ESHRAQ INVESTMENTS PJSC

Reports and consolidated financial statements for the year ended 31 December 2022

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Report of the Board of Directors
for the year ended 31 December 2022

The Directors present their annual report together with the audited consolidated financial statements of Eshraq Investments PJSC and its subsidiaries (the "Group") for the year ended 31 December 2022.

Principal activities

The Group is principally engaged in commercial enterprise investments and real estate business, which includes development, sale, investment, construction, management and associated services. The Group also owns a hotel apartment building.

Results for the year

During the year, the Group earned revenues of AED 41,015 thousand (2021: AED 26,216 thousand) and profit for the year amounted to AED 589,790 thousand (2021: AED 38,429 thousand).

Directors

The Directors who served during the year and as of the reporting date is as follows:

Mr. Jassim Mohammed Alseddiqi	Chairman
Dr. Saleh Hashem Alhashemi	Vice Chairman
Mr. Ajit Vijay Joshi	Director
Mr. Jasim Hussain Ahmed Al Ali	Director
Mrs. Maha Abdulmajeed Alfahim	Director
Mr. Matar Hamdan Sultan Al Ameri *(Appointed with effect from 19 August 2022)*	Director
Mr. Omar Zeyad Abdulla Ibrahim Galadari *(Resigned with effect from 19 August 2022)*	Director
Mr. Fraih Saeed Alqubaisi	Director

Release

The Directors propose to discharge the Chairman and Members of the Board of Directors and external auditors from liabilities related to the performance of their duties for the year ended 31 December 2022.

Auditor

The Directors propose the re-appointment of Deloitte & Touche (M.E.) as the external auditor of the Group for the financial year ending 31 December 2023.

On behalf of the Board of Directors

Chairman
Abu Dhabi, UAE
17 Feb 2023

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Eshraq Investments PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Codes of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. We have communicated the key audit matters to the Audit Committee but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit Committee. On the following pages, we have described the key audit matters we identified and have included a summary of the audit procedures we performed to address those matters.

The key audit 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.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment properties	
The aggregated value of the Group's investment properties was AED 835 million as of 31 December 2022, representing 28% of total assets (2021: AED 1,006 million and 60% of total assets). The unrealised fair value gain recorded in the consolidated statement of profit or loss amounted to AED 48 million (2021: loss of AED 9 million). The Group measures these investment properties at their fair value. The measurement is inherently subjective due to the individual nature and location of each investment property which considerably influences the expected rental income or sales price. The determination of the fair value of Group's investment properties is based on valuations performed by independent valuers using the market comparable approach and income capitalisation approach. The Group's determination of fair value for the investment properties requires valuers and management to make significant estimates and assumptions related to sales of comparable properties, future rental rates, capitalisation rates and discount rates when observable information is not available or when significant adjustments are made to the observable market information. The valuation of these investment properties is a significant judgement area and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements.	We evaluated the design and implementation of controls over the determination of fair value of properties. We assessed the skills, competence, independence and objectivity of the independent valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work. We reviewed a sample of investment properties valued by external valuers, and also involved our internal real estate valuation expert to review a sample of those properties, and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRSs. We assessed the accuracy of the input data, on a sample basis, used by the independent valuers and challenged the key assumptions used by the independent valuers, including sale prices per square meter. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We reperformed the mathematical accuracy of the valuations, where applicable. We agreed the results of the valuations performed by the independent valuers to the amounts reported in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment properties (continued)	
We have identified the valuation of investment properties as a key audit matter as the fair value is determined based on non-observable inputs and requires management to apply significant judgements in determining the fair value of investment properties. Refer to note 3 in the consolidated financial statements for accounting policy on investment properties, note 4 for significant accounting estimates involved with the fair valuation of investment properties and notes 6 and 7 in the consolidated financial statements for further details related to investment properties.	We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.
Acquisition of Goldilocks Investment Company Limited	
During the year, the Group completed the acquisition of a 99.2% stake in Goldilocks Investment Company Limited (the "Fund") through a share swap. The acquisition has been completed through a share swap transaction at an agreed swap ratio of 12.61 Eshraq shares to 1 share of the Fund by issuing 1,385 million new shares of the Company at par value. The acquisition resulted in a net increase in equity of AED 762 million with the Fund being recognized as a financial asset measured at fair value through profit or loss. The Fund continues to be independently managed and controlled by its fund manager. Consequently, the Group does not control the Fund and therefore has not incorporated the result of the Fund into the financial statements on a consolidated basis.	Our audit procedures performed included, but were not limited to, the following: We assessed the controls over the acquisition and measurement of the Fund, both at initial recognition and at the reporting date, to determine if they had been appropriately designed and implemented. We confirmed that the effective date of the acquisition was in compliance with the requirements of IFRSs by inspecting the salient terms and conditions of the sales and purchase agreement and implementation agreement. We reviewed the sales and purchase agreement and implementation agreement for the acquisition and assessed the acquisition accounting, tested the validity and completeness of the consideration and evaluated management's assumptions and methodology supporting the fair values of net assets acquired. We assessed the skills, independence, objectivity and qualifications of the external experts used by the Group to value the net assets acquired.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Acquisition of Goldilocks Investment Company Limited (continued)	
The Group classified the fair value of the Fund as being in accordance with the level 3 of the fair value hierarchy wherein inputs used to value the assets are unobservable for the asset or liability. This required complex valuation techniques to be adopted. Management employed external experts to assist them in the determination of the fair value of this Fund. The process of determining the fair value of the Fund, both at initial recognition and at the reporting date, requires the use of multiple estimates, which include, inter alia, discount rates, future cash flows and terminal growth rates. Due to the size of the Fund and the complexity in valuing the Fund, we considered this to be a key audit matter. Refer to note 1 to the consolidated financial statements for the acquisition disclosure relating to this investment and note 3 for the accounting policy relating to this investment.	We reviewed the engagement letter between the external experts and the Group to determine if the scope of the external expert's work was sufficient for audit purposes. We utilized our internal valuation specialists to assess the findings of the external experts. We agreed the results of the external expert's analysis to the amounts reported in the consolidated financial statements. We assessed the disclosures in the consolidated financial statements, relating to this matter, against the requirements of IFRSs.

Other Information

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

Other Information (continued)

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

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

When we will read the Group's Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the applicable provisions of the articles of association of the Company and the UAE Federal Law No. (32) of 2021, and for such internal control as management determine 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 have 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 judgement and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

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

- 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' 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 auditors' 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; and
- 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 auditors' 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Report of the Board of Directors is consistent with the books of account and records of the Group;
- As disclosed in Notes 8 and 10, the Group has invested in shares during the financial year ended 31 December 2022;
- Note 23 reflects the disclosures relating to related party transactions and the terms under which they were conducted;
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or in respect of the Group, its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and
- During the year ended 31 December 2022, the Group has not made any social contributions

Deloitte & Touche (M.E.)

Mohammad Khamees Al Tah
Registration Number 717
17 February 2023
Abu Dhabi
United Arab Emirates

Consolidated statement of financial position
as at 31 December 2022

	Notes	2022 AED'000	2021 AED'000
ASSETS			
Non-current assets			
Property and equipment	5	**6,904**	97,253
Investment properties	6	**834,928**	1,006,352
Financial assets at fair value through other comprehensive income	8	**48,204**	73,469
Investment in an associate	14	**-**	8,285
Debt investment at amortised cost	9	**-**	18,274
Wakala investments	13	**-**	85,000
Trade and other receivables – net of current portion	11	**33,679**	544
Total non-current assets		**923,715**	1,289,177
Current assets			
Inventories		**68**	75
Trade and other receivables	11	**8,559**	18,700
Financial assets at fair value through profit or loss	10	**1,766,426**	268,472
Financial assets at fair value through other comprehensive income	8	**-**	20,542
Due from a related party	23	**14,846**	19,816
Cash and bank balances	12	**25,822**	72,037
Total current assets		**1,815,721**	399,642
Assets held for sale	20	**280,337**	-
Total assets		**3,019,773**	1,688,819
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**2,820,433**	2,325,000
Share discount	1, 15	**(623,283)**	-
Treasury shares	15	**(26,151)**	(15,609)
Statutory reserve	16	**58,979**	141,125
Retained earnings/(accumulated losses)		**525,113**	(1,039,304)
Investment revaluation reserve	17	**(51,426)**	(47,957)
Total equity		**2,703,665**	1,363,255

Consolidated statement of financial position
as at 31 December 2022 (continued)

	Notes	2022 AED'000	2021 AED'000
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	**18**	**1,470**	1,151
Bank borrowings	**21**	**227,759**	250,079
Total non-current liabilities		**229,229**	251,230
Current liabilities			
Trade and other payables	**22**	**54,330**	30,818
Bank borrowings	**21**	**32,549**	43,516
Total current liabilities		**86,879**	74,334
Total liabilities		**316,108**	325,564
Total equity and liabilities		**3,019,773**	1,688,819

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the consolidated financial condition, 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 these consolidated financial statements.

