

**Emirates Strategic Investments
Company - Sole Proprietorship L.L.C.**

**REPORT OF THE BOARD OF DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS**

31 DECEMBER 2024

**Emirates Strategic Investments
Company - Sole Proprietorship L.L.C**

REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2024



Emirates Strategic Investments Company – Sole Proprietorship L.L.C

Report of the Board of Directors

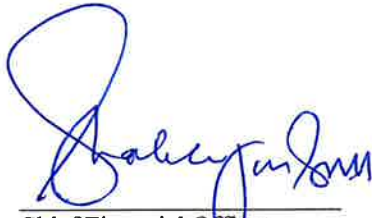
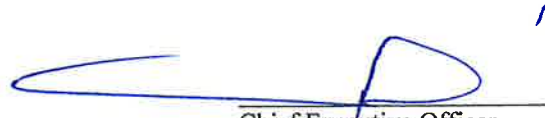
For the year ended 31 December 2024

The Board of Directors are pleased to present their report and consolidated financial statements for the year ended 31 December 2024.

Results

During the year, Emirates Strategic Investments Company - Sole Proprietorship L.L.C earned revenues of AED 2,075,546 thousand (2023: AED 1,191,105 thousand). The Group reported a profit for the year ended 31 December 2024 amounting to AED 1,402,276 thousand (2023: AED 725,987 thousand).

On behalf of the Board of Directors


Chief Financial Officer
Chief Executive Officer

شركة الامارات للاستثمارات الاستراتيجية

مبنى دوسيت ثاني للمكاتب، الطابق الرابع

شارع المرور مقابل نادي الجزيرة، ابوظبي

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**Emirates Strategic Investments
Company – Sole Proprietorship L.L.C**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EMIRATES STRATEGIC INVESTMENTS COMPANY – SOLE PROPRIETORSHIP L.L.C**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emirates Strategic Investments Company – Sole Proprietorship L.L.C (the “Company”) and its subsidiaries (together, the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRSs).

Basis for opinion

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

Key audit matters

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

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

Impairment assessment of investment properties

The Group's investment properties consist of yielding and non-yielding properties and include commercial and residential units. The Group measures its investment properties at cost less accumulated depreciation and impairment, if any, as allowed under International Accounting Standard 40 (IAS 40): Investment Properties. The Group undertakes a review of indicators of impairment and wherever indicators exist, an impairment review is carried out by determining the recoverable amount which takes into account the fair value of the property under consideration. The property valuations were carried out by an external valuer (the “Valuer”). In determining a property's valuation, the Valuer takes into account property-specific information such as the current tenancy agreements and rental income and apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the valuation (see notes 11 and 24 to the consolidated financial statements).

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

EMIRATES STRATEGIC INVESTMENTS COMPANY – SOLE PROPRIETORSHIP L.L.C continued

Report on the Audit of the Consolidated Financial Statements continued

Impairment assessment of investment properties continued

The impairment assessment of investment properties was assessed as a key audit matter due to the degree of complexity involved in determining the recoverable amounts and the significance of judgements and estimates made by management.

We assessed the qualification and expertise of the Valuer and read the terms of engagement to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We read the valuation reports for properties and involved our internal valuation specialists in reviewing the valuation for a sample of investment properties. The review included discussions with management, consideration of overall reasonableness of the assumptions and assessment of movement in valuations against our expectations. Where the assumptions were outside the expected range or otherwise unusual, we obtained further audit evidence to support the explanations provided by management for the selected sample.

Interest in joint ventures

The Group has investments in joint ventures which are measured using the equity method of accounting as per the requirements of IAS 28 – Investments in associates and joint ventures. The share of results of joint ventures for the year ended 31 December 2024 amounted to AED 1,181,633 thousand which represents 57% of the total income of the Group (refer Note 9). The accounting for interest in joint ventures was assessed as a key audit matter given the materiality of the amounts impacting the results of the Group and the related risk of material misstatement on the consolidated financial statements.

As at 31 December 2024, interest in joint ventures amounted to AED 3,622,252 thousand and share of results from interest in joint ventures amounted to AED 1,181,633 for the year ended 31 December 2024.

We performed the following procedures:

- We gained an understanding of the business and operations of the joint ventures and evaluated the methodology and judgments employed by management in the computation of the share of results from interest in joint ventures, including the assessment of any impairment of the underlying investments. When necessary, we challenged the underlying assumptions used in these estimations.
- We have involved component auditors of the respective joint ventures to obtain comfort on the balances used to record the Group's interest in joint ventures and the related share of results. We evaluated the competence, qualifications, capabilities, and objectivity of the component auditors, including obtaining a confirmation of their independence in connection with their respective audits.
- Reviewed the accounting treatment applied by the Group for its interest in joint ventures including the accounting for of its share of results and compared the disclosures made in the consolidated financial statements to align them with IFRS requirements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

EMIRATES STRATEGIC INVESTMENTS COMPANY – SOLE PROPRIETORSHIP L.L.C continued

Report on the Audit of the Consolidated Financial Statements continued

Other information

Other information consists of the information included in the Board of Directors' report, other than the consolidated financial statements and our auditor's report thereon. We obtained the Board of Directors' report prior to the date of our audit report. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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, 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.

Responsibilities of management and the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

EMIRATES STRATEGIC INVESTMENTS COMPANY – SOLE PROPRIETORSHIP L.L.C continued

Report on the Audit of the Consolidated Financial Statements continued

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

- 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.
- 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

EMIRATES STRATEGIC INVESTMENTS COMPANY – SOLE PROPRIETORSHIP L.L.C continued

Report on Other Legal and Regulatory Requirements

Further, as required the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2024:

- i) the Group has maintained proper books of account;
- ii) we have obtained all the information we considered necessary for the purposes of our audit;
- iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (32) of 2021;
- iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;
- v) investment in shares are included in notes 8 and 9 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 December 2024;
- vi) note 20 reflects material related party transactions and the terms under which they were conducted;
- vii) 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 2024, any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2024; and
- viii) there were no social contributions made during the year.

For Ernst & Young



Ahmad Al Dali
Registration No: 5548

23 April 2025
Abu Dhabi, United Arab Emirates

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 AED '000	2023 AED '000
INCOME			
Income from investment properties	4	372,115	336,410
Revenue from sale of properties development	4	112,433	-
Income from investments in financial assets	8	314,256	173,113
Share of profit from investments in associate and joint ventures	9	1,195,505	614,191
Gain on sale of investment property		2,429	43,478
Finance income		73,408	19,690
Other income		<u>5,400</u>	<u>4,223</u>
		<u>2,075,546</u>	<u>1,191,105</u>
EXPENSES			
General and administrative expenses	5	(122,655)	(103,733)
Finance costs	5	(202,671)	(108,254)
Property management costs	5	(105,648)	(92,890)
Properties development cost	5	(84,182)	-
Depreciation	5	(147,096)	(147,807)
Provision for impairment of investment properties	11	<u>(13,242)</u>	<u>(12,434)</u>
		<u>(675,494)</u>	<u>(465,118)</u>
PROFIT BEFORE TAX		1,400,052	725,987
Income tax credit	21	<u>2,224</u>	<u>-</u>
PROFIT FOR THE YEAR		<u>1,402,276</u>	<u>725,987</u>

The attached notes 1 to 27 form part of these consolidated financial statements.

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 AED '000	2023 AED '000
PROFIT FOR THE YEAR		1,402,276	725,987
Other comprehensive income (loss)			
<i>Items that will not be reclassified subsequently to profit or loss, in subsequent periods (net of tax)</i>			
Changes in fair value of investments carried at fair value through other comprehensive income	8 & 21	<u>130,041</u>	<u>(433,254)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,532,317</u>	<u>292,733</u>

The attached notes 1 to 27 form part of these consolidated financial statements.

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 AED '000	2023 AED '000
ASSETS			
Bank balances and cash	6	1,034,838	518,878
Trade and other receivable	7	58,375	80,601
Investments in financial assets	8	5,190,683	4,938,492
Interest in joint ventures	9	3,622,252	2,300,844
Investment in an associate	9	-	29,640
Development work in progress	10	388,990	294,551
Investment properties	11	3,664,189	3,756,868
Property and equipment	12	10,541	7,415
Deferred tax asset	21	945	-
Right-of-use assets	13	26,170	25,420
TOTAL ASSETS		13,996,983	11,952,709
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	14	662,790	136,876
Income tax payable	21	1,475	-
Term loans	15	269,260	104,187
Non - convertible Sukuk	16	2,561,437	2,199,480
Lease liabilities	13	26,239	25,024
Deferred income		78,517	71,825
Employees' end of service benefits	17	1,750	1,524
Total liabilities		3,601,468	2,538,916
EQUITY			
Share capital	18	150	150
Group restructuring reserve	3	50	50
Legal reserve	19	100	100
Merger reserve		(454,283)	(173,688)
Retained earnings		3,995,838	2,872,609
Shareholder's account		5,910,998	5,910,998
Fair value reserve		942,662	803,574
Total equity		10,395,515	9,413,793
TOTAL LIABILITIES AND EQUITY		13,996,983	11,952,709



Chief Financial Officer



Chief Executive Officer

The attached notes 1 to 27 form part of these consolidated financial statements.

