy Services Launched** Tabreed established 'Tabreed Energy Services', a new entity consolidating its service businesses to provide customers with an integrated set of consultancy, operations and maintenance services, that will help them optimize the energy efficiency of their buildings and developments. With operations commencing in 2020, Tabreed Energy Services will offer the full spectrum of integrated building energy services, including energy audits and consultancy, retrofitting and asset replacement, financing, operations and maintenance; offered through both performance-based contracts (ESCO) and traditional service models.
15 January	**Bee'ah and Tabreed Join Forces to Develop District Cooling Projects in Sharjah** Tabreed signed a partnership agreement to jointly explore the development of large-scale district cooling projects in the Emirate of Sharjah. Under the agreement, Bee'ah and Tabreed will develop potential district cooling projects at locations across Sharjah.
15 January	**Tabreed Acquires Masdar City's district cooling plants** Tabreed announced an agreement to acquire the Masdar City district cooling plants and concession which will grow to provide efficient cooling services to more than 2.7 million sq.m of sustainable urban communities in Masdar City, with a total capacity of about 69,000RT. In line with the ethos of Masdar City, this will continue to be the most efficient and sustainable cooling system in the Middle East. This advancement represents a major milestone in Tabreed's strategy of providing efficient cooling to sustainable cities around the world. In addition to the plant, Tabreed will also acquire the use of two deep geothermal wells located in Masdar City that are a part of a major research and development collaboration initiative, which will see Tabreed leverage its sector expertise and innovative approach to create unique, reliable and sustainable cooling solutions through geothermal technology.

	Event
28 January	**Tabreed reports an 11% increase in 2019 Net Profit to AED 472.5 million** Tabreed released its audited financial results for 2019. Tabreed reported an 11% increase in net profit to AED 472.5 million for the full year, adding 51,336 RT of new connections, resulting in the delivery of over 1.1 million refrigeration tons (RTs) of cooling capacity. Tabreed's Board of Directors recommended a cash dividend for 2019 of 10.5 fils per share, up from 11% on prior year aligning with the company's policy of growing dividends in line with the growth in the business.
10 March	**Tabreed Announces Abdel Salem Al Wahedi as New CFO** Tabreed announced the appointment of Mr. Adel Salem Al Wahedi as the new Chief Financial Officer (CFO) of Tabreed. CEO, Bader Saeed Al Lamki welcomed Abdel Salem Al Wahedi to Tabreed.
16 March	**Tabreed Shareholders Approve 10.5 fils dividend per share for 2019** The shareholders of Tabreed have approved a dividend of 10.5 fils per share for the financial year ending 31 December 2019. This represents an 11% increase on the previous year's pay out, highlighting Tabreed's growth in 2019 and reflecting its growing presence locally, regionally and internationally. The dividend was approved by the shareholders at the company's Annual General Assembly (AGA), chaired by Khaled Abdulla Al Qubaisi, Tabreed's Chairman, and attended by shareholders and members of Tabreed's Board of Directors.