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

	Notes	2022 AED'000	2021 AED'000
Revenue from commercial operations	24	41,015	26,216
Direct operating expenses	25	(15,861)	(12,825)
Gross profit from commercial operations		25,154	13,391
Finance income	26	10,725	14,225
Finance costs	27	(11,632)	(6,363)
Net finance (costs)/income		(907)	7,862
Dividend income		4,294	11,712
Net changes in fair value of financial assets at fair value through profit or loss	10	541,760	33,496
Share of profits from an associate	14	382	881
Net gain from investments		546,436	46,089
Total operating income		570,683	67,342
General and administrative expenses	28	(31,118)	(19,399)
Net gain/(loss) on fair value of investment properties	6	50,510	(9,110)
Selling and marketing expenses		(812)	(712)
Reversal of/(provision for) allowance for impairment on debt investments at amortised cost	9	89	(89)
Other income		438	397
Profit for the year		589,790	38,429
Basic and diluted earnings per share (AED)	29	0.3011	0.0272

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

	Note	2022 AED'000	2022 AED'000
Profit for the year		**589,790**	38,429
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Net changes in the fair value of equity instruments designated at fair value through other comprehensive income	**8**	**472**	19,354
Total other comprehensive income for the year		**472**	19,354
Total comprehensive income for the year		**590,262**	57,783

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

Consolidated statement of changes in equity
for the year ended 31 December 2022

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	Accumulated losses AED'000	Investment revaluation reserve AED'000	Total equity AED'000
Balance at 1 January 2021	2,325,000	(15,609)	137,283	(1,074,128)	(67,074)	1,305,472
Profit for the year	-	-	-	38,429	-	38,429
Other comprehensive income for the year	-	-	-	-	19,354	19,354
Total comprehensive income for the year	-	-	-	38,429	19,354	57,783
Transfer to retained earnings on disposal of financial assets at FVTOCI	-	-	-	237	(237)	-
Transfer to statutory reserve	-	-	3,842	(3,842)	-	-
Balance at 31 December 2021	2,325,000	(15,609)	141,125	(1,039,304)	(47,957)	1,363,255

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

Consolidated statement of changes in equity
for the year ended 31 December 2022 (continued)

	Share capital AED'000	Share discount AED'000	Treasury shares AED'000	Statutory reserve AED'000	Retained earnings/ (accumulated losses) AED'000	Investment revaluation reserve AED'000	Total equity AED'000
Balance at 1 January 2022	2,325,000	-	(15,609)	141,125	(1,039,304)	(47,957)	1,363,255
Decrease in share capital (Note 1)	(889,640)	-	-	(141,125)	1,030,765	-	-
Increase in share capital (Note 1)	1,385,073	(623,283)	-	-	-	-	761,790
Profit for the year	-	-	-	-	589,790	-	589,790
Other comprehensive income for the year	-	-	-	-	-	472	472
Total comprehensive income for the period	-	-	-	-	589,790	472	590,262
Transfer to retained earnings from financial assets at FVTOCI	-	-	-	-	2,841	(3,941)	(1,100)
Treasury shares purchased (Note 15)	-	-	(10,542)	-	-	-	(10,542)
Transfer to statutory reserve	-	-	-	58,979	(58,979)	-	-
Balance at 31 December 2022	**2,820,433**	**(623,283)**	**(26,151)**	**58,979**	**525,113**	**(51,426)**	**2,703,665**

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

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

	Notes	2022 AED'000	2021 AED'000
Cash flows from operating activities			
Profit for the year		**589,790**	38,429
Adjustments for:			
Change in fair value of financial assets at fair value through profit or loss	**10**	**(541,760)**	(33,496)
Depreciation of property and equipment	**5**	**3,108**	4,676
Share of profits from an associate	**14**	**(382)**	(881)
Amortisation of borrowing cost	**21**	**215**	726
Loss on disposal of property and equipment	**5**	**-**	851
Gain on termination of lease liabilities	**19**	**-**	(468)
(Reversal of)/allowance for impairment on debt investments at amortised cost	**9**	**(89)**	89
Net fair value (gain)/loss on investment properties	**6**	**(50,510)**	9,110
Finance income	**26**	**(10,725)**	(14,225)
Finance cost		**11,417**	5,637
Dividend income		**(4,294)**	(11,712)
Provision for employees' end of service benefits	**18**	**355**	268
Operating cash flows before changes in working capital		**(2,875)**	(996)
Decrease/(increase) in trade and other receivables		**17,887**	(1,297)
Decrease/(increase) in inventories		**7**	(24)
Increase in due from a related party		**(1,743)**	(19,792)
Increase in trade and other payables		**20,672**	14,476
Cash generated from/(used in) operating activities		**33,948**	(7,633)
Employees' end of service benefits paid	**18**	**(36)**	(5)
Net cash generated from/(used in) operating activities		**33,912**	(7,638)

Consolidated statement of cash flows
for the year ended 31 December 2022 (continued)

	Notes	2022 AED'000	2021 AED'000
Cash flows from investing activities			
Purchase of financial assets at FVTPL	**10**	**(1,549)**	(22,456)
Proceeds from sales of financial assets at FVTPL	**10**	**758**	41,915
Interest received		**522**	13,745
Dividends received		**7,274**	8,607
Proceeds from disposal of financial assets at fair value through other comprehensive income	**8**	**6,512**	7,484
Payments for purchase of property and equipment	**5**	**(7,232)**	(2,759)
Proceeds from sale of property and equipment	**5**	**-**	500
Payments for purchase of investment properties	**6**	**-**	(2,440)
Payments for purchase of investment properties under development	**7**	**-**	(20,412)
Purchase of debt investments at amortised cost	**9**	**(36,724)**	**-**
Restricted cash released	**12**	**-**	(29)
Term deposits matured		**6,641**	6,618
Term deposits placed		**(6,659)**	(6,641)
Net cash (used in)/generated from investing activities		**(30,457)**	24,132
Cash flows from financing activities			
Proceeds from bank borrowings	**21**	**283**	149,108
Repayment of bank borrowings	**21**	**(33,925)**	(97,120)
Payment of issuance cost	**21**	**-**	(807)
Payment of borrowing finance cost	**21**	**(4,484)**	(7,052)
Finance costs paid		**(1,020)**	(3,837)
Interest paid on lease liability	**19**	**-**	(188)
Lease principal paid	**19**	**-**	(684)
Treasury shares purchased	**15**	**(10,542)**	**-**
Net cash (used in)/ generated from financing activities		**(49,688)**	39,420
Net (decrease)/increase in cash and cash equivalents		**(46,233)**	55,914
Cash and cash equivalents at the beginning of the year		**61,733**	5,819
Cash and cash equivalents end of the year	**12**	**15,500**	61,733

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

Consolidated statement of cash flows
for the year ended 31 December 2022 (continued)

	Notes	2022 AED'000	2021 AED'000
Non-cash transactions:			
Investments at FVTPL and accrued interest acquired on settlement of previously held investment	**8, 10**	**6,650**	6,282
Debt investment at amortised cost acquired on settlement of previously held investment	**8,9**	**917**	-
Dividends received by way of bonus shares for financial assets at FVTPL	**10**	**-**	125
Purchase of financial assets at FVTOCI through a related party	**8**	**19,000**	22,456
Transfer of investment properties under development to property and equipment	**5, 7**	**-**	3,000
Transfer of investment properties under development to investment properties	**6, 7**	**-**	186,341
Wakala investments and accrued interest acquired on settlement of previously held investment	**8,13**	**4,046**	-
Subscription in kind	**10**	**384,759**	-
Issuance of share capital for acquisition of financial assets at FVTPL	**1,10**	**1,385,073**	-

Notes to the consolidated financial statements
for the year ended 31 December 2022

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:

Name of the subsidiary	Country of incorporation	Legal % of holding 2022	Legal % of holding 2021	Principal activities	Classification
Eshraq International Company LLC	Cayman Islands	100	100	Real estate	Subsidiary
Eshraq Management Ltd*	UAE	-	100	Asset management	Subsidiary
Beans and Pages Café**	UAE	100	-	Library and café	Subsidiary
Goldilocks Investment Holding-Sole Proprietorship L.L.C***	UAE	100	-	Investment, institution and management	Subsidiary
Qanat View Real Estate Development Construction – Sole Proprietorship L.L.C. **	UAE	100	-	Real Estate Development Construction	Subsidiary

* Eshraq Management Ltd is an entity registered at Abu Dhabi Global Market. The entity was dormant and during 2022, the Company de-registered its ADGM registration and was dissolved.

**Newly incorporated entities during the year.

***Dormant entity acquired from a related party.

Subsidiary under Eshraq International Company LLC	Country of incorporation	Legal % of holding	Beneficial % of holding	Principal activities	Classification
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.