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital AED '000	Group structuring reserve AED '000	Legal reserve AED '000	Retained earnings AED '000	Shareholders' account AED '000	Merger reserve AED '000	Fair value reserve AED '000	Total AED '000
At 1 January 2023	150	50	100	2,142,416	5,910,998	-	1,241,034	9,294,748
Profit for the year	-	-	-	725,987	-	-	-	725,987
Other comprehensive loss for the year	-	-	-	-	-	-	(433,254)	(433,254)
Total comprehensive income (loss) for the year	-	-	-	725,987	-	-	(433,254)	292,733
Transfer to retained earnings upon disposal of equity investments carried at fair value through other comprehensive income (note 8)	-	-	-	4,206	-	-	(4,206)	-
Purchase of investment in an associate (note 9)	-	-	-	-	-	(173,688)	-	(173,688)
At 31 December 2023	150	50	100	2,872,609	5,910,998	(173,688)	803,574	9,413,793
At 1 January 2024	150	50	100	2,872,609	5,910,998	(173,688)	803,574	9,413,793
Profit for the year	-	-	-	1,402,276	-	-	-	1,402,276
Other comprehensive income for the year	-	-	-	-	-	-	130,041	130,041
Total comprehensive income for the year	-	-	-	1,402,276	-	-	130,041	1,532,317
Transfer to retained earnings upon disposal of equity investments carried at fair value through other comprehensive income (note 8)	-	-	-	(9,047)	-	-	9,047	-
Dividends paid (note 25)	-	-	-	(270,000)	-	-	-	(270,000)
Purchase of investment in an associate (note 9)	-	-	-	-	-	(280,595)	-	(280,595)
At 31 December 2024	150	50	100	3,995,838	5,910,998	(454,283)	942,662	10,395,515

The attached notes 1 to 27 form part of these consolidated financial statements.

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 AED '000	2023 AED '000
OPERATING ACTIVITIES			
Profit before tax		1,400,052	725,987
Adjustments for:			
Depreciation for Investment properties	5	142,583	143,584
Depreciation for property and equipment	5	3,132	3,141
Depreciation for right of use assets	5	1,381	1,082
Amortisation of sukuk issuance cost	16	6,067	6,657
Dividend income	8	(255,618)	(181,711)
Share of results of joint ventures	9	(1,181,633)	(610,863)
Provision for impairment of investment properties	11	13,242	12,434
Allowance for expected credit losses	7	536	1,115
Share of results of associate	9	(13,872)	(3,328)
Finance costs	5	202,671	108,254
Change in fair value of investments carried at fair value through profit or loss	8	(58,638)	8,598
Provision for employees' end of service benefits	17	324	390
Gain on sale of investment properties		(2,429)	(43,478)
Finance income		(73,408)	(19,690)
		184,390	152,172
Working capital changes:			
Trade and other receivables		21,180	(31,658)
Development work in progress		(94,439)	(7,373)
Trade and other payables		499,018	(7,498)
Net movement in margin deposits and restricted cash		(588,476)	-
Deferred income		6,692	(2,981)
Cash generated from operations		28,365	102,662
Employees' end of service benefits paid	17	(98)	(92)
Finance costs paid		(174,360)	(101,113)
Net cash flows (used in) from operating activities		(146,093)	1,457
INVESTING ACTIVITIES			
Purchases of property and equipment	12	(6,258)	(2,186)
Distribution received from joint ventures	9	28,576	185,607
Distribution received from associate	9	13,566	-
Cash contribution in joint ventures	9	(89,000)	(114,809)
Dividend received from investments in financial assets	8	255,618	181,711
Proceeds from disposal of investment properties		25,448	73,478
Purchase of investments in financial assets	8	(98,107)	(311,731)
Proceeds from disposal of investments in financial assets	8	37,349	19,622
Investment in joint venture	9	(330,000)	-
Investment in an associate	9	-	(200,000)
Purchase of investment properties	11	(86,165)	(102,777)
Dividend paid		(270,000)	-
Finance income received		73,918	21,473
Net cash used in investing activities		(445,055)	(249,612)
FINANCING ACTIVITIES			
Term loan, net	15	165,073	(2,445)
Non-convertible sukuk paid	16	(2,203,500)	-
Additions to non-convertible sukuk	16	2,559,390	-
Lease payments	13	(2,331)	(2,115)
Net cash flows from (used in) financing activities		518,632	(4,560)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(72,516)	(252,715)
Cash and cash equivalents at 1 January		518,878	771,593
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	6	446,362	518,878

The attached notes 1 to 27 form part of these consolidated financial statements.

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

1 ACTIVITIES

Emirates Strategic Investments Company – Sole Proprietorship L.L.C (the “Company”) is a limited liability company incorporated on 5 February 2019 and is registered in the Emirate of Abu Dhabi. The Company is owned by Liwa Holdings (the “Parent Company”) which is ultimately owned by His Highness Sheikh Mansour Bin Zayed Al Nahyan (the “Ultimate Beneficial Owner”). The principal activities of the Company are real estate and commercial enterprise investment, development, institution and management.

These consolidated financial statements include the financial performance and position of the Company and its subsidiary (together, the “Group”) and the Group’s interest in its joint ventures and associate.

The registered office of the Company is at P O Box 161, Abu Dhabi, United Arab Emirates (“UAE”).

These consolidated financial statements were authorised for issue by the Board of Directors on 23 April 2025.

2 BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost basis, modified to include the measurement at fair value of investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss.

The consolidated financial statements have been presented in United Arab Emirates Dirham (“AED”), which is the functional currency of the Company. Each entity in the Group determines its own functional currency based on the identification of the currency of the primary economic environment in which the entities operate. All financial information presented in AED has been rounded to the nearest thousand except otherwise stated.

Group restructuring

During 2019, the Group was restructured to create a new holding company, Emirates Strategic Investments Company – Sole Proprietorship L.L.C to hold the ownership interest in East and West International Group – Sole Proprietorship L.L.C (“EWIG”). The Company was incorporated on 5 February 2019 and on 28 March 2019, shares of EWIG were transferred to the Company. This transaction falls outside the scope of IFRS 3 - Business Combinations as EWIG and the Company are under the common control of the Ultimate Beneficial Owner. Accordingly, the pooling of interests’ method is applied, and the consolidated financial statements of the Group are presented as a continuation of the existing group. Refer to note 3 for further details.

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRSs”) and applicable requirements of the UAE Federal Law No. (32) of 2021.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

Basis of consolidation continued

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

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

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 amounts 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The consolidated financial statements comprise the financial statements of the Company and those of its following subsidiary:

<i>Name of subsidiaries</i>	<i>Ownership</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
East and West International Group – Sole Proprietorship L.L.C	100%	U.A. E	Real estate business including real estate management, land and real estate purchase and sale service.
East and West Properties L.L.C	100%	U.A.E	Real estate business including real estate development, land and real estate purchase and sale service.
East and West Properties – Sole Proprietorship L.L.C (i)	100%	U.A.E	Real estate business including real estate enterprise investment, development, institution and management land.
Bond International Trading Investment L.L.C (ii)	100%	U.A.E	Commercial Enterprises Investment, Institution and Management

(i) Dormant subsidiary with no operations during the period.

(ii) Subsidiary acquired during the year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations.

The accounting policies adopted are consistent with those of the previous financial year, except for the following new standards, interpretations and amendments effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Lease back
- Amendments to IAS 1: Classification of Liabilities as Current and Non-Current
- Disclosure: Supplier Finance Agreement – Amendments to IAS 7 and IFRS 7

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

UAE corporate income tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (“CT Law”) to enact a new Corporate Tax (“CT”) regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group’s accounting year ends on 31 December, the first tax year of the Group is the period from 1 January 2024 to 31 December 2024, with the tax return to be filed on or before 30 September 2025.

The taxable income of the Group entities, exceeding AED 375,000 per taxable person, is subject to applicable rate as per CT Law.

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 21 Lack of exchangeability
- IFRS 18 Presentations and Disclosure in the Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosure

The Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Revenue recognition

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Revenue recognition continued

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

- a) 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.
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) 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.

Sale of land

Revenue from sale of land is recognised at the point in time when control of the asset is transferred to the customer, generally on the signing of binding sales purchase agreements subject to release of mortgage, charges or encumbrances, if any.

Facilities management income

The Group provides facility management service to its customers. Such services are recognised as a performance obligation satisfied over a period of time on a monthly basis under IFRS 15.

Properties development

The Group provides construction services to its customers. Such contracts are entered into before rendering of services begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties under construction to another customer and has enforceable right to payment for work done. Revenue from construction is therefore recognised over time on a cost-to-cost method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management consider that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under 'IFRS 15 Revenue from Contracts with Customers'.

Where the outcome of a construction contract cannot be estimated reliably, 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. Contract costs are recognised as expenses in the period in which they are incurred.