	Event
6 April	**Tabreed acquires world's largest district cooling scheme in Downtown Dubai** Tabreed announced the acquisition of an 80% stake in Emaar Properties PJSC's (DFM: Emaar) Downtown Dubai district cooling business at a cost of AED 2.48 billion (USD 675 million). Emaar, one of the world's largest real estate companies and a global property developer, will retain a 20% stake as part of the long-term partnership with Tabreed. Downtown Dubai is Emaar's flagship mega-development at the heart of the city. The destination is home to the iconic Burj Khalifa – the world's tallest building, The Dubai Mall – the most visited mall in the world, The Dubai Fountain, Dubai Opera and other landmark residential, commercial and hospitality developments. The long-term concession will exclusively provide up to 235,000 RT of cooling to Dubai's most prestigious developments with the largest integrated energy efficient cooling scheme in the world. The district cooling scheme currently provides 150,000 RT of contracted capacity through a network that distributes chilled water produced in 3 already built interconnected district cooling plants; shortly followed by a 4th state-of-the-art plant that is currently under construction. Following the completion of the transaction, Tabreed's presence in Dubai has increased to 278,801 RT and its total capacity has increased by 12.6% to 1,338,602 RT from 83 plants. The transaction represents a major milestone in Tabreed's history, demonstrating the Company's ability to deliver on its growth potential and reinforcing its position as the global district cooling industry leader and the cooling provider of choice for landmark developments in the region and beyond.
7 May	**Tabreed Announces Q1 Financial Results; COVID Pandemic Countermeasures** Tabreed released its 2020 first quarter consolidated financial results, with net profit increasing to AED 82.2 million, an increase of 3% compared to its 2019 Q1 performance. In the midst of the global COVID-19 pandemic, the company has taken every precaution to ensure continuous uninterrupted service is maintained to all of its customers while also adopting industry-leading health and safety practices and sanitization programmes to ensure the safety of its staff during these challenging times.

	Event
26 July	**Tabreed announces 2020 H1 financial results, resilient operations during pandemic** Tabreed released its consolidated financial results for the first half of 2020 and reported net profit of AED 224.30 million (an increase of 13%), driven by the acquisition of its Downtown Dubai district cooling business in a long-term partnership with Emaar, one of the world's largest real estate companies and a global property developer, to provide up to 235,000 RT of cooling from the largest integrated district cooling scheme in the world to some of Emaar's most prestigious developments. In the midst of the global COVID-19 pandemic, the company has maintained continuous uninterrupted service to all of its customers while also adopting industry-leading health and safety practices and sanitization programmes to ensure the safety of its staff and stakeholders during these challenging times.
2 September	**Tabreed launches "Tabreed Cares" initiative across the region** Tabreed has launched a new initiative titled '#TabreedCares'. The initiative includes individual programs run across Tabreed's operations in collaboration with our partners in the region. The Company announced its support to the "Your Families Are Ours" initiative with SAAED Association. The initiative took place under the banner of The International Humanitarian Work day, which provided daily contributions of necessities to families in the UAE that have been impacted by the COVID-19 pandemic. The program was run in collaboration with the SAAED Association, the Ministry of Interior, and the UAE Red Crescent. In addition to this, Tabreed will be providing technical instruments that produce a mixed oxidant solution that can be used to disinfect the potable water used at selected touristic sites in the Emirate of Abu Dhabi to help with post-COVID operational precautionary measures, through its subsidiary, Cooltech Energy Water Treatment. "Tabreed Cares" is also active supporting initiatives in Bahrain and Oman.

	Event
10 September	**Tabreed successfully closes syndication of USD 692 million loan** Tabreed announced the successful syndication of a landmark term-loan facility, which was pre-funded by HSBC Bank Middle East Limited in March 2020, as part of the company's acquisition funding of an 80% stake in Emaar Properties PJSC's (DFM: Emaar) Downtown Dubai district cooling business. The USD 692 million loan has a tenor of 5 years (until March 2025) and was structured as a multi-tranche syndicated facility with Islamic and conventional tranches (the "Facility"). Against a backdrop of unprecedented market conditions and related loan market volatility and price dislocation, the syndication was successfully closed and over-subscribed by a diverse group of nine international, regional and local banks. In addition to financing the acquisition of Tabreed's stake in the Downtown Dubai district cooling business, the Facility will also support the development of a new state-of-the-art district cooling plant in Downtown Dubai. The Facility represented a milestone syndicated facility in support of a major acquisition by a government-related entity in 2020 and marks Tabreed's successful return to the syndicated market.
21 October	**Tabreed raises USD 500 million with new 7- year 2.5% bond** Tabreed successfully raised USD 500 million (AED 1.8 billion) with a 7-year, 2.5% coupon bond issuance. With orders coming from around 140 high quality local and international investors, the issuance was oversubscribed almost 5 times at its initial size of USD 400 million, demonstrating strong investor confidence in Tabreed's solid credit fundamentals, despite current global economic uncertainty. This significant demand allowed Tabreed to tighten pricing significantly to achieve a final coupon of 2.5% and to increase the size of the final bond to USD 500 million. The bond is rated Baa3 by Moody's and BBB by Fitch, in line with Tabreed's corporate ratings. The 7-year bond was particularly well received by international investors, who accounted for 90% of the final geographical allocation, with 49% from Europe, 21% from Asia and 20% from offshore US funds. The bond will be listed on the London Stock Exchange, alongside Tabreed's existing 2025 Sukuk.