Notes to the consolidated financial statements
for the year ended 31 December 2022

1 General information (continued)

Associate under Eshraq International Company LLC	Country of incorporation	Legal % of holding 2022	Legal % of holding 2021	Principal activities	Classification
Alkonost Investment Ltd. *	Cayman Islands	-	40%	Asset management	Associate

*During the year, the ownership in Alkonost Investments Ltd was disposed (Note 10).

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and effective on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company has reviewed the new provisions and applied the requirements thereof from the date on which the amendments came into effect.

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.

Acquisition of Goldilocks Investment Company Limited ("Goldilocks", or the "Fund")

On 2 August 2022, the Company obtained the following approval from Securities and Commodities Authority (SCA):

1. Approval from SCA to proceed with the reduction of its share capital from AED 2,325,000 thousand to AED 1,435,360 thousand to offset the accumulated losses amounting to AED 1,030,765 thousand as at 30 June 2022. Accordingly, the issued shares was reduced by AED 889,640 thousand and the statutory reserve of the Company as at 30 June 2022 of AED 141,125 thousand is also utilised.
2. Approval from SCA to proceed with the proposed acquisition of majority of class A shares (99.2%) of Goldilocks, an open-ended investment fund incorporated in the Abu Dhabi Global Market.

On 4 August 2022, the Company submitted to the Abu Dhabi Securities Exchange the request for the issuance of the new shares along with the list of new shareholders and the number of shares allocated to each one of them in the process to the complete the share swap transaction to acquire Goldilocks.

On 9 August 2022, the Company completed the acquisition of the Fund. The acquisition has been completed through a share swap transaction at an agreed swap ratio of 12.61 Eshraq shares to 1 shares of the Fund by issuing 1,385,073 thousand new shares of the Company at par.

Notes to the consolidated financial statements
for the year ended 31 December 2022

1 General information (continued)

Acquisition of Goldilocks Investment Company Limited ("Goldilocks", or the "Fund") (continued)

The acquisition resulted in a net increase of the capital of the Company in an amount of AED 761,790 thousand against the shares in a Fund by virtue of which the owners of the shares in the Fund 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 the issued shares at par.

The Group considers factors such as the purpose and design of the entity; its practical ability to direct the relevant activities of the entity; the nature of the relationship with the entity; and the size of its exposure to the variability of returns of the entity. Post-acquisition, the fund will remain separate and independently managed by its fund manager SHUAA GMC Limited, and the Company will remain a Limited Partner in the Fund.

The Investment in fund is designated at financial assets at FVTPL based on the assessment performed by management (and the valuation carried out by the valuation expert) amounting to AED 1,753,409 thousand at 31 December 2022. The Group classified the fair value of these investments as Level 3.

Social contribution
During the year ended 31 December 2022, the Group has not made any social contributions.

2 Application of new and revised International Financial Reporting Standards (IFRS)

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022:

- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture

2.2 New and revised IFRS in issue but not yet effective

The following new and revised IFRSs, that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts (effective from 1 January 2023).
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from 1 January 2023)

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

2 Application of new and revised IFRS (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective from 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective from 1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective from 1 January 2023)
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) (effective from 1 January 2023)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (effective from 1 January 2024)
- Non-current Liabilities with Covenants (Amendments to IAS 1) (effective from 1 January 2024)

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

3 Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and applicable provisions of Federal Law No. 32 of 2021 on Commercial Companies.

Basis of preparation

The 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 at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:

- Level 1 input are quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the functional currency of the Group.

3 Summary of significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, 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 when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately form the Group's equity therein. Those interest of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group losses control of a subsidiary, the gain or losses on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or joint venture.

Business combination

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange of control of 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 profit or loss.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to shared-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquired are measured in accordance with IFRS 2 at the acquisition date and;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

3 Summary of significant accounting policies (continued)

Business combination (continued)

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

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests (including joint operations) in the acquired entity is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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

The measurement period ends as soon as the Group receives the necessary information about the facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period cannot exceed one year from the acquisition date

Investment in an associate

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. 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.

The results and assets and liabilities of an associate are accounted for using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated financial statements at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Investment in an associate (continued)

Profit or loss reflects the Group's share of the results of operations of an associate. 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, 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 investees are eliminated to the extent of the interest in the investees.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of profit or loss outside operating profit and represents profit or loss and non-controlling interests in the subsidiaries of the associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group and having same accounting policies. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, The Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3 Summary of significant accounting policies (continued)

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Revenue recognition

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. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

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

Step 1 Identify 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 performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

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

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 allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

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

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

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

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

The Group recognises revenue from the following major sources:

- Rental income
- Hospitality revenues
- Finance income
- Dividend income
- Sale of real estate properties

Rental income

Rental income represents income from commercial and residential apartments rented out by the Group during the year. The Group's policy for recognition of revenue from operating leases is described below under "Leases".

Hospitality revenues

Hotel revenue corresponds to revenues received from guests of the hotels. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Finance income

Finance income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset net carrying amount on initial recognition.

Dividend income

Dividend income from investments is recognised when the rights to receive payments have been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Sale of real estate properties

Revenue from sale of real estate properties is recognised when the Group has transferred the control to the customer and has right to receive the consideration for the sale. This is determined in reference to the terms and condition stated in the contracts signed with customers.

Leases

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all the risks and rewards incidental to ownership of an investment property. In addition, the Group subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Group's subleases are classified as operating leases.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income

3 Summary of significant accounting policies (continued)

Leases (continued)

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when the right to receive them arises.

Amounts from leases under finance lease are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3 Summary of significant accounting policies (continued)

Leases (continued)

The Group as lessee (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented under the property and equipment in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the Property and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'General and administrative expenses' in the consolidated statement of profit or loss.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. There are no material non-lease components applicable to the Group.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3 Summary of significant accounting policies (continued)

Foreign currencies

For the purpose of these consolidated financial statements, the UAE Dirham (AED) is functional and presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is not depreciated.

3 Summary of significant accounting policies (continued)

Property and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings	16-25
Right to use assets of building	5
Leasehold improvements	5
Motor vehicle	4
Software and computers	2 - 4
Furniture, decor and office equipment	2 - 3

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Assets held for sale

The Group classifies assets as held for sale as their carrying amount will be recovered principally through a sale transaction rather than continuing use. The condition to qualify as asset held for sale is met as the assets are available for immediate sale on present condition subject only to terms that are usual and customary for sale of such assets and sale is highly probable. Management is also committed to the sale which is expected to complete within one year from the date of classification.

The assets held for sale are measured at the lower of previous varying amount and fair value less cost to sell except for investment properties which are continued to be measured at fair value in accordance with the Group’s accounting policy for investment property. Cost to sell are the incremental costs directly attributable to the disposal of the asset, excluding finance costs and income tax expense.

Investment properties and investment properties under development

Investment properties comprise completed properties and properties under development. Completed properties are held to earn rentals and/or for capital appreciation and property under being constructed is for future use as investment properties.

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated profit or loss in the period in which they arise.

3 Summary of significant accounting policies (continued)

Investment properties and investment properties under development (continued)

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. If a property and equipment becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Group considers as evidence the commencement of development with a view to sale/use for earn income (for a transfer from investment property to property under development).

Upon completion of construction or development, a property is transferred from properties under development to completed properties. Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefits are expected from the disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3 Summary of significant accounting policies (continued)

Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on a weighted average cost basis.

Net realisable value is based on estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employees' end of service benefits

An accrual is made for the estimated liability for employees’ entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date.

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with UAE Labour Law, for their period of service up to the reporting date. With respect to its national employees, the Group makes contributions to a UAE Government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

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

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities

Initial recognition

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI").

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments designated as at FVOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Initial recognition (continued)

Business model assessment

The Group entities make an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the frequency, volume and timing of trades of financial assets in prior periods, the reasons for such trades and its expectations about the future trading activity. However, information about trading activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised;
- how the performance of the portfolio is evaluated and reported to the management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed. Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding principal, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Initial recognition (continued)

Financial liabilities (continued)

Financial liabilities, at initial recognition, may be designated at FVTPL if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
- the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- the financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated statement of profit or loss.

Subsequent measurement and gain or losses

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in the consolidated income statement.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the consolidated income statement.

Equity instruments designated as at FVOCI

These assets are subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in financial assets are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the ‘finance income’ line item in profit or loss.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

<u>Subsequent measurement and gain or losses (continued)</u>

Financial liabilities at amortised cost

Mainly includes borrowings and trade and other payables. After initial recognition, the aforementioned liabilities are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Reclassification

Financial assets

Group only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Group's operations and demonstrable to external parties.

Financial liabilities

Group determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not permitted.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated income statement.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Modifications of financial assets and financial liabilities (continued)

Financial liabilities

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the consolidated statement of profit or loss.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

Any interest in transferred financial assets that qualify for derecogniton that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Measured at amortised cost

Any gain or loss on derecognition of financial assets measured at amortised cost is recognised in the consolidated statement of profit or loss.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Modifications of financial assets and financial liabilities (continued)

Impairment of financial assets

In relation to the impairment of financial assets, the Group applies the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. It is not necessary for a credit event to have occurred before credit losses are recognised.