When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The gross amount of contract assets from customers classified under trade and other receivables, is the net amount of costs incurred plus recognised profits; less recognised losses and progress billings, for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

The gross amount of contract liabilities to customers classified under trade and other payables, is the net amount of costs incurred plus recognised profits less recognised losses and less progress billings, for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

The effect of a change in the estimates of contract revenue or contract costs or the outcome of a contract, including that arising from liquidated damages and final contract settlements, is used in the determination of the amount of revenue and costs recognised in profit or loss in the period in which the change is made and in subsequent periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Leases

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Deferred rental income

Deferred rental income represents advance rentals received for commercial and residential apartments rented out by the Group and are recognised in the consolidated statement of profit or loss on a time apportionment basis.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) **Lease liabilities**

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Leases continued

Group as a lessee continued

iii) Short-term leases and leases of low-value assets

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

Business combinations

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss.

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

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

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

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Business combinations continued

Acquisition of interest in entities under common control

Acquisition of interest in entities that are under common control of the Ultimate Beneficial Owner which lack commercial substance and are based on a decision by the Ultimate Beneficial Owner are accounted for in accordance with the pooling of interest method of accounting using predecessor values method. The consolidated financial statements of the combined entities are presented as if the business had been combined from the date when the combining entities were first brought under common control. The assets and liabilities are accounted for at carrying amounts previously recorded in the books of the transferor. The components of equity of the acquired entities are added to the same components within the Group's equity. Any transaction cost paid for acquisition is recognised directly in equity.

Acquisition of interest in entities that are under common control of the Ultimate Beneficial Owner which have commercial substance are accounted for using the acquisition method.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank balances and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and other short-term highly liquid investments with a maturity date of three months or less from the date of investment, net of bank overdrafts.

Investment in associate and joint ventures

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 has no control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Investment in associate and joint ventures continued

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

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

Investment properties

Investment properties are measured initially at cost, less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is provided on a straight-line basis over the estimated useful life of the investment properties.

The estimated useful life of investment properties is as follows:

Buildings	25 years
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Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

The carrying value 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 values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the investment property. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the investment property's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the investment property does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the investment property in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Investment property under capital work in progress

Investment properties under capital work in progress are valued using the cost model, with all expenses being capitalised until the property is available for use. After the completion of construction, the properties are classified as investment property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Development work in progress

Development work in progress consists of property being developed principally for sale and is stated at the lower of cost or net realisable value. Cost comprises all direct costs attributable to the design and construction of the property including direct staff cost. Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs to complete and applicable variable selling expenses.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Properties under construction are initially stated at cost and upon completion are transferred to the appropriate category of property and equipment, as applicable and thereafter depreciated.

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

Furniture, equipment and computers	5 years
Motor vehicles	5 years
Buildings	25 years
Decoration and renovation	5 years

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

Expenditure incurred to replace a component 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 the expense is incurred.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the consolidated statement of profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Value Added Tax (“VAT”)

Expenses and assets are recognised net of the amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition as financial assets at fair value through profit or loss, fair value through OCI or amortised cost. All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at fair value through profit or loss
- Financial assets at fair value through OCI (“FVTOCI”)
- Amortized cost

Except for equity investments, the Group’s financial assets are classified as amortised cost.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

Financial assets carried at fair value through OCI (equity investment)

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Derecognition of financial assets

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

Impairment of financial assets

IFRS 9 requires the Group to record an allowance for ECLs for all financial instruments not held at fair value through profit or loss.

The expected credit loss model requires the Group to account 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. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on all classes of financial assets, other than those that are measured as fair value through profit or loss and equity instruments classified and measured as FVOCI. The financial assets subject to impairment requirements of IFRS 9, include i) bank balances ii) debt investments subsequently measured at amortised cost or at FVOCI, iii) lease receivables, iv) contract assets and v) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, and contract assets in certain circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

Impairment of financial assets continued

Measurement of ECL

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighing of multiple future economic scenarios, discounted at the asset's original effective interest rate ("EIR").

ECLs are recognised in two stages:

Stage 1

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

Stage 2

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group recognises loss allowances for ECLs on financial instruments that are not measured at fair value through profit or loss i.e., trade receivables.

Simplified approach

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

The key inputs into the measurement of ECLs are the term structures of the following variables:

- Probability of default (PD).
- Loss given default (LGD).
- Exposure at default (EAD).
- Definition of default; and
- Expected life.

These parameters are derived from the Group's internally developed statistical models and other historical data and are explained in detail in note 2.4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables as appropriate.

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

The Group's financial liabilities include trade and subcontractor payables, retention payable, amounts due to related parties, other payables, non-convertible sukuk and term loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification. The category of financial liabilities most relevant to the Group is loans and borrowings.

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Financial guarantee

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs in the event that a specified party fails to meet its obligation when due in accordance with the contractual terms. Financial guarantee contracts are initially recognised at their fair value, which is likely to equal the premium received on issuance. The received premium is included within other liabilities and is amortised over the life of the financial guarantee. The guarantee liability is subsequently recognised at the higher of this amortised amount and the present value of any expected payments.

iii) Offsetting of financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

iv) Equity instruments

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

Write-off

Financial assets

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. 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.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits

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

With respect to its UAE national employees, the Group makes contributions to the relevant 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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss. 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.

Fair value measurement

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

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

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Fair value measurement continued

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

Current versus non-current classification

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

- Expected to be realized or intended to sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized 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.

A liability is current when:

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

The Group classifies all other assets and liabilities as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Taxation continued

Deferred tax continued

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

(a) Significant accounting judgements

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

Classification of investments as joint ventures

The Group has determined that it has joint control over the following investees:

<i>Name of investees</i>	2024	2023
Marina Capitol LLC	60%	60%
Business Bay Capitol LLC	70%	70%
Burj District Development Limited	50%	50%
Palm Capitol Limited	50%	50%
Business Bay Capitol One LLC	65%	65%
Planet Tax Free L.L.C	53%	-

Joint control is assessed on the basis that decisions about relevant activities are taken jointly with other venturers. Although the Group owns 50% or more of the ownership interest in the above entities, management has concluded that the Group does not have control since significant decisions relating to the relevant activities of the investees require the unanimous approval of all shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

(a) Significant accounting judgements continued

Classification of investments as joint ventures and associates continued

The above investees are limited liability companies whose legal form confers separation between the parties to the joint arrangement and the companies themselves. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, as described in note 9 to the consolidated financial statements, the above investees have been classified as joint ventures of the Group.

The Group also has representation on the Board of Directors of certain other investees. These investments are classified as 'investments carried at fair value through other comprehensive income' as the Group does not exercise significant influence over the investees owing to its immaterial ownership interests, limited representation at their Boards of Directors and the absence of any other substantive rights.

Initial recognition of investment in shares

The Group's policy is to recognise investments in financial instruments on their trade date.

Classification of long-term receivables from joint ventures

The Group applies significant judgement with respect to the classification of long-term receivables from its joint ventures as equity contributions. In determining the classification, the Group has considered the terms of repayment under the respective joint venture agreements under which the receivables are subordinate to other contractors in the order of repayment, subject to the completion of certain project milestones and the unanimous approval of the shareholders of the joint venture.

Classification of property

The Group determines whether a property is classified as investment property, development work in progress or property and equipment:

- Investment property comprises land and buildings (principally offices, residential and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income or capital appreciation or undetermined use.
- Property and equipment comprise property that is held for administrative purposes or supply of services.
- Inventory (Development work in progress) comprise land being developed principally for sale as units in the project under development.

(b) Significant estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment losses and non-collectability of related parties' balances and receivables

IFRS 9 requires management to make significant estimates for the calculation of expected credit losses (ECL). The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9.

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgement, as considered by the Group while determining the impact assessment, are:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

(b) Significant estimates and assumptions continued

Impairment losses and non-collectability of related parties' balances and receivables continued

Probability of Default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the financial asset has not been previously derecognised.

Loss Given Default (LGD)

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cashflows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the exposure at default (EAD).

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Definition of default

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes.

The Group considers a receivable in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Expected life

When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Provision for expected credit losses (ECLs) of trade receivables and related parties

The Group uses a provision matrix to calculate ECLs for trade receivables and related parties. The provision rates are based on days past due for accompanying of various customer segments that have similar loss patterns (i.e., by geography, service type, customer type and rating etc.).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

(b) Significant estimates and assumptions continued

Impairment losses and non-collectability of related parties' balances and receivables continued

Provision for expected credit losses (ECLs) of trade receivables and related parties continued

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As at 31 December 2024, gross trade receivables were AED 27,272 thousand (2023: AED 21,465 thousand) with provision for expected credit losses of AED 7,944 thousand (2023: AED 7,408 thousand) and gross amount due from related parties was AED 12,920 thousand (2023: AED 47,168 thousand) with no provision for expected credit losses (2023: AED nil). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the consolidated statement of profit or loss.

Useful lives of property and equipment and investment properties

Management determines the estimated useful lives of its property and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Impairment of properties

The Group carries both its investment properties and owner-occupied properties under the cost model. The carrying values of properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. This requires an estimation of the recoverable amount of properties. The recoverable amount is the higher of its a) fair value less costs to sell; and b) value in use.

