

ESHRAQ INVESTMENTS PJSC

**Review report and condensed
consolidated financial information
for the three-month period ended
31 March 2023**

ESHRAQ INVESTMENTS PJSC

Review report and condensed consolidated financial information for the three-month period ended 31 March 2023

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ESHRAQ INVESTMENTS PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Eshraq Investments PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 31 March 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34 *Interim Financial Reporting*.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
9 May 2023
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
at 31 March 2023**

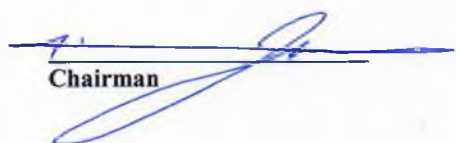
		31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
	Notes		
ASSETS			
Non-current assets			
Property and equipment	5	6,677	6,904
Investment properties	6	686,318	834,928
Financial assets at fair value through other comprehensive income	7	49,049	48,204
Debt investment at amortised cost	8	7,859	-
Trade and other receivables – net of current portion	10	114,087	33,679
Total non-current assets		863,990	923,715
Current assets			
Inventories		70	68
Wakala investment	12	11,400	-
Trade and other receivables	10	19,581	8,559
Financial assets at fair value through profit or loss	9	1,767,814	1,766,426
Due from a related party	20	14,856	14,846
Cash and bank balances	11	25,353	25,822
Total current assets		1,839,074	1,815,721
Assets held for sale	13	254,018	280,337
Total assets		2,957,082	3,019,773
EQUITY AND LIABILITIES			
Equity			
Share capital	14	2,820,433	2,820,433
Share discount	14	(623,283)	(623,283)
Treasury shares	14	(39,032)	(26,151)
Statutory reserve	15	58,979	58,979
Retained earnings		491,025	525,113
Investment revaluation reserve	16	(50,581)	(51,426)
Total equity		2,657,541	2,703,665

The accompanying notes form an integral part of the condensed consolidated financial statements.

**Condensed consolidated statement of financial position
at 31 March 2023 (continued)**

	Notes	31 March 2023 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	17	1,306	1,470
Bank borrowings	18	222,247	227,759
Total non-current liabilities		223,553	229,229
Current liabilities			
Trade and other payables	19	43,289	54,330
Bank borrowings	18	32,699	32,549
Total current liabilities		75,988	86,879
Total liabilities		299,541	316,108
Total equity and liabilities		2,957,082	3,019,773

To the best of our knowledge, the condensed consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group as of, and for, the periods presented therein.


Chairman


Director

The accompanying notes form an integral part of the condensed consolidated financial statements.

**Condensed consolidated statement of profit or loss
for the three-month period ended 31 March 2023**

	Notes	Three-month ended 31 March	
		2023 AED'000 (unaudited)	2022 AED'000 (unaudited)
Revenue from commercial operations		11,674	11,518
Direct operating expenses		(3,348)	(3,606)
Gross profit from commercial operations		8,326	7,912
Finance income		1,302	3,732
Finance costs		(4,279)	(2,177)
Net finance (loss)/income		(2,977)	1,555
Net changes in fair value of financial assets at FVTPL	9	(8,026)	7,803
Share of profits from an associate		-	220
Dividend income		-	1
Net (loss)/gain from investments		(8,026)	8,024
Total operating (loss)/income		(2,677)	17,491
General and administrative expenses		(4,711)	(3,000)
Change in fair value of assets held for sale	13	(26,529)	-
Selling and marketing expenses		(195)	(142)
Other income		24	4
(Loss)/profit for the period		(34,088)	14,353
Basic and diluted (losses)/earnings per share (AED)	21	(0.0123)	0.0102

The accompanying notes form an integral part of the condensed consolidated financial statements.

**Condensed consolidated statement of comprehensive income
for the three-month period ended 31 March 2023**

		Three-month ended 31 March	
		2023	2022
	Note	AED'000	AED'000
		(unaudited)	(unaudited)
(Loss)/profit for the period		(34,088)	14,353
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net changes in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI")	7	845	45
Total other comprehensive income		845	45
Total comprehensive (loss)/income for the period		(33,243)	14,398

The accompanying notes form an integral part of the condensed consolidated financial statements.

**Condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2023**

	Share capital AED'000	Share discount AED'000	Treasury shares AED'000	Statutory reserve AED'000	(Accumulated losses)/ retained earnings AED'000	Investment revaluation reserve AED'000	Total equity AED'000
Balance at 1 January 2022 (audited)	2,325,000	-	(15,609)	141,125	(1,039,304)	(47,957)	1,363,255
Profit for the period	-	-	-	-	14,353	-	14,353
Other comprehensive income for the period	-	-	-	-	-	45	45
Total comprehensive income for the period	-	-	-	-	14,353	45	14,398
Balance at 31 March 2022 (unaudited)	2,325,000	-	(15,609)	141,125	(1,024,951)	(47,912)	1,377,653
Balance at 1 January 2023 (audited)	2,820,433	(623,283)	(26,151)	58,979	525,113	(51,426)	2,703,665
Loss for the period	-	-	-	-	(34,088)	-	(34,088)
Other comprehensive income for the period	-	-	-	-	-	845	845
Total comprehensive (loss)/income for the period	-	-	-	-	(34,088)	845	(33,243)
Treasury shares purchased (Note 14)	-	-	(12,881)	-	-	-	(12,881)
Balance at 31 March 2023 (unaudited)	2,820,433	(623,283)	(39,032)	58,979	491,025	(50,581)	2,657,541

The accompanying notes form an integral part of the condensed consolidated financial statements.

**Condensed consolidated statement of cash flows
for the three-month period ended 31 March 2023**

	Notes	Three-month ended 31 March	
		2023	2022
		AED'000	AED'000
		(unaudited)	(unaudited)
Cash flows from operating activities			
(Loss)/profit for the period		(34,088)	14,353
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	233	873
Net change in fair value of financial assets at FVTPL	9	8,026	(7,803)
Share of profits from an associate		-	(220)
Change in fair value of assets held for sale	13	26,529	-
Amortisation of borrowing cost	18	54	54
Provision for employees' end of service benefits	17	79	67
Dividend income		-	(1)
Finance income		(1,302)	(3,732)
Finance costs		4,225	2,078
Operating cash flows before changes in working capital		3,756	5,669
(Increase)/decrease in trade and other receivables		(300)	133
Decrease in trade and other payables		(1,152)	(94)
Increase in due from a related party		(11,410)	(626)
Increase in inventories		(2)	(3)
Cash (used in)/ generated from operations		(9,108)	5,079
Employees' end of service benefits paid	17	(243)	(23)
Net cash (used in)/generated from operating activities		(9,351)	5,056
Cash flows from investing activities			
Acquisition of debt investments at amortised cost	8	(7,859)	(36,725)
Interest received		228	8,596
Dividends received		-	2,981
Payments for property and equipment	5	(6)	(1,027)
Payments for assets held for sale	13	(210)	-
Proceeds from sales of investment properties		48,554	-
Payments for financial assets at fair value through profit or loss	9	(9,738)	-
Proceeds from sales of financial assets at fair value through profit or loss	9	324	-
Net cash generated from/(used in) investing activities		31,293	(26,175)

The accompanying notes form an integral part of these condensed consolidated financial information.

**Condensed consolidated statement of cash flows
for the three-month period ended 31 March 2023 (continued)**

	Notes	Three-month ended 31 March	
		2023	2022
		AED'000	AED'000
		(unaudited)	(unaudited)
Cash flows from financing activities			
Repayment of bank borrowings	18	(5,429)	(3,850)
Finance costs paid		(4,101)	(2,063)
Treasury shares purchased		(12,881)	-
Net cash flows used in financing activities		(22,411)	(5,913)
Net decrease in cash and cash equivalents		(469)	(27,032)
Cash and cash equivalents as at 1 January		15,500	61,733
Cash and cash equivalents as at 31 March	11	15,031	34,701
<u>Non cash transactions:</u>			
Acquisition of Wakala investment against related party receivables		11,400	-
Acquisition of financial assets at FVTOCI against related party receivables	8	-	10,000

The accompanying notes form an integral part of these condensed consolidated financial information.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023**

1 General information

Eshraq Investments PJSC (the “Company”) was initially registered as a private joint stock company in the Emirate of Abu Dhabi on 24 December 2006. On 7 July 2011, the Company converted to a public joint stock company. The Company is listed on the Abu Dhabi Securities Exchange.

The Company is registered under commercial license No. 1005631 and Abu Dhabi Chamber of Commerce and Industry membership No. 223393. The registered head office of the Company is at P.O. Box 108737, Abu Dhabi, United Arab Emirates (“UAE”).

The Company, its subsidiaries and an associate (together referred to as the “Group”) are principally engaged in commercial enterprise investment and real estate business which includes development, sale, investment, construction, management and associated services. The Company also owns a hotel apartment building.

The details of principal activities, country of incorporation and operation, and ownership interest of the Company in its subsidiaries and an associate are set out below:

<u>Name of the subsidiary</u>	<u>Country of incorporation</u>	<u>Legal % of holding</u>		<u>Principal activities</u>	<u>Classification</u>
		<u>2023</u>	<u>2022</u>		
Eshraq International Company LLC	Cayman Islands	100	100	Real estate	Subsidiary
Beans and Pages Café*	UAE	100	100	Library and café	Subsidiary
Goldilocks Investment Holding-Sole Proprietorship L.L.C.**	UAE	100	100	Investment, institution and management	Subsidiary
Qanat View Real Estate Development Construction – Sole Proprietorship L.L.C. *	UAE	100	100	Real Estate Development Construction	Subsidiary

*Entities incorporated during 2022.