	Event
12 November	**Tabreed Reported Net Profit of AED 370 Million in the Third Quarter of 2020** Tabreed released its consolidated financial results for the third quarter of 2020 and reported an increase of 13% in net profit to AED 370 million for the same period in 2019, whilst total revenue also increased by 12% YoY, to AED 1,258 million.
23 December	**Tabreed Acquires Saadiyat Island District Cooling concessions for AED 963 million** Tabreed announced the acquisition of Saadiyat Cooling LLC ("SCL"), which is currently majority owned by Aldar Properties PJSC, and Saadiyat District Cooling Sole Proprietorship LLC ("SDCL"), which is wholly owned by Aldar Investment Properties PJSC, at a cost of AED 963 million. Through an interconnected network of two district cooling plants with potential for a third plant to be built upon further ramping up of demand on the island in the future, SCL has a currently connected capacity of 24k Refrigerated Tonnes (RT) and a total concession of 77k RT. The SDCL plant is dedicated to the New York University (NYUAD) for a connected capacity of 11k RT. The ultimate capacity of the concession is 88k RT; additional prestigious projects are expected to be developed in the coming years in this prime cultural and touristic area of Abu Dhabi. Following the completion of the transaction, Tabreed's presence in Abu Dhabi will increase to 655k RT from a total of 46 plants. The agreement represents another major milestone in Tabreed's strategy, reinforcing its position as a global district cooling industry leader. Added to other recently closed large transactions, this demonstrates the company's ability to deliver on its growth potential and be confirmed as the cooling provider of choice for landmark developments in the region and beyond. The agreement will see Tabreed provide cooling to some of Abu Dhabi's most prestigious developments, including the Louvre Abu Dhabi, NYUAD, and Manarat Al Saadiyat.

13(i) Emiratization Percentage

In respect of the total headcount of Tabreed's corporate operations, Tabreed held the following Emiratization levels in respect of the periods stated below:

2020	41% Emiratization
2019	41% Emiratization
2018	39% Emiratization
2017	38% Emiratization

13(j) Innovative Projects

During 2020, Tabreed developed further its R&D and Innvovation Strategy, for implementation in 2021, with mid and long term capital expenditure investment projects aimed at making significant reductions in Tabreed's power consumption (20-30%), as well as CO_2 emissions of existing and future plants, while improving the life cycle cost of our projects.

Planned projects include:

The Future of Cooling: new Design, Technologies and Controls	Aims at introducing new concept design and control philosophy as well as innovative and disruptive technologies into the district cooling plant which results into material improvements in the plant performance as well as a prolonged life and improved costs.
Carbon Nanotube	Aims at enhancing drastically the performance and life span of the plant and equipment as well as reducing the plant and Energy Transfer Station (ETS) footprints using Carbon Nanotube (CNT) material which has outstanding properties in terms of heat transfer, in co-ordination with strategic partners.
Wet Bulb Forecasting	Aims to drastically enhance demand side management. The initiative aims at more accurately forecasting the customers demand for the next 24 hours to allow for a more efficient operation by optimising production of cooling, using AI. The first step is to rely on a stable weather forecasting system based on information updated in real time, the second step is to use data science to develop models and correlations and finally, based on demand forecast, drive the plant performance.
Heat Transfer	Enhancing the district cooling plant's condenser circuit and its cooling tower which is one of the critical component in the plant and has a significant impact on the plant's performance. Tabreed is currently redesigning the equipment to enhance its efficiency through improving water and air distribution as well as heat rransfer, which will eventually impact the overall performance of the plant.