The recoverable amount of properties, determined as the fair value less costs to sell, is determined by an independent professional valuer. The valuation techniques adopted comprise the Income Valuation Method and the Sales Comparison Method. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors "RICS" Valuation Standards.

The determination of the recoverable amount of properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the consolidated statement of financial position date. In arriving at their estimates of market values as at 31 December 2024, the valuers have used their market knowledge and professional judgment and have not only relied solely on historic transactional comparable.

Estimation of net realisable value for development work in progress

Properties classified under development work in progress are stated at the lower of cost or net realisable value (NRV). NRV is assessed with reference to sales prices, costs of completion and market conditions existing at the end of the reporting period.

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION continued

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

(b) Significant estimates and assumptions continued

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates, EIBOR) when available and is required to make certain entity-specific estimates.

3 BUSINESS COMBINATIONS AND ASSET ACQUISITIONS

3.1 Business combination under common control

On 28 March 2019, the Company became the holding company of East and West International Group – Sole Proprietorship L.L.C ("EWIG"). This transaction falls outside the scope of IFRS 3 - Business Combinations as EWIG and the Company are under common control of the Ultimate Beneficial Owner. Accordingly, the pooling of interests' method is applied, and the consolidated financial statements of the Group are presented as a continuation of the existing group showing combined entities' results and financial positions as if they had always been combined.

The difference between the share capital of the subsidiary and the shares issued in exchange for the shares of that subsidiary amounting to AED 150,000 has been recorded under "Group restructuring reserve" in equity.

	<i>AED'000</i>
Share capital of the subsidiary	200
Shares issued in exchange of the shares of the subsidiary	<u>150</u>
Difference recognised under "Group restructuring reserve" in equity.	<u>50</u>

3.2 Asset acquisition during the year

During the year, the Group acquired Bonds International Trading Investments (BITI), which is accounted for as an asset acquisition from an entity under common control since substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset, investment in a joint venture. This transaction falls outside the scope of IFRS 3 - Business Combinations as BITI and the Company are under common control of the Ultimate Beneficial Owner.

The details of the assets acquired are as follows:

	<i>AED'000</i>
Investment in joint venture	<u>49,405</u>
Assets acquired	49,405
Less: consideration paid	<u>(330,000)</u>
Merger reserve	<u>(280,595)</u>

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024 AED '000	2023 AED '000
Income from investment properties:		
Rental income	353,154	324,936
Facilities management income (i)	<u>18,961</u>	<u>11,474</u>
	<u>372,115</u>	<u>336,410</u>

Revenue from properties development	<u>112,433</u>	<u>-</u>
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- (i) Facilities management income comprises revenues earned by the Group on some of its leased properties for additional services provided such as food, catering, laundry and other facilities services.

Timing of revenue recognition for contracts with customers

	2024 AED '000	2023 AED '000
Sale of properties development and facilities management income recognised over time	<u>131,394</u>	<u>11,474</u>

Geographical markets

All revenues are generated in the United Arab Emirates.

5 EXPENSES

	2024 AED '000	2023 AED '000
<i>Property management costs:</i>		
Water and electricity	38,639	34,316
Maintenance	38,812	36,425
Facilities management cost	11,503	6,300
Security charges	5,811	5,796
Others	<u>10,883</u>	<u>10,053</u>
	<u>105,648</u>	<u>92,890</u>
<i>Properties development cost:</i>		
Properties development cost (note 10)	<u>84,182</u>	<u>-</u>
<i>General and administrative expenses:</i>		
Management fee	102,623	86,444
Staff costs	14,001	11,440
Allowance for expected credit loss (note 7)	536	1,115
Others	<u>5,495</u>	<u>4,734</u>
	<u>122,655</u>	<u>103,733</u>

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

5 EXPENSES continued

On 30 June 2019, the Group entered into an Advisory and Group Services Agreement (the "Management Agreement") with a related party under common ownership. Under the Management Agreement, the related party will provide or procure corporate services to the Group against management fees.

	2024 AED '000	2023 AED '000
<i>Finance costs:</i>		
Profit charge on non-convertible Sukuk	190,587	93,453
Interest charges on term loans	9,703	7,462
Other finance cost	816	5,674
Interest on leases (note 13)	1,415	1,279
Bank and other charges	<u>150</u>	<u>386</u>
	<u>202,671</u>	<u>108,254</u>
<i>Depreciation:</i>		
on investment properties (note 11)	142,583	143,584
on property and equipment (note 12)	3,132	3,141
on right of use asset (note 13)	<u>1,381</u>	<u>1,082</u>
	<u>147,096</u>	<u>147,807</u>

6 BANK BALANCES AND CASH

Cash and cash equivalents in the consolidated statement of cash flows consist of the following consolidated statement of financial position amounts:

	2024 AED '000	2023 AED '000
Cash in hand	36	12
Bank balances	813,324	258,330
Term deposits*	<u>221,478</u>	<u>260,536</u>
Bank balances and cash	<u>1,034,838</u>	<u>518,878</u>
Less: margin deposit	(23,000)	-
Less: restricted cash**	<u>(565,476)</u>	<u>-</u>
Cash and cash equivalents	<u>446,362</u>	<u>518,878</u>

* Term deposits are placed with local and international commercial banks at prevailing market rates with an original maturity of three months or less.

** Restricted cash represents amounts deposited into escrow accounts for cash received as advances against the sale of residential units of 25 Hours Heimat Dubai and Rixos Financial Center Road Dubai Residences.

Bank balances were assessed for expected credit losses (ECL) as per IFRS 9 and the impact of ECL was not identified as material.

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

6 BANK BALANCES AND CASH continued

Geographical concentration of bank balances is as follows:

	2024 AED '000	2023 AED '000
Within UAE	1,034,655	518,719
Outside UAE	<u>147</u>	<u>147</u>
	<u>1,034,802</u>	<u>518,866</u>

The following significant non-cash items have been excluded from the consolidated statement of cash flows:

	Notes	2024 AED '000	2023 AED '000
Changes in fair value of investments carried at fair value through other comprehensive income	8	132,795	(433,254)
Transfer of land to joint venture	9	-	188,441

7 TRADE AND OTHER RECEIVABLES

	2024 AED '000	2023 AED '000
Trade receivables, net	19,328	14,057
Amounts due from related parties (note 20)	12,920	47,168
Prepayments	1,331	1,293
Other receivables	<u>24,796</u>	<u>18,083</u>
	<u>58,375</u>	<u>80,601</u>

The Group recognizes lifetime expected credit loss (ECL) for trade receivables using the simplified approach.

At 31 December 2024, trade receivables of AED 7,944 thousand (2023: AED 7,408 thousand) were impaired and provided for. Movements in the allowance for expected credit loss was as follows:

	2024 AED '000	2023 AED '000
At 1 January	7,408	6,293
Allowance for expected credit loss (note 5)	<u>536</u>	<u>1,115</u>
At 31 December	<u>7,944</u>	<u>7,408</u>

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

7 TRADE AND OTHER RECEIVABLES continued

Below is the information about the credit risk exposure on the Group's trade receivables:

	<i>Total</i> <i>AED '000</i>	<i>Current</i> <i>AED '000</i>	<i>Past due</i>			
			<i>30-60</i> <i>days</i> <i>AED '000</i>	<i>61-90</i> <i>days</i> <i>AED '000</i>	<i>91-120</i> <i>days</i> <i>AED '000</i>	<i>More than</i> <i>120 days</i> <i>AED '000</i>
31 December 2024						
Expected credit loss rate		4.67%	5.57%	5.78%	7.99%	41.67%
Estimated total gross trade receivables						
carrying amount at default	27,272	2,803	2,676	2,092	1,977	17,724
Expected credit loss	7,944	131	149	121	158	7,385
At 31 December 2023						
Expected credit loss rate		12.27%	6.55%	7.61%	10.37%	49.29%
Estimated total gross trade receivables						
carrying amount at default	21,465	3,587	1,588	1,814	1,051	13,425
Expected credit loss	7,408	440	104	138	109	6,617

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

8 INVESTMENTS IN FINANCIAL ASSETS

	2024 AED '000	2023 AED '000
Income from investments		
Dividend income	255,618	181,711
Change in fair value of investments carried at fair value through profit or loss	<u>58,638</u>	<u>(8,598)</u>
	<u>314,256</u>	<u>173,113</u>

The Group's investments at 31 December are classified as follows:

	2024 AED '000	2023 AED '000
<i>Investments carried at fair value through profit or loss</i>		
Quoted equities – Outside United Arab Emirates	69,166	59,995
Managed funds – United Arab Emirates	20,100	18,374
Managed funds – Cayman Islands	49,012	42,884
Unquoted equity investment	<u>134,312</u>	<u>85,626</u>
	<u>272,590</u>	<u>206,879</u>

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

8 INVESTMENTS IN FINANCIAL ASSETS continued

	2024 AED '000	2023 AED '000
<i>Investments carried at fair value through other comprehensive income</i>		
Quoted equities – United Arab Emirates	4,846,803	4,668,538
Unquoted equity investment	<u>71,290</u>	<u>63,075</u>
	<u>4,918,093</u>	<u>4,731,613</u>
	<u>5,190,683</u>	<u>4,938,492</u>

a) Financial assets at fair value through other comprehensive income

	2024 AED '000	2023 AED '000
At 1 January	4,731,613	4,912,309
Additions during the year	91,034	272,180
Disposals during the year	(37,349)	(19,622)
Change in fair value	<u>132,795</u>	<u>(433,254)</u>
At 31 December	<u>4,918,093</u>	<u>4,731,613</u>

b) Financial assets at fair value through profit or loss

	2024 AED '000	2023 AED '000
At 1 January	206,879	175,926
Additions during the year	7,073	39,551
Unrealised fair value change	<u>58,638</u>	<u>(8,598)</u>
At 31 December	<u>272,590</u>	<u>206,879</u>

During the year, the Group received dividends amounting to AED 255,618 thousand (2023: AED 181,711 thousand) from its investments.