**Dormant entity acquired from a related party.

<u>Subsidiary under Eshraq International Company LLC</u>	<u>Country of incorporation</u>	<u>Legal % of holding</u>	<u>Beneficial % of holding</u>	<u>Principal activities</u>	<u>Classification</u>
Nuran Marina Serviced Residence LLC*	UAE	49%	100	Hotel apartments	Subsidiary

* Eshraq International Company LLC has a 49% ownership in Nuran Marina Serviced Residence LLC and the remaining 51% is held by the heirs of a former board member on behalf of the Company who had irrecoverably assigned the beneficial ownership to Eshraq International Company LLC.

<u>Associate under Eshraq International Company LLC</u>	<u>Country of incorporation</u>	<u>Legal % of holding</u>		<u>Principal activities</u>	<u>Classification</u>
		<u>2023</u>	<u>2022</u>		
Alkonost Investment Ltd. *	Cayman Islands	-	40%	Asset management	Associate

*During 2022, the ownership in Alkonost Investments Ltd was disposed.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

1 General information (continued)

Corporate income tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

2 Application of new and revised International Financial Reporting Standards (“IFRSs”)

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been applied in these condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

- IFRS 17 *Insurance Contracts*
- Amendments to IFRS 17
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*
- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 8 *Definition of Accounting Estimates*

2.2 New and revised IFRSs in issue but not yet effective

The Group has not early adopted any new and revised IFRSs that have been issued but are not yet effective.

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 1 <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2024
Amendments to IFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to IAS 1 <i>Non-current liabilities with covenants</i>	1 January 2024
Amendments to IFRS 10 <i>Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

The above stated new standards and amendments are not expected to have any significant impact on these condensed consolidated financial statements of the Group.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on these condensed consolidated financial statements of the Group.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

3 Summary of significant accounting policies

Statement of compliance

The condensed consolidated financial statements are prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2022. In addition, results for three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Basis of preparation

These condensed consolidated financial statements are presented in UAE Dirhams (AED) which is the functional and presentational currency of the Group and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for financial assets measured at fair value and investment properties which are carried at fair value.

4 Accounting policies, estimates and judgements

The accounting policies, significant judgements, estimates and assumptions applied by the Group in these condensed consolidated financial statements are consistent with those in the audited annual consolidated financial statements of the Group as at and for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective 1 January 2023 as stated in Note 2 above.

5 Property and equipment

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Carrying amount at the beginning of the period/year	6,904	97,253
Additions during the period/year	6	4,297
Depreciation charge for the period/year	(233)	(3,108)
Transfer to asset held for sale (Note 13)	-	(91,538)
Carrying amount at the end of the period/year	6,677	6,904

All of the Group's property and equipment are located in the UAE.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

5 Property and equipment (continued)

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

	Three-month ended 31 March	
	2023	2022
	AED'000	AED'000
	(unaudited)	(unaudited)
Direct operating expenses	124	867
General and administrative expenses	109	6
	233	873

6 Investment properties

Investment properties represent certain plots of land located in the UAE, rented out properties in the United Arab Emirates and a building in the United States of America ("USA").

Movement in investment properties is as follows:

	31 March	31 December
	2023	2022
	AED'000	AED'000
	(unaudited)	(audited)
Balance at the beginning of the period/year	834,928	1,006,352
Transfer to assets held for sale (Note 13)	-	(188,800)
Disposals	(148,610)	(33,134)
Increase in fair value	-	50,510
Balance at the end of the period/year	686,318	834,928

Investment properties are carried at fair value. As of 31 December 2022, the fair value of the investment properties has arrived at on the basis of valuations carried out by accredited independent valuers not related to the Group. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations. In estimating the revalued amounts of the investment properties, the highest and best use of the properties were considered, and comparable and income capitalisation valuation approaches were used. Based on the internal assessment performed, management believes that there is no significant change in the fair value of investment properties during the three-month period ended 31 March 2023.

The inputs used in the valuation are not based on observable market data, and thus, the valuation techniques were considered to be Level 3 fair value measurement.

Included in investment properties, a building and a land with a fair value of AED 196,400 thousand (31 December 2022: AED 196,400 thousand) is mortgaged as a security for a loan obtained by the Group from a local bank (Note 18).

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

6 Investment properties (continued)

During the three-month period ended 31 March 2023, the Group recognised rental income from letting investment properties of AED 5,586 thousand (31 March 2022: AED 5,151 thousand).