The Group recognises loss allowances for ECLs on the following instruments that are not measured at FVTPL:

- financial assets measured that are debt instruments carried at amortised cost or FVOCI; and
- financial guarantee contracts issued.

The Group measures loss allowances either using general or simplified approach as considered appropriate.

Under general approach, loss allowances are measured at an amount equal to 12-month expected credit loss except when there has been a significant increase in credit risk since inception. In such cases, the Group measures loss allowances at an amount equal to lifetime expected credit loss.

Under simplified approach, loss allowances are always measured at an amount equal to lifetime expected credit loss.

Lifetime ECL: These losses are the ECL that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach.

12-month ECL: These losses are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive); and
- financial assets that are credit-impaired: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Modifications of financial assets and financial liabilities (continued)

Measurement of ECL (continued)

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 financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; 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 collateral held by the Group).

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the consolidated statement or profit or loss.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4 Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in note 3, Management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Determination of the trade date

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace subject to the Sharia guidance provided in this regard. The trade date is the date of the commitment to buy or sell the financial asset. The settlement date is the date of the delivery of the asset. The management determined that in relation to acquisition of the Fund, the trade date is on 4 August 2022 wherein the transactions become binding for the Company and the Fund.

Unconsolidated investment vehicles

The Group's direct interests in unconsolidated structured entities comprise investments in open-ended Investment Fund a total carrying value of AED 1,753,409 thousand at 31 December 2022 (2021: AED 38,733 thousand), included within financial assets designated at fair value through profit and loss. This investment is being managed by a related party, SHUAA GMC Limited.

Structured entities are entities that are designed so that their activities are not governed by way of voting rights. In assessing whether the Group has power over such entities in which it has an interest, the Group considers factors such as the purpose and design of the entity; its practical ability to direct the relevant activities of the entity; the nature of the relationship with the entity; and the size of its exposure to the variability of returns of the entity.

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Group's accounting policies (continued)

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. Accordingly, the Group has evaluated the timing of revenue recognition on the sale of properties based on a careful analysis of the rights and obligations under the terms of the contract and legal advice from the Group's legal counsel.

The Group has generally concluded that contracts relating to the sale of completed property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

Key estimates in applying the Group's accounting policies

Fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation experts using market comparable approach for lands classified as investment properties and income capitalisation approach for investment properties currently being using for income generation (2021: market comparable approach for lands classified as investment properties and income capitalisation approach for investment properties currently being using for income generation). These valuation approaches are suitable methods of valuation that is normally used to value investment property and approaches those would be adopted for use in the local market. The fair value is determined in comparing the property's characteristics with those of comparable properties which recently have been sold in similar transactions in the market. Adjustments are made to reflect the period of time that has passed between the transaction date and the date of valuation, or the price that is expected to be achieved following a negotiated sale. Data source of market evidence has been obtained from sources such as anecdotal information/evidence obtained from various sources and real estate brokers active in the locality, the expert's internal research/enquiries and personal knowledge of certain sales transactions that have taken place.

Such estimations are based on certain assumptions, which are subject to uncertainty, however, management does not expect such assumptions to materially differ from the actual results. During the year, the Group recorded an increase in fair value of AED 50,510 thousand (2021: decrease of AED 9,110 thousand) for investment properties.

Calculation of loss allowance on financial assets

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group uses estimates for the computation of loss rates. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. During the year, the Group reversed AED 89 thousand of ECL impairment loss previously made on debt investments at amortised cost (2021: The Group recognised AED 89 thousand of ECL impairment on debt investments at amortised cost). There are no written off of unrecoverable receivable balances during 2022 (2021: Nil).

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key estimates in applying the Group's accounting policies (continued)

Impairment of property and equipment

Property and equipment are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss.

In assessing whether there is any indication that the property and equipment at the end of the reporting period may be impaired, the Group considered the following:

- Changes in the technological, market, economic or legal environment in which the Group operates that had or would have an adverse effect on the Group;
- Physical damage of the assets under construction;
- Plans to discontinue or restructure the operation to which the assets under construction belong; and
- Evidence from internal reporting that indicates a significant decline in budgeted net cash flows flowing from the asset.

Useful lives of property and equipment

The useful lives and residual values of the property and equipment are based on management's judgement of the historical pattern of useful lives and the general standards in the industry. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technical obsolete or non-strategic assets that have been abandon or sold. Management has reviewed the residual values and the estimated useful lives of property and equipment in accordance with IAS 16 *Property, Plant and Equipment* and has determined that these expectations do not significantly differ from previous estimates.

Valuation of financial assets at FVTOCI and FVTPL

Valuation of financial assets at FVTOCI and FVTPL is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses its own valuation models which are usually based on valuation methods and techniques generally recognised as standard within the industry including Net Asset Value (NAV) method and other methods allowed as per International Private Equity and Venture Capital Valuation (IPEV) Guidelines and IFRS 13 *Fair Value Measurement*.

The valuations of unquoted equity and debt investments and private equities are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in Note 33.

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

5 Property and equipment

	Land AED'000	Building AED'000	Leasehold improvement AED'000	Motor vehicles AED'000	Software and computers AED'000	Furniture décor and office equipment AED'000	Construction work-in-progress AED'000	Total AED'000
Cost								
At 1 January 2021	47,801	78,619	2,636	155	2,482	6,905	-	138,598
Additions	-	64	-	-	34	578	2,083	2,759
Transfer from investment properties under development (Note 7)	-	-	-	-	-	-	3,000	3,000
Disposal	-	-	(2,636)	-	-	-	-	(2,636)
Derecognition of right of use asset upon termination of lease contract	-	(8,116)	-	-	-	-	-	(8,116)
At 1 January 2022	47,801	70,567	-	155	2,516	7,483	5,083	133,605
Additions	-	-	-	-	320	493	3,484	4,297
Transfers from CWIP	-	4,845	-	-	602	972	(6,419)	-
Transfer to assets held for sale (Note 20)	(47,801)	(70,652)	-	-	(892)	(5,855)	(1,478)	(126,678)
At 31 December 2022	**-**	**4,760**	**-**	**155**	**2,546**	**3,093**	**670**	**11,224**
Accumulated depreciation								
At 1 January 2021	-	27,378	922	155	2,181	6,483	-	37,119
Charge for the year	-	3,889	363	-	138	286	-	4,676
Disposal	-	-	(1,285)	-	-	-	-	(1,285)
Derecognition of amortisation on right of use asset	-	(4,158)	-	-	-	-	-	(4,158)
At 1 January 2022	-	27,109	-	155	2,319	6,769	-	36,352
Charge for the year	-	2,258	-	-	271	579	-	3,108
Transfer to assets held for sale (Note 20)	-	(29,231)	-	-	(637)	(5,272)	-	(35,140)
At 31 December 2022	**-**	**136**	**-**	**155**	**1,953**	**2,076**	**-**	**4,320**
Carrying amount								
At 31 December 2022	**-**	**4,624**	**-**	**-**	**593**	**1,017**	**670**	**6,904**
At 31 December 2021	47,801	43,458	-	-	197	714	5,083	97,253

5 Property and equipment (continued)

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

In 2021, the Group terminated its lease contract with the related party and related right-of-use assets with a net book value of AED 3,958 thousand was derecognised (Note 19).

In 2021, the Group completed the development of one of its property located in Abu Dhabi. Management decided to use a part of this property as the office premise of the Group. As a result, the Group transferred an amount of AED 3,000 thousand from investment properties under development (Note 7) to property and equipment. The Group further incurred AED 2,083 thousand on the development of such construction of the office premise.

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

	2022 **AED'000**	2021 AED'000
Direct operating expenses (Note 25)	**2,691**	3,225
General and administrative expenses (Note 28)	**417**	1,451
	3,108	4,676

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:

	2022 **AED'000**	2021 AED'000
Balance at 1 January	**1,006,352**	826,681
Additions	**-**	2,440
Transferred from investment properties under development (Note 7)	**-**	186,341
Transfer to assets held for sale (Note 20)	**(188,800)**	-
Disposal (a)	**(33,134)**	-
Net increase/(decrease) in fair value	**50,510**	(9,110)
Balance at 31 December	**834,928**	1,006,352

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

6 Investment properties (continued)

Investment properties are carried at fair value. 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 in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors ("RICS"). 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 land have been considered.

The fair value was determined using using the market comparable approach and income capitalisation approach. The approaches involve measuring the present value of the business resources based on the flow of prices of these resources on the free market and exchange between willing persons (seller and buyer) on such market. The valuation has been conducted as at 31 December 2022. There were no changes to the valuation techniques adopted to the investment properties during the year.

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.