During the year, the Group disposed of certain shares carried at fair value through other comprehensive income for a total consideration of AED 37,350 thousand (2023: AED 10,271 thousand) and accordingly recycled an amount of AED 9,047 thousand (2023: AED 4,206 thousand) from fair value reserve to retained earnings.

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

9.1 Share of profit from investments in associate and joint ventures

	2024 AED '000	2023 AED '000
Interest in joint ventures	1,181,633	610,863
Investment in associate	<u>13,872</u>	<u>3,328</u>
	<u>1,195,505</u>	<u>614,191</u>

9.2 Interest in Joint ventures

	2024 AED '000	2023 AED '000
Business Bay Capitol LLC	2,037,846	1,403,174
Palm Capitol Ltd	826,097	430,104
Burj District Development Ltd	269,662	175,631
Business Bay One Capitol LLC	397,972	291,935
Planet Tax Free L.L.C	90,675	-
Marina Capitol LLC	-	-
	<u>3,622,252</u>	<u>2,300,844</u>

The movement in interest in joint ventures during the year is as follows:

	2024 AED '000	2023 AED '000
At 1 January	2,300,844	1,572,338
Acquired through business combination (note 3)	49,405	-
Transfer from investment in associate	29,946	-
Transfer of land to a new joint venture	-	188,441
Cash contribution	89,000	114,809
Share of results for the year	1,181,633	610,863
Distribution received	<u>(28,576)</u>	<u>(185,607)</u>
At 31 December	<u>3,622,252</u>	<u>2,300,844</u>

Business Bay Capitol LLC

Business Bay Capitol Limited ("BBCL" or "JV 2") was incorporated under the laws of British Virgin Islands ("BVI"). BBCL is engaged in the business of constructing residential and office towers in Business Bay Dubai. Group holds 70% interest in BBCL. The Group further contributed cash amounting to AED 67,890 thousand (2023: AED 19,919 thousand) to BBCL in accordance with the terms of the joint venture agreement.

The movement of interest in BBCL is as follows:

	2024 AED '000	2023 AED '000
At 1 January	1,403,174	1,128,663
Cash contribution	67,890	19,919
Share of profit	<u>566,782</u>	<u>254,592</u>
At 31 December	<u>2,037,846</u>	<u>1,403,174</u>

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.2 Interest in Joint ventures continued

Business Bay Capitol LLC continued

The summarised financial information of BBCL is presented as follows:

	2024 AED '000	2023 AED '000
<i>Statement of comprehensive income:</i>		
Revenue	2,590,857	1,275,924
Cost of sales	(1,795,974)	(960,008)
Interest and other income	88,341	87,542
Administrative and other expenses	<u>(73,532)</u>	<u>(39,755)</u>
Profit	<u>809,692</u>	<u>363,703</u>
Group's share of profit	<u>566,782</u>	<u>254,592</u>
<i>Statement of financial position:</i>		
Current assets	4,264,361	3,379,530
Current liabilities	(910,532)	(1,067,941)
Non-current liabilities	<u>(2,075,514)</u>	<u>(1,842,967)</u>
Net assets	<u>1,278,315</u>	<u>468,622</u>
Group's share of net assets	<u>894,821</u>	<u>328,035</u>
<i>Reconciliation to the carrying amount:</i>		
Group's share of net assets	894,821	328,035

Add: shareholder liabilities recorded in the consolidated financial statements of BBCL

	2024 AED '000	2023 AED '000
- Loan from shareholder	1,142,810	1,074,920
- Other payables to shareholder	<u>215</u>	<u>219</u>
Interest in BBCL at the end of the year	<u>2,037,846</u>	<u>1,403,174</u>

Palm Capitol Ltd

During 2021, the Group along with a joint venture partner, The Cosmopolitan Limited, established Palm Capitol Ltd, a joint venture. Legal formalities regarding construction of towers were finalised in 2021. Palm Capitol Ltd ("PCL") is a limited liability company and was incorporated under the laws of the British Virgin Islands ("BVI") on 24 March 2021 for the development and sale of properties in Dubai.

The Group, as per the joint venture agreement, contributed 50% of the share capital and transferred a plot of land to Palm Capitol Limited for a cash consideration of AED 235,000 thousand receivable from Palm Capitol Limited which has been recognised as a net investment in the joint venture by the Group in accordance with the terms of the joint venture agreement. The Group further contributed cash amounting to AED Nil (2023: AED 19,632 thousand) to Palm Capitol Limited in accordance with the terms of the joint venture agreement.

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9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.2 Interest in Joint ventures continued

Palm Capitol Ltd continued

The movement of interest in PCL is as follows:

	2024 AED '000	2023 AED '000
At 1 January	430,104	324,675
Cash contribution	-	19,632
Distribution	-	(154,887)
Share of profit	<u>395,993</u>	<u>240,684</u>
At 31 December	<u>826,097</u>	<u>430,104</u>

The summarised financial information of PCL is presented as follows:

	2024 AED '000	2023 AED '000
<i>Statement of comprehensive income:</i>		
Revenue	1,670,068	758,285
Cost of sales	(633,766)	(320,409)
Interest and other income	56,249	61,041
Administrative and other expenses	<u>(115,174)</u>	<u>(17,548)</u>
Profit	<u>977,377</u>	<u>481,369</u>
Group's share of profit	<u>395,993</u>	<u>240,685</u>

	2024 AED '000	2023 AED '000
<i>Statement of financial position:</i>		
Current assets	1,677,387	2,074,936
Non current assets	574,287	-
Current liabilities	(408,770)	(1,215,173)
Non-current liabilities	<u>(316,041)</u>	<u>(310,279)</u>
Net assets	<u>1,526,863</u>	<u>549,484</u>
Group's share of net assets	<u>670,735</u>	<u>274,742</u>

Reconciliation to the carrying amount:

Group's share of net assets	670,735	274,742
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Add: shareholder liabilities recorded in the consolidated financial statements of PCL:

- Loan from shareholder	155,316	155,316
- Other payables to shareholder	<u>46</u>	<u>46</u>
Interest in PCL at the end of the year	<u>826,097</u>	<u>430,104</u>

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31 December 2024

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.2 Interest in Joint ventures continued

Burj District Development Ltd (“BDDL”)

In 2014, a joint venture was formed in Cayman Islands between Green Tree Property Management LLC, a related party, and SJM Elysium Properties Limited for the purpose of profitably developing, managing and selling properties. On 11 April 2019, Green Tree Property Management LLC transferred its interest in the joint venture to the Group at book value for AED 140,000 thousand, settled by the shareholder as equity contribution. The cost of investment is recorded net of advance dividend entitlement amounting to AED 21,000 thousand.

The movement of interest in BDDL is as follows:

	2024 AED ‘000	2023 AED ‘000
At 1 January	175,631	119,000
Distribution	(4,576)	-
Share of profit	<u>98,607</u>	<u>56,631</u>
At 31 December	<u>269,662</u>	<u>175,631</u>

The summarised financial information of BDDL is presented as follows:

	2024 AED ‘000	2023 AED ‘000
<i>Statement of comprehensive income:</i>		
Revenue	444,684	276,411
Direct costs	(208,362)	(135,195)
Other income	8,210	-
Indirect project costs	<u>(47,318)</u>	<u>(27,954)</u>
Profit	<u>197,214</u>	<u>113,262</u>
Group’ share of profit	<u>98,607</u>	<u>56,631</u>
<i>Statement of financial position:</i>		
Current assets	740,306	516,969
Current liabilities	(166,414)	(125,919)
Shareholder contribution in equity	(253,371)	(272,336)
Non - current liabilities	<u>(9,862)</u>	<u>(5,267)</u>
Net assets	<u>310,659</u>	<u>113,447</u>
Group’s share of net assets	<u>155,330</u>	<u>56,724</u>
<i>Reconciliation to the carrying amount:</i>		
Group’s share of net assets	155,330	56,724
Add: Shareholders liabilities recorded in the financial statements of:		
- Shareholder contribution, net	114,424	119,000
- Others	<u>(92)</u>	<u>(93)</u>
Interest in BDDL at the end of the year	<u>269,662</u>	<u>175,631</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.2 Interest in Joint ventures continued

Business Bay (One) Capitol LLC

During 2023, the Company along with a joint venture partner, The Cosmopolitan Limited, established Business Bay One Capitol Ltd (“BBC1”), a joint venture. BBC1 is a limited liability company incorporated under the laws of the British Virgin Islands on 31 January 2023 to create a residential complex.