In 2020, Tabreed initiated several projects to improve the water and electrical efficiency of its plants in the UAE and Bahrain. These projects harnessed technologically advanced electrical equipment with variable frequency drives linked to smart controllers. Tabreed also focused on using the historical data of its plants to enhance its operational efficiency after the successful completion of a prototype programme in 2018. Tabreed seeks to leverage "Big Data" analysis to provide more process insights and enhancements to its operations.

Tabreed developed and continues to improve equipment condition monitoring techniques using live data. One example of this is Tabreed's "Chiller Management Strategy" which is a holistic strategy that aims to monitor chiller performance, analyze current conditions, provide automated notifications to the operation and maintenance teams, set a ranking scheme for most efficient equipment to run and assist in increasing the quality of maintenance by reducing the time and effort required in respect of equipment troubleshooting.

Tabreed continued to develop and test technologies in energy management and district cooling process optimization, which resulted in the adoption of two new software solutions.

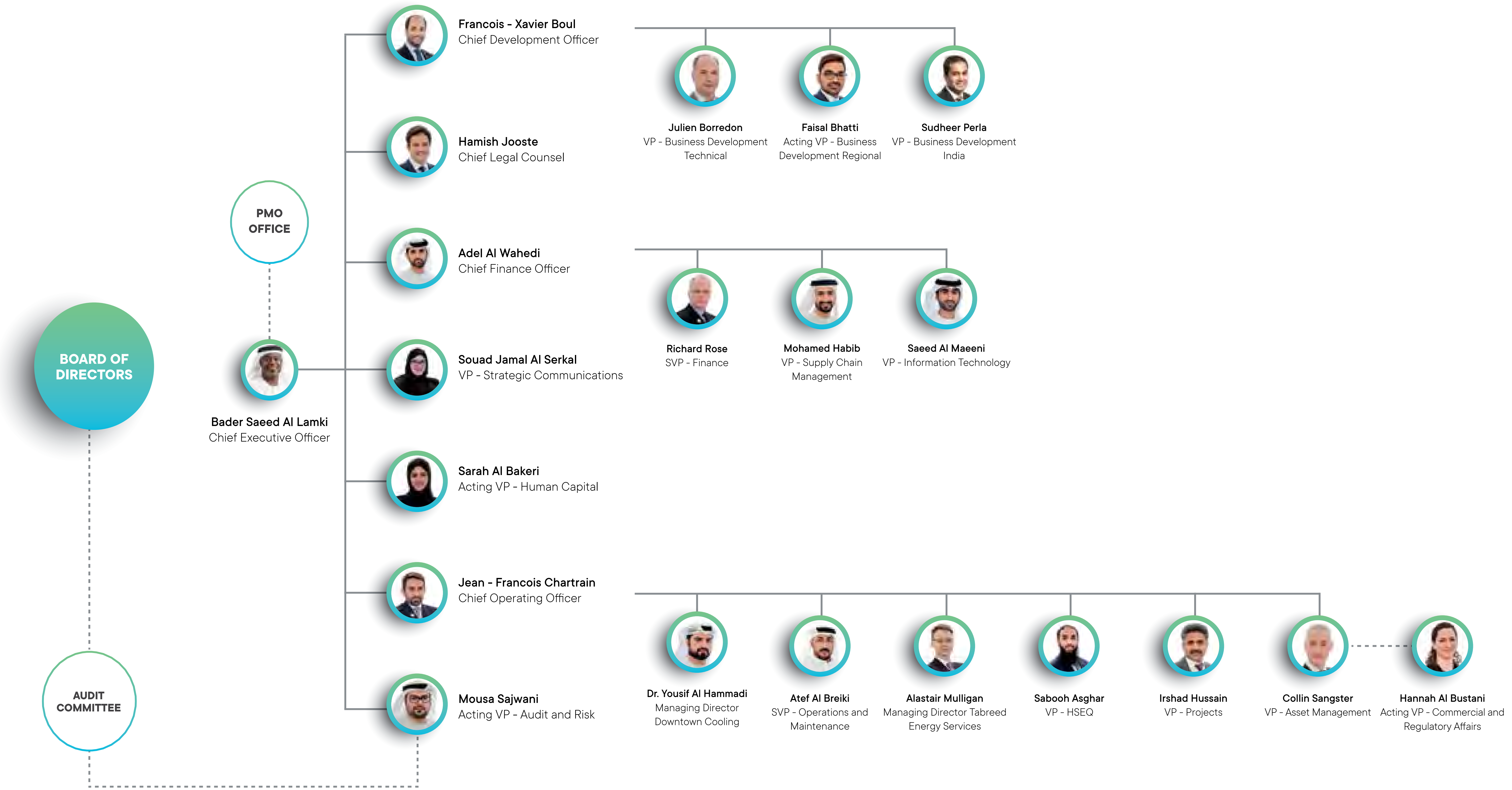
Tabreed considers R&D an essential element of its business. Tabreed continued its partnership with Khalifa University by launching a new project in Tabreed's Al Raha Beach plant. The project aims to develop and replicate the 'Optimal Chiller Plant Control' solution previously used in Tabreed's MBZ City plant. The proprietary solution consists of an offline smart tool capable of selecting optimal running conditions for Tabreed's cooling equipment based on actual measurements and data samples.