Significant unobservable inputs used in determining the fair value of the properties are as follows:

	2022	2021
Net average sales price/sqft for vacant plots	**AED 71 - AED 285**	AED 75 - AED 290
Net average sales price/sqft for developed property valued using comparable method	**AED 1,700 - AED 1,989**	AED 1,340 - AED 1,510
Discount rate for developed property valued using income capitalisation method	**7.5%**	7.5%
Exit yield for developed property valued using income capitalisation method	**7.5%**	7.5%
Rental rates for residential units for developed property valued using income capitalisation method	**AED 52,500 – 220,000 per annum**	AED 50,000 – 220,000 per annum
Rental rates for retail units for developed property valued using income capitalisation method	**AED 80 per sq.ft – AED 130 per sq.ft**	AED 80 per sq.ft – AED 130 per sq.ft

The Group conducted a sensitivity analysis for their investment properties on the average sales price, capitalisation rates and rental rates. Based on this sensitivity analysis:

- an increase in average sales price per square meter by 10% would result in AED 105,986 thousand (2021: AED 81,305 thousand) increase in the valuation, whilst a decrease of 10% would result in AED 105,986 thousand (2021: AED 81,305 thousand) decrease in properties valued using comparable method.
- a decrease of capitalisation rates by 50 bps would result in AED 13,700 thousand (2021: AED 13,500 thousand) increase in the valuation, whilst an increase of 50 bps would result in AED 12,000 thousand (2021: 11,900 thousand) decrease in valuation of those properties valued using income capitalisation method ; and
- An increase in expected rental rates by 10% would result in AED 19,734 thousand (2021: AED 18,700 thousand) increase in the valuation, whilst a decrease of 10% would result in AED 19,734 thousand (2021: 18,800 thousand) decrease in valuation of those properties valued using income capitalisation method.

6 Investment properties (continued)

Included in investment properties, a building and a land with a fair value of AED 196,400 thousand are mortgaged as securities for loans obtained by the Group from local banks (2021: a building with a fair value of AED 146,574 thousand and a building and a land with a fair value of AED 193,300 thousand) (Note 21).

During 2022, the Group recognised rental income amounting to AED 21,592 thousand (2021: AED 10,160 thousand) from letting investment properties, including those properties that were transferred during the year to assets held for sale,.

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) In September 2022, the Group entered into a sale and purchase agreement ("SPA") with a third party in the United Arab Emirates for the sale of two plots of land located in JVC-Dubai, United Arab Emirates for a total consideration of AED 33,134 thousand and an earnout amount upon completion of the project by the third party. The consideration is interest-bearing and will be payable after 2 to 4 years (Note 11). As of 31 December 2022, the sales transaction is completed and the parties have finalised the performance of the terms and conditions, and legal procedures as stated in the SPA and property development agreement for handing over the plots to the third party.
b) In November 2022, the Group entered into a SPA with a third party for the sale of one plot in Abu Dhabi for a total consideration of AED 126,620 thousand. The consideration is payable over the next 5 years in periodic cash payments (66% of consideration) and completed units (34% of consideration) by the third party. As of 31 December 2022, the parties are still finalising the performance of the terms and conditions, and legal procedures including the signing of the property development agreement as the plot is not yet handed over to the third party pending to fulfill certain conditions in the SPA.
c) In 2022, the Group entered into memorandum of understanding agreements with a third parties in the United Arab Emirates for the sale of four plots of land located in JVC-Dubai, United Arab Emirates for a total consideration of AED 48,545 thousand. As of 31 December 2022, the sales transactions are not yet completed and the parties are still finalising the performance of the terms and conditions, and legal procedures as stated in the memorandum of understanding agreements.

7 Investment properties under development

Movement in investment properties under development is as follows:

	2022	2021
	AED'000	AED'000
Balance at 1 January	-	178,780
Additions	-	10,561
Transfer to investment properties (Note 6)	-	(186,341)
Transfer to property and equipment (Note 5)	-	(3,000)
Net change in fair value	-	-
Balance at 31 December	-	-

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

7 Investment properties under development (continued)

In 2021, the Group completed the development of one if its property located in Abu Dhabi. As a result, the Group transferred an amount of AED 186,341 thousand to investment properties (Note 6) and AED 3 thousand to property and equipment (Note

8 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:

	2022 **AED'000**	2021 AED'000
Unquoted equity securities (i)	**26,406**	53,115
Unquoted funds (ii)	**21,490**	40,542
Quoted equity securities	**308**	354
	48,204	94,011

(i) Comprised of 1) an investment in an equity stake of an unlisted entity established in the Cayman Islands to acquire, develop, hold, market, lease, operate, dispose of, sub-divide, and otherwise deal with a property situated in the UAE; and 2) an investment in a financial institution in the UAE that provides Islamic financing, corporate financing, and asset management services and 3) an investment in an equity stake in a special-purpose vehicle established to develop a plot of land as a hospitality asset or a luxury branded residence in the UAE. The secondly explained entity is currently under the liquidation where the Group has received the recoveries in tranches as per the final settlement plan received from the investee. In 2022, the Group has transferred its interest in the liquidation to a related party in exchange of the related party's shares (Note 10); and
(ii) Comprised of an investment in an open-ended fund incorporated in UAE with the objective to generate return from those entities.

Movement in the financial assets at fair value through other comprehensive income is as follows:

	2022 **AED'000**	2021 AED'000
Balance at 1 January	**94,011**	88,422
Additions	**28,986**	-
Disposals (Note 10)	**(28,529)**	(13,765)
Reclass to financial assets at fair value through profit or loss (Note 10)	**(46,736)**	-
Net change in fair value recognised in other comprehensive income	**472**	19,354
Balance at the end of the year	**48,204**	94,011
Less: non-current portion	**(48,204)**	(73,469)
Current portion	**-**	20,542

9 Debt investments at amortised cost

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

	2022 **AED'000**	2021 AED'000
Balance at the beginning of the year	**18,363**	18,363
Additions	**37,641**	-
Disposals (Note 10)	**(56,004)**	-
	-	18,363
Allowance for impairement loss	-	(89)
Balance at the end of the year	-	18,274

Finance income on debt investment at amortised cost for the year ended 31 December 2022 amounted to AED 2,867 thousand (31 December 2021: AED 1,836 thousand). Accrued interest on debt investment at amortised cost amounted to nil as at 31 December 2022 (31 December 2021: AED 6 thousand).

In 2021, debt investment at amortised cost comprised of two term investment certificates issued by an UAE based holding company with investment maturity on 31 December 2024 and 31 January 2023. These are denominated in USD and carried an anticipated interest rate of 10% per annum. During the year, this was transferred to as an in kind subscription in Goldilocks (Note 10).

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.

	2022 **AED'000**	2021 AED'000
Balance at the beginning of the year	**89**	-
Net measurement of loss allowance	**(89)**	89
Balance at the end of the year	-	89

10 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 comprise the following:

	2022 **AED'000**	2021 AED'000
Fixed income securities (i)	**-**	36,520
Quoted equity securities (ii)	**13,017**	107,815
Unquoted funds (iii)	**1,753,409**	124,137
	1,766,426	268,472

(i) Comprised of a listed bond and a listed sukuk denominated in US Dollar (USD) and issued by UAE-based issuers. The debt securities carry a coupon rate of 7.50% - 12.00%;

(ii) Comprised of sharia-compliant equity shares quoted in UAE and denominated in UAE Dirhams (AED). Part of these securities is held as collateral for a loan obtained from a local bank (Notes 21 and 34).

(iii) Comprised of 1) an investment in a closed-ended fund established in the Cayman Islands to generate returns from credit exposures into different commercial sectors; 2) an investment in an equity stake of an unlisted educational tech entity established in India, and 3) an investment in an open-ended fund incorporated in UAE with the objective to generate return from Middle East region based instruments.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace subject to the Sharia guidance provided in this regard.

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

	2022 **AED'000**	2021 AED'000
Balance at the beginning of the year	**268,472**	248,135
Additions (i) (Note 1)	**1,148,101**	28,756
Disposals (i)	**(238,643)**	(41,915)
Reclass from financial assets at fair value through other comprehensive income (ii) (Note 8)	**46,736**	-
Net change in fair value recognised in profit or loss	**541,760**	33,496
Balance at the end of the year	**1,766,426**	268,472

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

10 Financial assets at fair value through profit or loss (continued)

In 2020, the Group entered into a repurchase agreement with a related party for 23,135 thousand quoted equity shares for a period of one year. In this agreement, the Group deposited its shares to a related party and agreed to reclaim it only on the termination date in exchange for a repurchase yield of 4% on the agreed market value of the shares amounting to AED 16,357 thousand. All the risks and rewards of the deposited quoted equity shares are still held by the Group as of the reporting date and it can be withdrawn at any period of time subject to early termination fees. In 2021, the Group renewed its repurchase agreement for 23,135 thousand of quoted equity shares at the same repurchase yield on the agreed marker value of the shares amounting to AED 25,449 thousand for a period of one year. This has been transferred to a related part as discussed below.