The Group, as per the joint venture agreement, contributed a plot of land to BBC1 amounting to AED 188,441 thousand equivalent to 65% of the initial capital investment. The plot was transferred at fair value which was equivalent to carrying amount at the date of transfer. The Group further contributed cash amounting to AED 21,110 thousand (2023: AED 75,258 thousand) to BBC1.

The movement of interest in BBC1 is as follows:

	2024 AED '000	2023 AED '000
At 1 January	291,935	-
Land contribution	-	188,441
Cash contribution	21,110	75,258
Share of profit	<u>84,927</u>	<u>28,236</u>
At 31 December	<u>397,972</u>	<u>291,935</u>

The summarised financial information of BBC1 is presented as follows:

	2024 AED '000	2023 AED '000
Statement of comprehensive income:		
Revenue	356,834	72,016
Cost of sales	(212,474)	(42,870)
Interest and other income	15,671	16,252
Administrative and other expenses	<u>(29,374)</u>	<u>(1,958)</u>
Profit	<u>130,657</u>	<u>43,440</u>
Group's share of profit	<u>84,927</u>	<u>28,236</u>
Statement of financial position:		
Current assets	848,461	957,985
Current liabilities	(253,226)	(645,123)
Non – current liabilities	<u>(421,138)</u>	<u>(269,422)</u>
Net assets	<u>174,097</u>	<u>43,440</u>
Group's share of net assets	<u>113,163</u>	<u>28,236</u>

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9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.2 Interest in Joint ventures continued

Business Bay (One) Capitol LLC continued

	2024 AED '000	2023 AED '000
Reconciliation to the carrying amount: Group's share of net assets	113,163	28,236
Add: Shareholder liabilities recorded in the financial statements of BBC1 -Loan from shareholder	<u>284,809</u>	<u>263,699</u>
Interest in BBC1 at the end of the year	<u>397,972</u>	<u>291,935</u>

Marina Capitol LLC

During 2013, the Group along with a joint venture partner, The Cosmopolitan Limited, established a joint venture, Marina Capitol LLC ("MCL" or "JV 1"), for the construction of hotel, residential and office towers in Dubai Marina. The legal formalities regarding construction of towers were finalised in 2014 and the construction activity commenced in 2015. The Group, as per the joint venture agreement, contributed 80% of the share capital and transferred three plots of land to the MCL for a consideration of AED 623,350 thousand receivable from MCL which has been assessed as an equity investment by the Group in accordance with the terms of the joint venture agreement. Equity invested has been collected and realized by the Group. All the inventory in 34 project has been sold and only some collection is remaining relating to units sold under off-plan sales.

The movement of interest in MCL is as follows:

	2024 AED '000	2023 AED '000
At 1 January	-	-
Share of results for the year (i)	24,000	30,720
Distribution received (i)	<u>(24,000)</u>	<u>(30,720)</u>
At 31 December	<u>-</u>	<u>-</u>

- (i) Share of result for the year includes 22,340 thousand (2023: AED 28,791 thousand) that represents distribution received from MCL during 2023 in excess of the Group's interest in its joint venture.

The summarised financial information of MCL is presented as follows:

	2024 AED '000	2023 AED '000
<i>Statement of comprehensive income:</i>		
Revenue	6,237	-
Other income	2,008	3,285
Cost of sales	(1,302)	-
Administrative and other expenses, net	<u>(4,176)</u>	<u>(70)</u>
Profit	<u>2,767</u>	<u>3,215</u>
Group's share of profit	<u>1,660</u>	<u>1,929</u>

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9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.2 Interest in Joint venture continued

Marina Capitol LLC continued

	2024 AED '000	2023 AED '000
Non-current assets	-	-
Current assets	24,992	68,137
Current liabilities	(16,999)	(18,212)
Non-current liabilities	-	-
Net assets	<u>7,993</u>	<u>49,925</u>
Group's share of net assets	<u>4,796</u>	<u>29,955</u>
<i>Reconciliation to the carrying amount:</i>		
Group's share of net assets	4,796	29,995
Add: shareholder liabilities recorded by MCL and other adjustments:		
- Elimination of the Group's share of gain on contribution of land to MCL	<u>(4,796)</u>	<u>(29,955)</u>
Interest in MCL at the end of the year	<u>-</u>	<u>-</u>

Planet Tax Free L.L.C ("Planet")

On 1 November 2024, the Group acquired an addition 33% shareholding in Planet Tax Free LLC, by acquiring Bond International Trading Investment LLC, which was accounted as an asset acquisition from an entity under common control (refer note 3.2 for further details). Accordingly, the acquisition was recorded at its predecessor (i.e. the previous owner) equity accounted carrying value on the date of acquisition of AED 49,405 thousand.

Movement in the investment in Planet during the year was as follows:

	2024 AED '000	2023 AED '000
At 1 January	-	-
Transfer from investment in associate (note 9.3)	29,946	-
Asset acquisition under common control (note 3.2)	49,405	-
Share of profit	<u>11,324</u>	<u>-</u>
Net assets	<u>90,675</u>	<u>-</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.2 Interest in Joint venture continued

	2024 AED '000
Carrying value of Group's share of net assets (33%)	49,405
Less: consideration paid	<u>(330,000)</u>
Merger reserve	<u>(280,595)</u>

The summarised financial information of Planet is presented as follows:

	2024 AED '000
Non-current asset	<u>10,157</u>
Current assets	<u>95,767</u>
Current liabilities	<u>(31,587)</u>
Equity (100%)	74,337
Less: non-controlling interests	<u>-</u>
Equity attributable to the owners of the entities	<u>74,337</u>
	2024 AED '000
Revenue	29,728
Profit from operations	<u>21,366</u>
Profit attributable to the owners of the Group	<u>21,366</u>
Group percentage holding	<u>53%</u>
Group's share of profit	<u>11,324</u>

9.3 Investment in Associate

Planet Tax Free L.L.C ("Planet")

On 1 November 2023, the Group entered into a sale and purchase agreement ("Agreement"), with an entity under common control, to acquire a 20% stake in Planet for a consideration of AED 200,000 thousand.

The Group recorded the investment in the associate at its carrying value as per the books of seller which amounted to AED 26,312 thousand on the date of acquisition. The transaction resulted in a merger reserve amounting to AED 173,688 thousand being recorded in equity given that the transaction was between entities under common control. This reserve represents the excess of the purchase consideration paid to acquire the investment in Planet, when compared to Planet's carrying value as summarized below:

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31 December 2024

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.3 Investment in Associate continued

Planet Tax Free L.L.C (“Planet”) continued

The movement of interest in Planet is as follows:

	2024 AED ‘000	2023 AED ‘000
At 1 January	29,640	-
Investment at carrying amount during the year	-	26,312
Transfer to JV (note 9.2)	(29,946)	-
Dividend	(13,566)	-
Share of profit	<u>13,872</u>	<u>3,328</u>
At 31 December	<u>-</u>	<u>29,640</u>

	2023 AED ‘000
Carrying value of Group’s share of net assets (20%)	26,312
Less: consideration paid	<u>(200,000)</u>
Merger reserve on acquisition of Planet	<u>(173,688)</u>

The summarised financial information of Planet is presented as follows:

	2023 AED ‘000
Non-current asset	<u>14,054</u>
Current assets	<u>156,537</u>
Non-current liabilities	<u>(3,672)</u>
Current liabilities	<u>(45,869)</u>
Equity (100%)	121,050
Less: non-controlling interests	<u>-</u>
Equity attributable to the owners of the entities	<u>121,050</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.3 Investment in Associate (continued)

Planet Tax Free L.L.C ("Planet") continued

	2024 AED '000	2023 AED '000
Group percentage holding		20%
Group's share in net assets		<u>24,210</u>
Group's carrying amount of the investment		<u>29,640</u>
Summarised statements of profit or loss:		
	2024 AED '000	2023 AED '000
Revenue	115,139	25,978
Profit from operations	<u>69,362</u>	<u>16,638</u>
Profit attributable to the owners of the Group	<u>69,362</u>	<u>16,638</u>
Group percentage holding	<u>20%</u>	<u>20%</u>
Group's share of profit	<u>13,872</u>	<u>3,328</u>

10 DEVELOPMENT WORK IN PROGRESS

Development work in progress represents development and construction-related costs incurred on properties being constructed by the Group for sale in the ordinary course of business.