In September 2022, the Board of Directors has approved the monetization of the Group's land bank in accordance with the Group's business plan. The following transactions demonstrate the Group's progress towards monetizing its land bank:

- a) The Group and the third party have finalised the performance of the terms and conditions, and legal procedures as stated in the sales and purchase agreement (SPA) dated November 2022, and property development agreement for handing over the plot of land in Abu Dhabi to the third party.
- b) The Group has completed the transfer of the title deeds and received the consideration for the sale of four plots of land located in JVC-Dubai, United Arab Emirates.

7 Financial assets at fair value through other comprehensive income

The Group's financial assets at fair value through other comprehensive income ("FVOCI") comprise of strategic investments in equity securities that were irrevocably designated as measured at FVOCI.

Financial assets at FVOCI breakdown as at the end of the reporting period comprises the following:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Unquoted equity securities (i)	48,675	26,406
Unquoted funds (ii)	-	21,490
Quoted equity securities	374	308
	49,049	48,204

Movement in the balance of financial assets at FVOCI is as follows:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Balance at the beginning of the period/year	48,204	94,011
Additions	-	28,986
Disposals (Note 9)	-	(28,529)
Reclass to financial assets at fair value through profit or loss (Note 9)	-	(46,736)
Net change in fair value recognised in other comprehensive income	845	472
Balance at the end of the period/year	49,049	48,204

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

8 Debt investment at amortised cost

Movement in the debt investment at amortised cost is as follows:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Balance at the beginning of the period/year	-	18,363
Additions	7,859	37,641
Disposals (Note 9)	-	(56,004)
	7,859	-
Allowance for expected credit loss	-	-
Balance at the end of the period/year	7,859	-

Finance income on debt investment at amortised cost for the period ended 31 March 2023 amounted to nil (31 March 2022: AED 1,000 thousand). There is no accrued interest on debt investment at amortised cost as at 31 March 2023 (31 December 2022: Nil).

The following table shows the movement in expected credit loss that has been recognised for debt investment at amortised cost in accordance with IFRS 9.

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Balance at the beginning of the period/year	-	89
Net measurement of loss allowance	-	(89)
Balance at the end of the period/year	-	-

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

9 Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss ("FVTPL") comprise financial assets that are held for trading. The financial assets at FVTPL breakdown at the end of the reporting period comprises the following:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Quoted equity securities (ii)	21,185	13,017
Unquoted funds (ii)	1,746,629	1,753,409
	<u>1,767,814</u>	<u>1,766,426</u>

- (i) Comprised of sharia compliant equity shares quoted in UAE and denominated in UAE Dirhams (AED). Part of these securities is held as a collateral for a loan obtained from a local bank (Note 18, 26).
- (ii) Comprised of an investment in an open-ended fund incorporated in UAE with the objective to generate return from Middle East region based instruments.

Movement in the balance of financial assets at FVTPL is as follows:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Balance at the beginning of the period/year	1,766,426	268,472
Additions (i) (Note 1)	9,738	1,148,101
Disposals	(324)	(238,643)
Reclass from financial assets at fair value through other comprehensive income (ii) (Note 7)	-	46,736
Net change in fair value recognised in profit or loss	<u>(8,026)</u>	<u>541,760</u>
Balance at the end of the period/year	<u>1,767,814</u>	<u>1,766,426</u>

Finance income on the repurchase agreement for the three-month period ended 31 March 2023 amounted to nil (31 March 2022: AED 252 thousand). There is no accrued interest on fixed income on the repurchase agreement as at 31 March 2023 (31 December 2022: Nil).

Included in the financial assets at FVTPL, quoted securities with a fair value of AED 21,128 thousand is mortgaged as a security for a loan obtained by the Group from a local bank (31 December 2022: AED 13,017 thousand) (Note 18, 26).

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

10 Trade and other receivables

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Trade receivables	123,768	33,916
Accrued interest	2,015	942
Prepayments	1,615	616
Other receivables	6,270	6,764
	133,668	42,238
Less: non-current portion (Note 6)	(114,087)	(33,679)
Current portion	19,581	8,559

No interest is charged on trade and other receivables. Past due receivables are provided for based on estimated irrecoverable amounts determined by reference to management experience and past default history. In determining the recoverability of a receivable balance, the entities consider any change in the credit quality of the receivable balance from the date credit was initially granted up to the end of the reporting period.

11 Cash and bank balances

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Cash on hand	49	34
Cash at bank	18,645	19,129
Term deposits	6,659	6,659
	25,353	25,822
Less: short-term deposits with original maturity of more than six months	(6,659)	(6,659)
Less: restricted cash	(3,663)	(3,663)
Cash and cash equivalents	15,031	15,500

Term deposits represents deposits held with financial institutions in the UAE and denominated in AED. These deposits carry an interest rate : 4.45% - 4.54% per annum (31 December 2022: 0.20% - 4.54% per annum).