Additionally, Tabreed aimed to improve efficiencies and running conditions for major equipment such as chillers and cooling towers. Tabreed's automated scale removal and prevention system (ASRAPS) is being tested in 3 plants at Tabreed to prevent scaling in heat exchanger equipment. Scaling reduces operational efficiencies over time. To combat this, the system uses electromagnetic waves to prevent scaling from depositing on the inner surface of heat exchangers, providing improved heat exchanger efficiencies and an elongated life span of the equipment.

Overall, Tabreed's R&D projects completed in 2020 demonstrated positive results, providing further incentive for Tabreed to continue to expand on its efforts and to continue to pursue enhanced operational strategies and additional increases in electrical and water efficiencies.

ANNEX ONE:

Organization Chart 2021



ANNEX TWO:

Corporate Structure Chart as of 1 July 2020
National Central Cooling Company PJSC (Tabreed)

International District Cooling

- 99.9% — **Tabreed India Private Limited**
  Tabreed Utilities & Metering Energy Investment LLC (0.1%)
- 99.9% — **Tabreed Amaravati District Cooling Private Limited**
  National Central Cooling Company PJSC (0.1%)

Regional District Cooling

- 45% — **Qatar District Cooling Company Q.C.S.C. (Qatar Cool)** (not consolidated)
  United Development Company (49%)
  K. Al Musnad (2%)
  Sh.F.B Qassem Al Thani (2%.)
  A.R.H Al Atteya (1%)
  Tabreed Energy Investments One Person Co. (1%)
  The Pearl Qatar O.M.C. W.L.L (1%)
  Madinainova L.L.C (1%)
- 28% — **Saudi District Cooling Company also known as "Saudi Tabreed" (KSA)** (not consolidated)
  ACWA Power (41.715%)
  Mena Utilities (22.791%)
  Al Mutlaq Group (7.5%)
  Lama Holding Company (7.994%)
- 95% — **Tabreed Holding WLL**
  Gulf Energy System Company LLC (5%)
  - 99.85% — **Bahrain District Cooling Company BSC (c) (Tabreed Bahrain)**
    Abdulla Ahmed Isa Almannaei (0.17%)
  - 60.54% — **Tabreed Oman SAOC**
    Ministry of Defense Pension Fund (10.090%)
    Diwan of Royal Court Pension Fund (5.045%)
    ISS Pension Fund (7.063%)
    PMA International Ltd. (9.186%)
    Pvt Projects Dvlpt Co. LLC (8.072%)