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

	2024 AED '000	2023 AED '000
At 1 January	294,551	-
Land transferred from investment properties, net of impairment* (note 11)	-	228,000
WIP transferred from investment properties* (note 11)	-	59,178
Additions during the year	178,621	7,373
Recognised in cost of properties development during the year	<u>(84,182)</u>	<u>-</u>
At 31 December	<u>388,990</u>	<u>294,551</u>

*During the year 2023, the Group made a strategic decision to change its intended use for two of its properties to construct such properties for develop to sell rather than leasing. Consequently, the assets were reclassified from Investment Property under Construction, as per IAS 40, to Inventory under Development Work in Progress, as per IAS 2. This transition reflects the Group's revised intention to hold the assets for sale to customers rather than for leasing purposes.

Development work in progress represents the cost incurred in respect of the Downtown Project on 2 Plot of lands located in Burj Khalifa, Dubai for development of apartments over a land area of approximately 8,782.93 square meters.

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11 INVESTMENT PROPERTIES

	<i>Land and buildings AED '000</i>	<i>Properties under construction AED '000</i>	<i>Total AED '000</i>
2024			
Cost:			
At 1 January	4,585,330	85,856	4,671,186
Additions	464	85,701	86,165
Disposals	(30,103)	-	(30,103)
Transfers	17,086	(17,086)	-
At 31 December	<u>4,572,777</u>	<u>154,471</u>	<u>4,727,248</u>
Depreciation and impairment:			
At 1 January	914,318	-	914,318
Depreciation charge for the year	142,583	-	142,583
Impairment and depreciation related to disposal of properties	(7,084)	-	(7,084)
Provision of impairment	13,242	-	13,242
At 31 December	<u>1,063,059</u>	<u>-</u>	<u>1,063,059</u>
Net carrying amount:			
At 31 December	<u>3,509,718</u>	<u>154,471</u>	<u>3,664,189</u>
2023			
Cost:			
At 1 January	5,027,936	46,953	5,074,889
Additions	2,340	100,437	102,777
Disposals	(30,000)	-	(30,000)
Transfers	2,356	(2,356)	-
Property contributed to interest in a joint venture (note 8)	(188,441)	-	(188,441)
Transfer of properties to development work in progress (note 9)	(228,861)	(59,178)	(288,039)
At 31 December	<u>4,585,330</u>	<u>85,856</u>	<u>4,671,186</u>
Depreciation and impairment:			
At 1 January	759,161	-	759,161
Depreciation charge for the year	143,584	-	143,584
Impairment related to transfer of properties to development work in progress (note 9)	(861)	-	(861)
Provision of impairment	12,434	-	12,434
At 31 December	<u>914,318</u>	<u>-</u>	<u>914,318</u>
Net carrying amount:			
At 31 December	<u>3,671,012</u>	<u>85,856</u>	<u>3,756,868</u>

Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

11 INVESTMENT PROPERTIES continued

- (i) Legal formalities relating to the transfer of title to property amounting to AED 39,822 thousand (2023: AED 42,138 thousand) is in progress at the date of approval of these consolidated financial statements.
- (ii) At 31 December 2024, the fair value of investment properties determined based on valuations performed by independent professional valuer amounted to AED 5,677,870 thousand (2023: AED 5,051,917 thousand).
- (iii) At 31 December 2024, investment properties amounting to AED 197,872 thousand (2023: AED 204,047 thousand) were held as security against term loans from a local commercial bank (note 15 (iii)).

At 31 December 2024, investment properties amounting to AED 191,948 thousand (2023: AED 193,932 thousand) were held as security against term loan obtained by related parties under common ownership.

- (iv) Movements in the provision for impairment were as follows:

	2024 AED '000	2023 AED '000
At 1 January	51,581	40,008
Charge for the year	13,242	12,434
Write off impairment related to disposal of properties	(4,986)	-
Write off impairment related to transfer of properties to development work in progress (note 9)	-	(861)
At 31 December	<u>59,837</u>	<u>51,581</u>

- (v) Gross profit arising from investment properties is as follows:

	2024 AED '000	2023 AED '000
Income from investment properties	372,115	336,410
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income	<u>(105,648)</u>	<u>(92,890)</u>
Gross profit arising from investment properties, excluding provision for impairment	<u>266,467</u>	<u>243,520</u>

- (vi) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements other than the properties disclosed in note 11 (ii). Fair value disclosures for investment properties are presented in note 24.
- (vii) During 2023, the Group contributed a land of AED 188,441 thousand to a joint venture named Business Bay (One) Capitol LLC.

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12 PROPERTY AND EQUIPMENT

	<i>Decoration and renovation AED '000</i>	<i>Furniture, equipment and computers AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Total AED '000</i>
2024				
Cost:				
At 1 January	6,007	18,832	1,502	26,341
Additions	<u>70</u>	<u>6,095</u>	<u>93</u>	<u>6,258</u>
At 31 December	<u>6,077</u>	<u>24,927</u>	<u>1,595</u>	<u>32,599</u>
Depreciation:				
At 1 January	5,001	12,749	1,176	18,926
Charge for the year	<u>433</u>	<u>2,532</u>	<u>167</u>	<u>3,132</u>
At 31 December	<u>5,434</u>	<u>15,281</u>	<u>1,343</u>	<u>22,058</u>
Net carrying amount:				
At 31 December	<u>643</u>	<u>9,646</u>	<u>252</u>	<u>10,541</u>
2023				
Cost:				
At 1 January	5,922	16,731	1,502	24,155
Additions	<u>85</u>	<u>2,101</u>	<u>-</u>	<u>2,186</u>
At 31 December	<u>6,007</u>	<u>18,832</u>	<u>1,502</u>	<u>26,341</u>
Depreciation:				
At 1 January	4,572	10,219	994	15,785
Charge for the year	<u>429</u>	<u>2,530</u>	<u>182</u>	<u>3,141</u>
At 31 December	<u>5,001</u>	<u>12,749</u>	<u>1,176</u>	<u>18,926</u>
Net carrying amount:				
At 31 December	<u>1,006</u>	<u>6,083</u>	<u>326</u>	<u>7,415</u>

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	<i>Right-of-use assets AED '000</i>	<i>Lease liabilities AED '000</i>
At 1 January 2024	25,420	25,024
Additions	2,131	2,131
Depreciation expense	(1,381)	-
Finance costs	-	1,415
Payments	-	(2,331)
At 31 December 2024	<u>26,170</u>	<u>26,239</u>
At 1 January 2023	26,502	25,860
Depreciation expense	(1,082)	-
Finance costs	-	1,279
Payments	-	(2,115)
At 31 December 2023	<u>25,420</u>	<u>25,024</u>

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13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

Classification of lease liabilities are as follows:

	2024 AED '000	2023 AED '000
Current	2,101	1,810
Non - current	<u>24,138</u>	<u>23,214</u>
	<u>26,239</u>	<u>25,024</u>

Set out below, are the amounts recognised in the consolidated statement of profit or loss related to leases:

	2024 AED '000	2023 AED '000
Depreciation expense of right-of-use assets	1,381	1,082
Finance cost on lease liabilities	1,415	1,279

14 TRADE AND OTHER PAYABLES

	2024 AED '000	2023 AED '000
Trade and sub-contractor payables	11,618	8,683
Advance from customers*	496,430	5,887
Accrued profit on non-convertible Sukuk	56,817	35,988
Amounts due to related parties (note 20)	53,289	44,221
Maintenance deposits	22,029	20,013
Retentions payable	16,093	12,140
Project accruals	-	1,765
Accrued expenses and provisions	3,900	7,848
Other payables	<u>2,614</u>	<u>331</u>
	<u>662,790</u>	<u>136,876</u>

*This includes AED 489,909 thousand that pertains to amount received from customers towards sales of residential units relating to property under development.

15 TERM LOANS

The outstanding term loan balances at year end are as follows:

	2024 AED '000	2023 AED '000
Loan 1 (i)	9,187	9,187
Loan 2 (ii)	85,000	95,000
Loan 3 (iii)	<u>175,073</u>	<u>-</u>
	<u>269,260</u>	<u>104,187</u>

- (i) The loan carries interest at 3 months SOFR plus margin repayable in full by August, 2025.
- (ii) During 2023, the Group obtained a loan from a local commercial bank. The loan carries interest at 3 months EIBOR plus margin, repayable in full by June 2028. The loan is secured by two properties which are mortgaged with the commercial bank.
- (iii) During the year, the Group obtained a loan from a local bank. The new loan carries interest at 3 months EIBOR plus margin, repayable in full by June 2027.

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15 TERM LOANS continued

The movement in the term loans during the year is as follows:

	2024 AED '000	2023 AED '000
At 1 January	104,187	106,632
Additions during the year	175,073	109,187
Loan repaid	(10,000)	(111,632)
At 31 December	<u>269,260</u>	<u>104,187</u>
Current	19,187	19,187
Non-current	<u>250,073</u>	<u>85,000</u>
	<u>269,260</u>	<u>104,187</u>

In September 2023, the Group entered into a U.S.\$600 million facility agreement with local banks ("Bridge Facility") to finance the settlement of non-convertible sukuk issued in 2019 repayable when due for redemption. The facility which bears interest at a variable rate, was supposed to be secured, prior to any utilisation request, by real estate and/or share collateral, which will be put in place at the time of utilisation. During the period, the Group issued another Sukuk and the Bridge Facility has been cancelled as per the terms of the Bridge Facility agreement.