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

11 Cash and bank balances (continued)

Finance income on term deposits for the three-month ended 31 March 2023 amounted to AED 75 thousand (31 March 2022: AED 5 thousand). Accrued interest on term deposits amounted to AED 105 thousand as at 31 March 2023 (31 December 2022: AED 30 thousand).

Restricted cash includes unclaimed dividends which were declared in 2012 and 2013 collectively amounting to AED 3,635 thousand (31 December 2022: AED 3,635 thousand) and a restricted cash placed in a local bank amounting to AED 28 thousand (31 December 2022: AED 28 thousand).

12 Wakala investment

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Wakala investment	11,400	-

In 2023, the Group invested AED 11 million in Wakala deposits held with non-financial institutions in the UAE and denominated in AED. This investment carry interest rate of 8% per annum and maturity date of 25 March 2024.

Finance income on Wakala investment for the three-month ended 31 March 2023 amounted to AED 116 thousand (31 March 2022: AED 1,728 thousand). Accrued interest on term deposits amounted to AED 15 thousand as at 31 March 2023 (31 December 2022: Nil).

13 Asset held for sale

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Balance at the beginning of the period/year	280,337	-
Transfer from property and equipment (Note 5)	-	91,537
Transfer from investment properties (Note 6)	-	188,800
Additions	210	-
Change in fair value (i)	(26,529)	-
Balance at the end of the period/year	254,018	280,337

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

13 Asset held for sale (continued)

In 2022, the Board of Directors has approved the plan to sell a building previously recorded under property and equipment, and apartment units previously recorded under investment properties. The Group entered into exclusive agent agreements to find a buyer and accordingly classified the properties as held for sale. The assets held for sale are measured at the lower of fair value of their previous carrying amount and fair value less costs to sell for the property and equipment, and fair value for the investment property. As of 31 March 2023, no sale and purchase agreement has yet been signed for the building. These properties are mortgaged as securities for a loan obtained by the Group from a local bank (Note 18).

In 2022, the Group carried out a review of recoverable value of the building. The recoverable value of building is based on fair value less cost to sell determined by independent valuer and has been determined by reference to the income approach using exit yield of 7.75% and a discount rate of 9.75%.

- (i) The fair value of the apartment units has been determined using the recent sale and purchase agreements with various third-party buyers (31 December 2022: the market comparable approach (Note 6)). As at 31 March 2023, the parties are still finalising the performance of the terms and conditions, and legal procedures as stated in the SPA.

14 Share capital

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
<i>Authorised, issued and paid up capital</i>		
2,820,433,097 (2022: 2,820,433,097) ordinary shares of AED 1 each	2,820,433	2,820,433

Treasury shares

On 18 August 2022, the Group obtained an approval from SCA to proceed with the buy-back of the Group's shares in accordance with the laws of the UAE and SCA regulations.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

14 Share capital (continued)

Treasury shares (continued)

The movement of treasury shares is as follows:

	31 March 2023		31 December 2022	
	Units'000	AED'000	Units'000	AED'000
Balance at the beginning of the year	43,084	26,151	36,458	15,609
Additional shares purchased during the period/year	26,237	12,881	20,576	10,542
Reduction in shares during the period/year	-	-	(13,950)	-
Balance at the end of the year	69,321	39,032	43,084	26,151

Shares discount

The acquisition of Goldilocks Class A shares resulted in a net increase of the capital of the Company in an amount of AED 761,790 thousand against the shares in Goldilocks by virtue of which the owners of the shares in Goldilocks received 1,385,073 thousand new shares in the capital of the Company, each proportionally to their ownership in the fund.

Share discount amounting to AED 623,283 thousand is recognised for the difference of the fair value of the shares issued by the Group to the new shareholders and fair value of the 99.2% total shares of the Fund.

15 Statutory reserve

In accordance with the Articles of Association of the Company and in line with the provisions of the UAE Federal Law No. 32 of 2021, the Company is required to transfer annually to a statutory reserve account an amount equal to 10% of its annual profit, until such reserve reaches 50% of the share capital of the Company. This reserve is not available for distribution.

No allocation to the statutory reserve has been made for the three-month period ended 31 March 2023, as this will be effected at the year-end based on the Company's results for the year ending 31 December 2023.