Value Chain Business

- 99.99% — **Gulf Energy System Company LLC (GES)**
  Khaled Abdulla Al Qubaisi (0.01%)
- 100% — **Tabreed Energy Investments Sole Proprietorship LLC**
- 51% — **SNC Lavalin Gulf Contractors LLC (SLGC)** (not consolidated)
  SNC Lavalin International Inc. (49%)
- 65.2% — **Emirates Pre-insulated Pipes Industries LLC**
  Al Namlah (20.5%), Al Bitar (10.9) and Jailem (3.4%)
- 70% — **Ian Banham & Associates- Consulting Engineers**
  H. Al Kashani (5%), M. Al Kashani (25%)
- 80% — **Installation Integrity 2000 LLC (i2i)**
  Gulf Energy System Company LLC (20%)
- 10% — **Cool Tech Energy Water Treatment LLC(CoolTech Dubai)**
  Gulf Energy System Company LLC (90%)
- 99% — **Cooltech Water Treatment LLC (Cooltech Abu Dhabi)**
  Gulf Energy System Company LLC (1%)
- 99% — **Tabreed Operation & Maintenance Zones Cooling Stations Company LLC (TOMCO)**
  Gulf Energy System Company LLC (1%)
- 99% — **Tabreed Utilities & Metering Energy Invest. LLC**
  TOMCO (1%)
- 99% — **Central Utilities & Metering Energy Invest. LLC**
  TOMCO (1%)
  - 100% — **Tasleem Metering & Payment Collection – Sole Proprietorship LLC**
- 99% — **Cooltech Water Services LLC**
  Gulf Energy System Company LLC (1%)
- 99% — **Tabreed Energy Services LLC**
  Central Utilities & Metering Energy Invest. LLC (1%)

UAE District Cooling

- 99.99% — **Summit District Cooling Company LLC (SDCC)**
  Gulf Energy System Company LLC (0.01%)
- 60% — **National Central Cooling Company Ras Al Khaimah LLC (Tabreed RAK)**
  Gulf Energy System Company LLC (40%)
- 20% — **Industrial City Cooling Company LLC** (not consolidated)
  Abu Dhabi Investment Company (52.5%)
  Waha Capital PJSC (27.5%)
- 40% — **Sahara Cooling Limited (Jebel Ali F.Z. Co.)** (not consolidated)
  Summit Global Management Co. VI B.V (30%)
  Electric and Power Development Corp Ltd. (30%)
- 51% — **Sahara Cooling & Air Conditioning LLC** (not consolidated)
  Sahara Cooling Limited (Jabel Ali FZ Co (49%))
- 99% — **District Utilities Energy Investment LLC**
  TOMCO (1%)
  - 100% — **S&T Cool District Cooling Company – Sole Proprietorship LLC**
- 99% — **Tabreed Parks Investment LLC**
  TOMCO (1%)
- 75% — **Prime District Cooling LLC**
  International Capital Trading LLC (25%)
- 99.6% — **Tabreed Al Maryah District Cooling Investment LLC**
  TOMCO. LLC (0.4%)
  - 50% — **Business District Cooling Investment LLC** (not consolidated)
    Jupiter District Cooling Investment (50%)
    - 99.99% — **Al Wajeez Devlp. Co. Pvt JSC** (not consolidated)
      Jupiter District Cooling Invest LLC
      Tabreed Al Maryah District Cooling Invest. LLC
- 80% — **Downtown DCP LLC**
  Emaar District Cooling (EDC) LLC (20%)
- 100% — **Masdar City Cooling Company Limited**

Consolidated in Tabreed's accounts

Not Consolidated in Tabreed's accounts

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