The following significant transactions occurred during the year:

i. On 4 August 2022, the Group has entered into a subscription in kind agreement with Goldilocks whereby the Group transferred its investments and financial assets including the related accrued interest, other adjustments and liabilities below in exchange for the Class A shares of Goldilocks (Note 34).

	Fair value of the interest transferred AED'000	Accrued interest and other adjustments AED'000
Investment in associate	8,668	-
Debt investment at amortised cost	56,184	2,872
Wakala investments	89,000	2,728
Financial assets at fair value through other comprehensive income	6,651	-
Financial assets at fair value through profit or loss	237,899	1,637
Liabilities assumed	(20,870)	(10)
Total	**377,532**	**7,227**

ii. In line with the acquisition of the Fund (Note 1), the management reclassed Goldilocks Class A shares previously recognised under financial assets at fair value through other comprehensive income due to the change in business model.

Finance income on the repurchase agreement for the year ended 31 December 2022 amounted to AED 601 thousand (2021: AED 718 thousand). Accrued interest on fixed income on the repurchase agreement amounted to nil as at 31 December 2022 (2021: AED 178 thousand).

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

10 Financial assets at fair value through profit or loss (continued)

Finance income on fixed income securities for the year ended 31 December 2021 amounted to AED 1,969 thousand (2021: AED 4,244 thousand). Accrued interest on fixed income securities amounted to nil as at 31 December 2022 (2021: AED 986 thousand).

Included in the financial assets at FVTPL, quoted securities with a fair value of AED 13,017 thousand is mortgaged as a security for a loan obtained by the Group from a local bank (2021: AED 83,291 thousand) (Note 21, 34).

11 Trade and other receivables

	2022 AED'000	2021 AED'000
Trade receivables (Note 6)	**33,916**	853
Accrued interest	**942**	6,850
Dividend receivable	**-**	2,980
Prepayments	**616**	381
Other receivables	**6,764**	8,180
	42,238	19,244
Less: non-current portion (note 6)	**(33,679)**	(544)
Current portion	**8,559**	18,700

The average credit period on rendering of services is 60 days (2021: 60 days). No interest is charged on outstanding trade receivables.

The Group has adopted a policy of dealing with only creditworthy counterparties. An adequate credit assessment is made before accepting a new customer. Of the trade receivables balance at the end of the reporting period, AED 33,134 thousand (2021: AED 621 thousand) representing 98% (2021: 73%) of the total trade receivables is due from 1 (2021: 4) major customers(s) of the Group.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL in accordance with the simplified approach under IFRS 9. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. There are no written off of unrecoverable receivable balances during 2022 (2021: nil).

12 Cash and bank balances

Cash and cash equivalents are comprised of the following:

	2022 AED'000	2021 AED'000
Cash on hand	**34**	23
Cash at bank	**19,129**	65,373
Term deposits	**6,659**	6,641
	25,822	72,037
Less: short-term deposits with an original maturity of more than three months	**(6,659)**	(6,641)
Less: restricted cash	**(3,663)**	(3,663)
Cash and cash equivalents	**15,500**	61,733

Term deposits represent deposits held with financial institutions in the UAE and denominated in AED. These deposits carry an interest rate 0.20% - 4.54% (2021: 0.20% - 0.45%) per annum.

Finance income on term deposits for the year ended 31 December 2022 amounted to AED 47 thousand (2021: AED 23 thousand). Accrued interest on term deposits amounted to AED 30 thousand as at 31 December 2022 (2020: AED 2 thousand).

Restricted cash includes unclaimed dividends which were declared in 2012 and 2013 collectively amounting to AED 3,635 thousand (2021: AED 3,635 thousand), restricted cash placed in a local bank amounting to AED 28 thousand (2021: AED 28 thousand).

13 Wakala investment

	2022 AED'000	2021 AED'000
Wakala investment	-	85,000

In April 2022, the Group received Wakala investment amounting to AED 4 million as a settlement from its investee. This is denominated in USD and carry interest rate of 8.5% per annum and maturity date of 10 February 2024. During the year, this was transferred to as an in kind subscription in Goldilocks (Note 10).

In 2020, the Group invested AED 85 million in Wakala deposits held with non-financial institutions in the UAE and denominated in AED. These investments carry interest rates ranging from 8%-9.5% per annum and maturity in March and June 2021. During March 2021, both these Wakala deposits were matured and rolled over at same interest rates with the maturity date of 28 March 2024. During the year, this was transferred to as an in kind subscription in Goldilocks (Note 10).

Finance income on Wakala investments for the year ended 31 December 2022 amounted to AED 4,330 thousand (2021: AED 7,405 thousand). Accrued interest on term deposits amounted to nil as of 31 December 2022 (2021: AED 5,677 thousand).

14 Investment in an associate

During the year, the Group disposed its investment in a company established in Cayman Island called Alkonost Investment Ltd (hereafter referred to as "the associate"). The Group was holding 40% of the voting rights of the associate and had a significant influence over the associate. The associate was engaged in the business of asset management.

Movement in the balance of investment in an associate is as follows:

	2022	2021
	AED'000	AED'000
Balance at the beginning of the year	**8,285**	7,404
Share in profit during the year	**382**	881
Disposed during the year (Note 10)	**(8,667)**	-
Balance at the end of the year	-	8,285

Summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs:

	2022	2021
	AED'000	AED'000
Total assets	**-**	20,713
Total liabilities	-	-
Net assets	-	20,713
Group's share in the net assets	**-**	8,285
Profit for the year	**955**	2,203
Group's share in the profit during the year	**382**	881

15 Share capital

	2022	2021
	AED'000	AED'000
Authorised, issued and paid up capital (note 1)		
2,820,433,097 (2021: 2,325,000,000) ordinary shares of AED 1 each	**2,820,433**	2,325,000

15 Share capital (continued)

Treasury shares

On 14 October 2018, 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. As at 31 December 2020, the Company purchased an additional 17,586 thousand ordinary shares with an aggregate value of AED 6,420 thousand and are held in treasury. Accordingly, total equity was reduced by AED 15,609 thousand being the consideration paid for these treasury shares as of 31 December 2020. There is no such share purchase during the year ended 31 December 2021.

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. During the year, the Company purchased an additional 20,576 thousand ordinary shares with an aggregate value of AED 10,542 thousand and are held in treasury.

The movement of treasury shares is as follows:

	2022		2021	
	Units'000	**AED'000**	Units'000	AED'000
Balance at the beginning of the year	**36,458**	**15,609**	36,458	15,609
Additional shares purchased during the year	**20,576**	**10,542**	-	-
Reduction in shares during the year (Note 1)	**(13,950)**	-	-	-
Balance at the end of the year	**43,084**	**26,151**	36,458	15,609

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.

16 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.

17 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.

18 Provision for employees' end of service benefits

	2022 AED'000	2021 AED'000
Balance at 1 January	**1,151**	888
Charge for the year	**355**	268
Paid during the year	**(36)**	(5)
Balance at the end of the year	**1,470**	1,151

19 Lease liability and right to use asset

The Group has leased an asset as their office premise. The lease term was 5 years. During 2021, the Group terminated the lease contract and derecognised the lease liability and right-of-use assets.

The movement in lease liability is as follows:

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	-	5,109
Interest expense	-	188
Payments	-	(872)
Derecognition upon termination of lease contract	-	(4,425)
Balance at the end of the year	-	-
Less: non-current portion	-	-
Current portion	-	-

The movement in right-of-use assets is as follows:

	2022 AED'000	2021 AED'000
Balance at the beginning of the year	-	5,024
Depreciation expense during the year	-	(1,065)
Derecognition upon termination of lease contract	-	(3,959)
Balance at the end of the year	-	-

In 2021, the Group terminated its lease contract with a related party and related lease liability and right-of-use assets were derecognised (Note 5). The lease termination resulted a net gain AED 466 thousand.

The Group's expenses related to short-term leases are nil (2021: AED 31 thousand). There are no lease contracts where the Group is the lessee contain variable lease payment terms.

The total cash outflow for leases amounts to nil during the year (2021: AED 872 thousand).

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

20 Assets held for sale

	2022 AED'000	2021 AED'000
Transfer from property and equipment (Note 5)	**91,537**	-
Transfer from investment properties (Note 6)	**188,800**	-
Balance at the end of the year	**280,337**	-

During the year, 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 year end, no sale and purchase agreement has yet been signed. These properties are mortgaged as securities for a loan obtained by the Group from a local bank (Note 21).

During the year, 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%.

The fair value of the apartment units has been determined using the market comparable approach (Note 6).