16 Investments revaluation reserve

Investments revaluation reserve represents the net unreleased gains or losses that are recognised on the financial assets at fair value through other comprehensive income.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

17 Provision for employees' end of service benefits

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Balance at the beginning of the period/year	1,470	1,151
Charge for the period/year	79	355
Paid during the period/year	(243)	(36)
Balance at the end of the period/year	1,306	1,470

18 Bank borrowings

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Term loan 1	105,320	110,216
Term loan 2	19,349	19,336
Term loan 3	130,277	130,756
	254,946	260,308
Less: Amount due for settlement after 12 months from the end of reporting year (classified under non-current liabilities)	(222,247)	(227,759)
Amount due for settlement within 12 months from the end of reporting year (classified under current liabilities)	32,699	32,549

The term loans comprise of the following:

Term loan 1

A term loan facility from a local bank amounting to AED 145,000 thousand under the terms and conditions defined in the term loan agreement. The loan is repayable in quarterly instalments over a period of 12 years and carries a variable interest rate. The loan is secured by a mortgage over the building used by Nuran Marina Serviced Residences LLC (the "Subsidiary") (Note 13), 58 apartment units at Burj Daman, Dubai (Note 13), corporate guarantee issued by the Subsidiary in favor of the lender and collections made by the subsidiary are assigned to the lender to repay the quarterly principal repayment of the loan. The loan was obtained to repay another previous loan from the same local bank and to finance the Group's general obligations. The loan was fully drawdown as of the reporting date.

As at 31 March 2023, the Group recognised finance costs of AED 1,879 thousand (31 March 2022: AED 907 thousand) in relation to this facility.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

18 Bank borrowings (continued)

Term loan 2

In 2020, the Group availed a margin facility from a local bank amounting to AED 69,000 thousand under the terms and conditions defined in the agreement to finance the working capital requirements of the Group and repay one of an existing loan. In 2022, the margin facility limit was decreased to AED 21,000 thousand. The total drawdown from the facility as at 31 March 2023 is AED 19,349 thousand (31 December 2022: AED 19,336 thousand). The facility is secured by a pledge of quoted shares held in the name of the Group (Note 26). The facility is repayable on demand and carries a variable interest rate. As at 31 March 2023, the Group recognised finance costs of AED 80 thousand (31 March 2022: AED 213 thousand).

Term loan 3

In 2021, the Group obtained a sharia-compliant term loan facility from a local bank amounting to AED 140,000 thousand under the terms and conditions defined in the agreement to settle the existing debt exposure of its project loan and to finance general corporate purposes. The loan is repayable in quarterly instalments over a period of 10 years and carries a variable interest rate. The loan is secured by a mortgage over the land and building of the Group located in Al Reem Island (Note 6), Abu Dhabi, and a reserved account maintained in the name of the Group with an amount equal to at least one quarterly instalment of the term loan. The loan was fully drawn as of the reporting date.

As at 31 March 2023, the Group recognised finance costs of AED 2,257 thousand (31 March 2022: AED 958 thousand) in relation to this facility.

Reconciliation of term loan movement to the cash flows arising from financing activities is as follows:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Balance at the beginning of the period/year	260,308	293,595
<i>Cash flows</i>		
Loan drawdown	-	283
Loan repaid	(5,429)	(33,925)
Payment of accrued interest	(356)	(1,020)
<i>Other non-cash items</i>		
Accrual of interest	423	1,375
Balance at the ending of the period/year	254,946	260,308

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

19 Trade and other payables

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Trade payables	28	70
Advances from customers	10,049	20,337
Retention payables	7,041	7,041
Unclaimed dividends	3,635	3,635
Accruals	2,806	3,290
Other payables (i)	19,730	19,957
	43,289	54,330

(i) Includes Board of Directors' remuneration for the period ended 31 March 2023 amounting to AED 15,000 thousand (31 December 2022: AED 15,000 thousand).

20 Related party balances and transactions

In the ordinary course of business, the Group enters into transactions at agreed terms and conditions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24. Related parties comprise shareholders, directors, key management staff and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

Terms and conditions of transactions with related parties

The services to and from related parties are made at normal market prices.

Balances with these related parties generally arise from commercial transactions in the normal course of business on arm's length basis. Balances with related parties reflected in the condensed consolidated statement of financial position at the reporting date comprised:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Cash and bank balances:		
Entities under common directorship	13,494	13,018
Wakala investment:		
Entities under common directorship	11,400	-

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

20 Related party balances and transactions (continued)

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Financial assets at FVOCI:		
Entities under common directorship	48,675	47,895
Shareholder	374	309
	49,049	48,204
Financial assets at FVTPL:		
Entities under common directorship	21,128	13,017
Debt investments at amortised cost:		
Entity under common directorship	7,859	-
Due from a related party:		
Entity under common control	14,856	14,846
Loan from a bank:		
Entities under common directorship	134,829	135,295
Interest receivables:		
Entities under common directorship	63	14
Interest payable:		
Entities under common directorship	106	100
Other payables:		
Entities under common directorship	9	199
Other receivables:		
Entities under common directorship	61	55

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

20 Related party balances and transactions (continued)

Significant balance sheet transactions with related parties during the period/year were as follows:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Purchase of financial assets at FVTPL:		
Entities under common directorship	9,676	1,148,101
Disposal of financial assets at FVTPL:		
Entities under common directorship	317	85,042
Purchase of financial assets at FVTOCI:		
Entities under common directorship	-	19,000
Purchase of debt investments at amortised cost:		
Entities under common directorship	7,859	36,725
Net term deposits placed:		
Entity under common directorship	-	6
Loan payment during the year:		
Entity under common directorship	855	30,541
Borrowing cost during the year:		
Entity under common directorship	2,377	5,539
Net fund transfer made to related parties:		
Entities under common directorship	10	35,643

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

20 Related party balances and transactions (continued)

Significant transactions with related parties during the period were as follows:

	Three-month ended 31 March	
	2022	2022
	AED'000	AED'000
	(unaudited)	(unaudited)
Interest expense on loan from a bank/ related party:		
Entities under common directorship	2,337	1,171
Broker fees paid to related parties:		
Shareholder	1	236
Interest income:		
Entities under common directorship	243	3,233
Share of profit from an associate:		
Entities under common directorship	-	220

Key management compensation

	Three-month ended 31 March	
	2023	20212
	AED'000	AED'000
	(unaudited)	(unaudited)
Short term benefits	555	548
Long term end of service benefits	25	21
	580	569

There were no loans provided to directors as of 31 March 2023 and 31 December 2022.

Other than an impairment allowance recognised/ (reversed) for debt investments at amortised cost (Note 8), the Group has not recorded any impairment of receivables relating to amounts owed by related parties as of 31 March 2023 and 31 December 2022.

21 Basic and diluted (losses)/earnings per share

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period, adjusted for the effects of dilutive instruments.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

21 Basic and diluted (losses)/earnings per share (continued)

The following reflects the earnings and share data used in the earnings per share calculation:

	Three-month ended 31 March	
	2023	2022
	(unaudited)	(unaudited)
(Loss)/profit for the period (AED'000)	(34,088)	14,353
Weighted average number of ordinary shares outstanding (thousand)	2,762,165	1,412,853
Basic and diluted (losses)/earnings per share (AED)	(0.0123)	0.0102

Weighted average number of ordinary shares outstanding have been adjusted for treasury shares, which are issued shares but not outstanding and decrease in share capital (Note 14).

As at 31 March 2023 and 2022, the Group has not issued any instruments which would have a diluted impact on earnings per share when converted or exercised.

22 Segment reporting

The Group's operating segments are established on the basis of those components that are evaluated regularly by Board of Directors (the chief operating decision-maker or "CODM"). They monitor the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, gross profit and a broad range of key performance indicators in addition to segment profitability.

For management purposes, at 31 March 2023 and 2022, the Group is organised into five major segments, as follows:

- Property development
- Investment properties
- Hospitality and leisure
- Investment and asset management
- Holding

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit or loss earned by each segment without allocation of central administration, directors' salaries, finance income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance. The Group operated mainly in one geographical segment, i.e., United Arab Emirates.

Information regarding these segments is presented below.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

22 Segment reporting (continued)

	Property development AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Investment and asset mgt AED'000	Holding AED'000	Eliminations AED'000	Total AED'000
31 March 2023							
Revenue							
<i>Timing of revenue recognition</i>							
Overt time	-	6,836	4,424	-	-	-	11,260
At a point in time	-	-	414	-	-	-	414
	-	6,836	4,838	-	-	-	11,674
Direct operating expenses	-	(1,436)	(1,679)	-	-	-	(3,115)
Depreciation	-	-	(233)	-	-	-	(233)
Gross profit	-	5,400	2,926	-	-	-	8,326
Net finance loss	-	-	-	-	(2,977)	-	(2,977)
Net changes in fair value of financial assets at FVTPL	-	-	-	(8,026)	-	-	(8,026)
Total operating income/(loss)	-	5,400	2,926	(8,026)	(2,977)	-	(2,677)
General and administrative expenses	-	-	(601)	-	(4,001)	-	(4,602)
Depreciation	-	-	-	-	(109)	-	(109)
Selling and marketing expense	-	-	(151)	-	(44)	-	(195)
Change in fair value of assets held for sale	-	-	-	-	(26,529)	-	(26,529)
Other income	-	24	-	-	-	-	24
Profit/(loss) for the period	-	5,424	2,174	(8,026)	(33,660)	-	(34,088)
At 31 March 2023							
Total assets	4,841	822,733	6,466	1,851,653	271,839	(450)	2,957,082
Total liabilities	7,995	137,981	113,688	230	43,126	(3,479)	299,541