21 Bank borrowings

	2022 AED'000	2021 AED'000
Term loan 1	**110,216**	129,282
Term loan 2	**19,336**	25,119
Term loan 3	**130,756**	139,194
	260,308	293,595
Less: Amount due for settlement after 12 months from the end of reporting year (classified under non-current liabilities)	**(227,759)**	(250,079)
Amount due for settlement within 12 months from the end of reporting year (classified under current liabilities)	**32,549**	43,516

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

21 Bank borrowings (continued)

The term loans comprise 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 installments 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") (Notes 5 and 20), 58 apartment units at Burj Daman, Dubai (Notes 6 and 20), 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 of 31 December 2022, the Group recognised finance costs of AED 5,133 thousand (2021: AED 3,760 thousand) in relation to this facility.

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 of 31 December 2022 is AED 19,336 thousand (2021: AED 25,119 thousand). The facility is secured by a pledge of over-quoted shares held in the name of the Group (Note 10, 34). The facility is repayable on demand and carries a variable interest rate. As at 31 December 2022, the Group has an unutilised facility of AED 1,664 thousand (2021: AED 43,881 thousand) and recognised finance costs of AED 723 thousand (2021: AED 863 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 installments 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 installment of the term loan. The loan was fully drawn as of the reporting date.

As of 31 December 2022, the Group has recognised finance costs of AED 5,539 thousand (2021: AED 42 thousand) in relation to this facility.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

21 Bank borrowings (continued)

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

	2022	2021
	AED'000	AED'000
At 1 January	**293,595**	241,563
Cash flows		
Loan drawdown	**283**	149,108
Loan repaid	**(33,925)**	(97,120)
Payment of loan issuance cost	**-**	(807)
Payment of accrued interest	**(1,020)**	(3,441)
Other non-cash items		
Accrual of interest	**1,375**	4,292
At 31 December	**260,308**	293,595

22 Trade and other payables

	2022	2021
	AED'000	AED'000
Trade payables	**70**	129
Advances from customers	**20,337**	10,431
Retention payables	**7,041**	7,041
Unclaimed dividends	**3,635**	3,635
Accruals	**3,290**	1,473
Other payables	**19,957**	8,109
	54,330	30,818

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

23 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 an arm's length basis. Balances with related parties reflected in the consolidated statement of financial position at the reporting date comprised:

	2022 AED'000	2021 AED'000
Cash and bank balances:		
Entities under common directorship	**13,018**	53,257
Shareholder	**-**	21
	13,018	53,278
Wakala investments:		
Entities under common directorship	**-**	85,000
Financial assets at FVOCI:		
Entities under common directorship	**47,895**	93,656
Shareholder	**309**	215
	48,204	93,871
Financial assets at FVTPL:		
Entities under common directorship	**13,017**	121,072
Debt investments at amortised cost:		
Entity under common directorship	**-**	18,274
Due from a related party:		
Entities under common control	**14,846**	19,816

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

23 Related party balances and transactions (continued)

	2022 **AED'000**	2021 AED'000
Investment in an associate:		
Entity under common directorship	**-**	8,285
Loan from a bank:		
Entities under common directorship	**135,295**	164,313
Interest receivables:		
Entities under common directorship	**14**	6,032
Interest payable:		
Entities under common directorship	**100**	42
Other payables:		
Entities under common directorship	**199**	-
Other receivables:		
Entities under common directorship	**55**	3,357

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

23 Related party balances and transactions (continued)

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

	2022 AED'000	2021 AED'000
Purchase of financial assets at FVTPL:		
Entities under common directorship	**1,148,101**	-
Disposal of financial assets at FVTPL:		
Entities under common directorship	**85,042**	41,915
Purchase of financial assets at FVTOCI:		
Entities under common directorship	**19,000**	-
Disposal of financial assets at FVTOCI:		
Entities under common directorship	**-**	13,765
Purchase of debt investments at amortised cost:		
Entities under common directorship	**36,725**	-
Net term deposits placed:		
Entity under common directorship	**6**	6
Loan taken from a bank during the year:		
Entity under common directorship	**-**	149,108
Loan payment during the year:		
Entity under common directorship	**30,541**	92,501
Borrowing cost during the year:		
Entity under common directorship	**5,539**	3,061
Interest expense on loan from related party:		
Entity under common directorship	**6,262**	1,051
Loan arrangement fees paid:		
Entity under common directorship	**-**	807
Net fund transfer made to related parties:		
Entities under common directorship	**35,643**	335
Share of profit from an associate:		
Entities under common directorship	**382**	881

23 Related party balances and transactions (continued)

	2022	2021
	AED'000	AED'000
Dividend income:		
Entities under common directorship	**4,294**	9,832
Lease liability payment during the year:		
Entities under common directorship	**-**	872
Derecognition of lease liability upon termination of lease contract:		
Entities under common directorship	**-**	4,425
Derecognition of right-of-use asset upon termination of lease contract:		
Entities under common directorship	**-**	3,959
Gain on derecognition of lease liability upon termination of lease contract:		
Entities under common directorship	**-**	470
Broker fees paid to related parties:		
Shareholder	**51**	75
Interest income:		
Entities under common directorship	**8,282**	12,287
Reversal of/(allowance for) impairment loss on debt investments at amortised cost:		
Entities under common directorship	**89**	(89)

Key management compensation

	2022	2021
	AED'000	AED'000
Short term benefits and fees	**2,869**	2,192
Board of Directors' remuneration	**15,000**	3,325
Long term end of service benefits	**113**	92
	17,982	5,609

There were no loans provided to directors for the year ended 31 December 2022 and 2021.

Other than an impairment allowance recognised/ (reversed) for debt investments at amortised cost (Note 9), the Group has not recorded any impairment of receivables relating to amounts owed by related parties as of 31 December 2022 and 2021.

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

24 Revenue from commercial operations

	2022 AED'000	2021 AED'000
Room revenue	**18,796**	15,623
Rental income	**21,713**	10,250
Food and beverages	**416**	272
Other	**90**	71
	41,015	26,216

Timing of revenue recognition

	2022 AED'000	2021 AED'000
Overtime	**40,509**	25,873
At a point in time	**506**	343
	41,015	26,216

25 Direct operating expenses

	2022 AED'000	2021 AED'000
Utilities	**3,626**	2,524
Rooms, food, beverages and other	**3,417**	2,641
Depreciation (Note 5)	**2,691**	3,225
Property operation and maintenance expenses	**3,019**	1,168
Service charges	**2,011**	2,358
Facility management fees	**1,097**	909
	15,861	12,825

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

26 Finance income

	2022	2021
	AED'000	AED'000
Interest income on term deposits and Wakala investments	**4,377**	7,427
Interest income on debt investments at amortised cost	**2,867**	1,836
Interest income on bonds	**1,969**	4,244
Others	**1,512**	718
	10,725	14,225

27 Finance costs

	2022	2021
	AED'000	AED'000
Interest expense on borrowings	**10,887**	5,304
Interest expense on margin service charges	**723**	863
Interest expense on lease liability	**-**	188
Exchange loss	**22**	8
	11,632	6,363

28 General and administrative expenses

	2022	2021
	AED'000	AED'000
Board of Directors' remuneration	**15,000**	3,325
Staff costs	**7,744**	5,960
Professional fees	**4,057**	5,659
Security and maintenance fees	**305**	305
Depreciation (Note 5)	**417**	1,451
Rent expense	**8**	31
Other	**3,587**	2,668
	31,118	19,399

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

29 Basic and diluted earnings per share

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

Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the year, adjusted for the effects of dilutive instruments. The following reflects the earnings and share data used in the earnings per share calculation:

	2022	2021
Profit for the year (AED'000)	**589,790**	38,429
Weighted average number of ordinary shares outstanding (thousand)	**1,958,708**	1,412,853
Basic and diluted earnings per share (AED)	**0.3011**	0.0272

Weighted average number of ordinary shares outstanding have been adjusted for treasury shares, which are issued shares but not outstanding (Note 15) and decrease in share capital (Note 1).

As of 31 December 2022, and 2021, the Group has not issued any instruments which would have a diluting impact on earnings per share when converted or exercised.