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

22 Segment reporting (continued)

	Property development AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Investment and asset mgt AED'000	Holding AED'000	Eliminations AED'000	Total AED'000
31 March 2022							
Revenue							
<i>Timing of revenue recognition</i>							
Overt time	-	5,151	6,259	-	-	-	11,410
At a point in time	-	-	108	-	-	-	108
	-	5,151	6,367	-	-	-	11,518
Direct operating expenses	-	(1,140)	(1,599)	-	-	-	(2,739)
Depreciation	-	-	(867)	-	-	-	(867)
Gross profit	-	4,011	3,901	-	-	-	7,912
Net finance income	-	-	-	-	1,555	-	1,555
Net changes in fair value of financial assets at FVTPL	-	-	-	7,803	-	-	7,803
Share of profits from associate	-	-	-	220	-	-	220
Dividend income	-	-	-	1	-	-	1
Total operating income	-	4,011	3,901	8,024	1,555	-	17,491
General and administrative expenses	-	-	(469)	-	(2,525)	-	(2,994)
Depreciation	-	-	-	-	(6)	-	(6)
Selling and marketing expense	-	-	(142)	-	-	-	(142)
Other income	-	4	-	-	-	-	4
Profit for the period	-	4,015	3,290	8,024	(976)	-	14,353
At 31 December 2022							
Total assets	5,170	872,965	9,915	1,830,908	301,265	(450)	3,019,773
Total liabilities	7,616	150,457	117,284	-	42,155	(1,404)	316,108

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

23 Seasonality of results

The seasonal nature of the Group's activities only concerns the serviced apartments division, whose revenue has variability during the first and last quarters of the year.

24 Contingent liabilities and commitments

Contingencies

At the reporting date, the Group is in legal proceedings against certain property developers in the UAE to recover AED 10,863 thousand (31 December 2021: AED 10,863 thousand). These proceedings are in various stages in the courts and based on legal advice, the defendants have subsequently submitted counterclaims and the reliable estimate of the amount cannot be determined as of reporting date. Accordingly, no provision for litigation has been made in these condensed consolidated financial statements.

Commitments

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Commitments for fixed assets	15,585	14,724

25 Fair value of financial instruments

The fair value hierarchy levels have been defined as follows:

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

25 Fair value of financial instruments (continued)

	Carrying value AED'000	Fair Value			Total AED'000
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	
At 31 March 2023 (unaudited)					
Financial assets at FVTPL	1,767,814	21,185	-	1,746,629	1,767,814
Financial assets at FVOCI	49,049	374	-	48,675	49,049
	<u>1,816,863</u>	<u>21,559</u>	<u>-</u>	<u>1,795,304</u>	<u>1,816,863</u>
At 31 December 2022 (audited)					
Financial assets at FVTPL	1,766,426	13,017	-	1,753,409	1,766,426
Financial assets at FVOCI	48,204	308	-	47,896	48,204
	<u>1,814,630</u>	<u>13,325</u>	<u>-</u>	<u>1,801,305</u>	<u>1,814,630</u>

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

Movements in the fair value of investments categorised within Level 3 is as follows:

	31 March 2023 AED'000	31 December 2022 AED'000
Balance at the beginning of the period/year	1,801,305	217,794
Additions	-	1,175,537
Disposals (Note 9)	-	(145,677)
Change in fair value	(6,001)	553,651
Balance at the ending of the period/year	<u>1,795,304</u>	<u>1,801,305</u>

Fair value of financial assets and financial liabilities that are not measured at fair value

The directors consider that the carrying amounts of those financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2023 (continued)**

26 Fiduciary activities

The Group acts as a trustee and in other capacities that result in holding of assets listed below in a fiduciary capacity on behalf of other institutions where ownership is yet to be transferred by the Group to the beneficiary. Such assets and income arising thereon are not included in the Group's condensed consolidated financial statements.

	31 March 2023 AED'000	31 December 2022 AED'000
Quoted security (i)	26,412	36,110
Unquoted security (ii)	3,067	3,808
	29,479	39,918

- i. The quoted securities are mortgaged as a security for a loan obtained by the Group from a local bank. The Group entered into a deferred payment agreement with Goldilocks whereby the Group shall transfer the legal title for the shares upon payment of the obligation to the bank upon receipt of the funds from Goldilocks (Note 9, 18).
- ii. Pertains to an investment in a financial institution in the UAE that provides Islamic financing, corporate financing and asset management services. The entity is currently under the liquidation where the Group is receiving the recoveries in tranches as per the final settlement plan received from the investee.

27 Events after reporting period

Sale of Assets Held for Sale

Subsequent to period end, the Group has already received the consideration for the sale of 56 apartment units located in Dubai, United Arab Emirates and in the process of transferring the title deeds (Note 13).

Disposal of financial assets at fair value through other comprehensive income

On 3 April 2023, the Group and the other investors in a limited partnership agreed to the sale of the property of the partnership resulting to the termination of the partnership. The proceeds will be distributed in four instalments during 2023.

Buy-back program

During the annual general assembly of the Board of Directors held on 28 April 2023, the Shareholders approved to buy back the Company's shares under its buyback program utilising its own cash equivalent to 4 fils per share with the total buy back amount of approximately AED 110 million subject to the approval of the SCA.

28 Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 9 May 2023.