30 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 December 2022 and 2021, 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 consolidated financial statements for the year ended 31 December 2022 (continued)

30 Segment reporting (continued)

31 December 2022	Property development AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Investment and asset management AED'000	Holding AED'000	Eliminations AED'000	Total AED'000
Revenue							
Timing of revenue recognition							
Overt time	-	21,623	18,886	-	-	-	40,509
At a point in time	-	-	506	-	-	-	506
	-	21,623	19,392	-	-	-	41,015
Direct operating expenses	-	(6,725)	(6,445)	-	-	-	(13,170)
Depreciation	-	-	(2,691)	-	-	-	(2,691)
Gross profit	-	14,898	10,256	-	-	-	25,154
Net finance income	-	-	-	-	(907)	-	(907)
Dividend income	-	-	-	4,294	-	-	4,294
Changes in fair value of financial assets at FVTPL	-	-	-	541,760	-	-	541,760
Share of profits from associate	-	-	-	382	-	-	382
Total operating income/(loss)	-	14,898	10,256	546,436	(907)	-	570,683
General and administrative expenses	-	-	(2,366)	-	(28,335)	-	(30,701)
Depreciation	-	-	-	-	(417)	-	(417)
Selling and marketing expense	-	-	(688)	-	(124)	-	(812)
Gain on the valuation of properties	-	50,510	-	-	-	-	50,510
Reversal of impairment on debt investments at amortised cost	-	-	-	89	-	-	89
Other income	-	438	-	-	-	-	438
Profit/(loss) for the year	-	65,846	7,202	546,525	(29,783)	-	589,790
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 consolidated financial statements for the year ended 31 December 2022 (continued)

30 Segment reporting (continued)

31 December 2021	Property development AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Investment and asset management AED'000	Holding AED'000	Eliminations AED'000	Total AED'000
Revenue							
Timing of revenue recognition							
Overt time	-	10,160	15,713	-	-	-	25,873
At a point in time	-	-	343	-	-	-	343
	-	10,160	16,056	-	-	-	26,216
Direct operating expenses	-	(4,205)	(5,395)	-	-	-	(9,600)
Depreciation	-	-	(3,225)	-	-	-	(3,225)
Gross profit	-	5,955	7,436	-	-	-	13,391
Net finance income	-	-	-	-	7,862	-	7,862
Dividend income	-	-	-	11,712	-	-	11,712
Changes in fair value of financial assets at FVTPL	-	-	-	33,496	-	-	33,496
Share of profits from associate	-	-	-	881	-	-	881
Total operating income	-	5,955	7,436	46,089	7,862	-	67,342
General and administrative expenses	-	-	(1,720)	-	(16,228)	-	(17,948)
Depreciation	-	-	-	-	(1,451)	-	(1,451)
Selling and marketing expense	-	-	(652)	-	(60)	-	(712)
Loss on the valuation of properties	-	(9,110)	-	-	-	-	(9,110)
Reversal of impairment on debt investments at amortised cost	-	-	-	(89)	-	-	(89)
Other income	-	(347)	734	-	10	-	397
(Loss)/profit for the year	-	(3,502)	5,798	46,000	(9,867)	-	38,429
At 31 December 2021							
Total assets	6,313	1,015,340	106,672	504,215	56,766	(487)	1,688,819
Total liabilities	7,496	149,775	145,363	-	35,602	(12,672)	325,564

31 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.

32 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 consolidated financial statements

Commitments

	2022	2021
	AED'000	AED'000
Commitments for fixed assets	**14,724**	14,929

Operating leases

The Group as lessor

The Group has leased out units of one of their investment property and accounted for the rent income. These operating leases relate to certain lease agreements with terms that range between one to two years. The lessees do not have an option to purchase the property at the expiry of the lease period. Future lease payments to be received by the Group are as follows:

	2022	2021
	AED'000	AED'000
Within one year	**11,553**	10,038
In the second year	**-**	-
	11,553	10,038

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

33 Financial instruments

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies, or processes during the years ended 31 December 2022 and 2021.

Classes of financial instruments

	2022 **AED'000**	2021 AED'000
Financial assets		
Financial assets at FVTPL	**1,766,426**	268,472
Financial assets at FVOCI	**48,204**	94,011
Trade and other receivables	**41,622**	18,863
Cash and bank balances	**25,822**	72,037
Due from a related party	**14,846**	19,816
Wakala investments	**-**	85,000
Debt investment at amortised cost	**-**	18,274
	1,896,920	576,473

	2022 **AED'000**	2021 AED'000
Financial liabilities		
Bank borrowings	**260,308**	293,595
Trade and other payables	**33,993**	20,387
	294,301	313,982

Financial risk management objectives

The Group is exposed to the following risks related to financial instruments - credit risk, liquidity risk, foreign currency risk and price risk. The Group has not framed formal risk management policies, however, the risks are monitored by management on a continual basis.

The Group does not enter into or trade in financial instruments for speculation.

The Group has not entered into option trading in order to economically hedge its prices of its quoted equity securities.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

33 Financial instruments (continued)

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to its shareholders through the optimisation of the debt and equity balances. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives. The Group's overalls strategy remains unchanged from the prior year.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. Key areas where the Group is exposed to credit risk are trade and other receivables and bank and cash balances (liquid assets).

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

	Days past due						
	Not past due	**< 60 days**	**61-90 days**	**91-180**	**181-365**	**Over 365 days**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**
31 December 2022							
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	
Gross carrying amount	**33,134**	**562**	**25**	**78**	**79**	**38**	**33,916**
Loss allowance	-	-	-	-	-	-	-
							33,916
31 December 2021							
Expected credit loss rate	0%	0%	0%	0%	0%	0%	
Gross carrying amount	-	736	46	59	12	-	853
Loss allowance	-	-	-	-	-	-	-
							853

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Details on concentration of trade receivable balances are disclosed in Note 11. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its trade customers.

33 Financial instruments (continued)

Credit risk (continued)

Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE and are highly regulated by the central bank. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value.

Maximum exposure to credit risk:

The Group's maximum exposure to credit risk is represented by the carrying amounts of its financial assets. There are no agreements concluded or collateral held which reduced the maximum exposure to credit risk as at 31 December 2022 and 2021.

Credit quality per class of financial asset:

The Group used the credit ratings for those counter parties available externally to manage the credit quality of financial assets.

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

The table below summarises the maturities of the Group's undiscounted financial liabilities as of 31 December 2022 and 2021 based on contractual payment dates and current market interest rates.

	Weighted average effective interest rate	On demand AED'000	Less than 6 months AED'000	6 to 12 months AED'000	1 to 5 years AED'000	More than 5 years AED'000	Total AED'000
At 31 December 2022							
Bank borrowings	**4.14%**	**19,336**	**5,088**	**8,125**	**60,349**	**167,410**	**260,308**
Trade and other payables		**3,635**	**30,358**	-	-	-	**33,993**
Total		**22,971**	**35,446**	**8,125**	**60,349**	**167,410**	**294,301**
At 31 December 2021							
Bank borrowings	2.86%	25,119	7,675	10,722	101,174	148,905	293,595
Trade and other payables	-	3,635	16,752	-	-	-	20,387
Total		28,754	24,427	10,722	101,174	148,905	313,982

33 Financial instruments (continued)

Market risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Group is indirectly exposed to market price risk with respect to quoted investment in funds. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Group actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees.

The Group is exposed to equity price risks arising from unquoted equity investments. Equity investments are held for strategic as well as trading purposes. The Group actively trades in certain equity investments

Equity price sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risks at the reporting date. At the end of the reporting period, if the equity prices are 5% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Group's financial assets at fair value through profit or loss would increase/decrease by AED 651 thousand (2021: increase/decrease by AED 7,217 thousand) and financial assets at fair value through other comprehensive income and investment revaluation reserve would increase/decrease by AED 15 thousand (2021: AED 18 thousand) as a result of the movement in market price.

Foreign currency risk

The Group's transactions are principally in UAE Dirhams or US Dollars, to which the UAE Dirham is pegged, and therefore the Group does not face any foreign currency risks.

Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to interest rate risk on its financial assets at fair value through profit or loss, term deposits, and bank borrowings that carry both fixed and floating interest rates, which are detailed in Notes 10, 12 and 21 respectively.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable interest rates mainly arising from bank borrowings, assuming the amount of liability at the end of the reporting period was outstanding for the whole year.

At 31 December 2022, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, profit for the year would have been AED 260 thousand (2021: AED 294 thousand) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Group's borrowings are denominated in UAE Dirhams.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

33 Financial instruments (continued)

Fair value of financial instruments

The Group's management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.

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

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

	Carrying value AED'000	**Fair Value**			
		Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
At 31 December 2022					
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**
	1,814,630	**13,325**	**-**	**1,801,305**	**1,814,630**
At 31 December 2021					
Financial assets at FVTPL	268,472	144,335	–	124,137	268,472
Financial assets at FVOCI	94,011	354	40,542	53,115	94,011
	362,483	144,689	40,542	177,252	362,483

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

There were no transfers between any levels during the year.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

33 Financial instruments (continued)

Fair value of financial instruments (continued)

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

	2022 **AED'000**	2021 AED'000
At 1 January	**217,794**	184,450
Additions	**1,175,537**	22,456
Disposals	**(145,677)**	(13,765)
Change in fair value	**553,651**	24,653
At 31 December	**1,801,305**	217,794

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 consolidated financial statements approximate their fair values.

34 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 a related party where ownership is yet to be transferred by the Group to the beneficiary (Note 10). Such assets and income arising thereon are not included in the Group's consolidated financial statements.

	2022 **AED'000**	2021 AED'000
Quoted security (i)	**36,110**	-
Unquoted security (ii)	**3,808**	-
	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 (Notes 10 and 21).

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.

35 Events after reporting period

Sale of Investment Properties

Subsequent to yearend, 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 (Note 6).

36 Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 17 February 2023.