16 NON-CONVERTIBLE SUKUK

	2024 AED '000	2023 AED '000
Non – Convertible Sukuk (2019 -2024)	-	2,199,480
Non – Convertible Sukuk (2024 -2029)	2,561,437	-

The movement in the non-convertible sukuk during the year is as follows:

	2024 AED '000	2023 AED '000
At 1 January	2,199,480	2,192,823
Amortisation of issuance cost	6,067	6,657
Additions during the year	2,559,390	-
Paid during the year	<u>(2,203,500)</u>	<u>-</u>
At 31 December	<u>2,561,437</u>	<u>2,199,480</u>

In 2019, the Group issued a 5 year non-convertible Sukuk of US\$ 600 million which is listed on the London Stock Exchange. The Sukuk carries a profit rate of 3.939% per annum payable semi-annually. In July 2024, Group paid and settled the US\$ 600 million Sukuk issued in 2019 in full.

During the period, the Group issued a 5-year non-convertible Sukuk of US\$ 700 million which is listed on the London Stock Exchange. The Sukuk carries a profit rate of 5.831% per annum payable semi-annually. The Sukuk is repayable on 14 February 2029.

The Sukuks are stated net of discount and transaction costs amounting to AED 11 million (31 December 2023: AED 4 million), which are amortised using the effective interest method.

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17 EMPLOYEES' END OF SERVICE BENEFITS

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

	2024 AED '000	2023 AED '000
At 1 January	1,524	1,226
Provided during the year	324	390
End of service benefits paid	<u>(98)</u>	<u>(92)</u>
At 31 December	<u>1,750</u>	<u>1,524</u>

18 SHARE CAPITAL AND SHAREHOLDER'S CONTRIBUTION

	2024 AED '000	2023 AED '000
Share capital		
100 shares of AED 1,500 each	<u>150</u>	<u>150</u>

19 LEGAL RESERVES

Legal reserve relates to the Group's subsidiary, East and West International Group – Sole Proprietorship L.L.C. As required by the UAE Federal Law No. (32) of 2021, and the subsidiary's Article of Association, 5% of the profit for the year is required to be transferred to a legal reserve until such reserve equals 50% of the issued share capital. The subsidiary has discontinued such annual transfers as the reserve totals to more than 50% of the issued share capital.

20 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent the shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties and entities that provide key management personnel services to the Group. Pricing policies and terms of these transactions are approved by the Group's management.

(i) Amounts due from related parties disclosed in note 7 comprise:

	2024 AED '000	2023 AED '000
<i>Amounts due from related parties:</i>		
Entities under common directorship	7,992	18,870
Entities under common ownership	<u>4,928</u>	<u>28,298</u>
	<u>12,920</u>	<u>47,168</u>

The expected credit losses (ECL) on balances due from related parties are not assessed as material because the Loss Given Default (LGD) on balances receivable from entities under common ownership / directorship is minimal as the balances are guaranteed by the Ultimate Beneficial Owner.

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20 RELATED PARTY BALANCES AND TRANSACTIONS continued

ii) Amounts due to related parties disclosed in note 14 comprise:

	2024 AED '000	2023 AED '000
<i>Due to related parties:</i>		
Entities under common ownership	<u>53,289</u>	<u>44,221</u>
(iii) Shareholder's account representing amounts due to the shareholder is interest free and unsecured. No terms of repayment have been specified for the shareholder's account and it is subject to terms of repayments as resolved by the Board of Directors of the Company. During the year, there was no movement in the shareholder's account (2023: AED nil).		
(iv) Transactions with related parties that are included in the statement of profit or loss relate to property management cost amounted to AED 36,254 thousand (2023: AED 34,920 thousand).		
(v) Other transactions with related parties are disclosed in notes 5, 8, 9, 10, 11, 13, and 14 of the consolidated financial statements.		

Compensation of key management personnel:

The remuneration of directors and other key management personnel during the year were as follows:

	2024 AED '000	2023 AED '000
Short-term benefits	<u>840</u>	<u>840</u>
End of service benefits	<u>177</u>	<u>142</u>

21 INCOME TAX

The major components of income taxation disclosed in the consolidated financial statements are:

	2024 AED '000	2023 AED '000
Consolidated statement of profit or loss		
<i>Current Income tax:</i>		
Current income tax charge	2,163	-
<i>Deferred tax:</i>		
Relating to origination and reversal of temporary differences	<u>(4,387)</u>	<u>-</u>
Income tax credit reported in the consolidated statement of profit or loss	<u>(2,224)</u>	<u>-</u>

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31 December 2024

21 INCOME TAX continued

Consolidated statement of other comprehensive income

	2024 AED '000	2023 AED '000
<i>Current tax charge related to items recognised in other comprehensive loss</i>		
Loss on disposal on investments in financial assets	<u>(688)</u>	<u>-</u>
Current tax benefit to other comprehensive loss	<u>(688)</u>	<u>-</u>
<i>Deferred tax related to items recognised in other comprehensive loss</i>		
Fair value changes on investments in financial assets	<u>3,442</u>	<u>-</u>
Deferred income tax charge to other comprehensive loss	<u>3,442</u>	<u>-</u>

Reconciliation of tax credit and the accounting profit for 2024 and 2023:

	2024 AED '000	2023 AED '000
Accounting profit before tax	1,400,052	-
Tax at the domestic rate of 9% (2023: 0%)	126,005	-
Adjusted for:		
Effect of standard exemption	(34)	-
Exempt income	(135,530)	-
Non-deductible expenses	5,816	-
Other Adjustment	<u>1,519</u>	<u>-</u>
Income tax credit reported in the consolidated statement of profit or loss	<u>(2,224)</u>	<u>-</u>
Effective tax rate	(0.16%)	-

Movement in income tax payable is as follows:

	2024 AED '000	2023 AED '000
At 1 January	-	-
Charge for the year	<u>1,475</u>	<u>-</u>
At 31 December	<u>1,475</u>	<u>-</u>

Movement in net deferred tax asset is as follows:

	2024 AED '000	2023 AED '000
At 1 January	-	-
Finance cost	5,314	-
Unrealised gain on investment through profit or loss	(927)	-
Unrealised gain on investment through other comprehensive income	<u>(3,442)</u>	<u>-</u>
At 31 December	<u>945</u>	<u>-</u>

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31 December 2024

21 INCOME TAX continued

Consolidated statement of other comprehensive income continued

Deferred tax liabilities / assets are presented in the consolidated statement of financial position as follows:

Movement in deferred tax assets is as follows:

	2024 AED '000	2023 AED '000
Deferred tax assets:		
At 1 January	-	-
Finance cost	5,314	-
At 31 December	5,314	-

Movement in deferred tax liabilities is as follows:

Deferred tax liabilities:		
At 1 January	-	-
Unrealised gain on investment through profit or loss	927	-
Unrealised gain on investment through other comprehensive income	3,442	-
At 31 December	4,369	-

22 MATURITY PROFILE

The maturity profile of the assets and liabilities at 31 December 2024 was as follows:

	Total AED '000	Amounts expected to be recovered or settled Within 12 months of reporting date AED '000	After 12 months of reporting date AED '000
ASSETS			
Bank balances and cash	1,034,838	1,034,838	-
Trade and other receivables	58,375	58,375	-
Investments in financial assets	5,190,683	272,590	4,918,093
Interest in joint ventures	3,622,252	-	3,622,252
Investment properties	3,664,189	-	3,664,189
Development work in progress	388,990	388,990	-
Property and equipment	10,541	-	10,541
Deferred tax asset	945	-	945
Right-of-use assets	26,170	-	26,170
Total assets	13,996,983	1,754,793	12,242,190
LIABILITIES			
Trade and other payables	662,790	659,326	3,464
Income tax payable	1,475	1,475	-
Term loans	269,260	19,187	250,073
Lease liabilities	26,239	2,101	24,138
Non - convertible sukuk	2,561,437	-	2,561,437
Deferred income	78,517	78,517	-
Employees' end of service benefits	1,750	-	1,750
Total liabilities	3,601,468	760,606	2,840,862

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22 MATURITY PROFILE continued

The maturity profile of assets and liabilities at 31 December 2023 was as follows:

	<i>Amounts expected to be recovered or settled</i>		
	<i>Total</i>	<i>Within 12 months</i>	<i>After 12 months</i>
	<i>AED '000</i>	<i>of reporting date</i>	<i>of reporting date</i>
		<i>AED '000</i>	<i>AED '000</i>
ASSETS			
Bank balances and cash	518,878	518,878	-
Trade and other receivables	80,601	80,601	-
Investments in financial assets	4,938,492	206,879	4,731,613
Investment in an associate	29,640	-	29,640
Interest in joint ventures	2,300,844	-	2,300,844
Investment properties	3,756,868	-	3,756,868
Development work in progress	294,551	294,551	-
Property and equipment	7,415	-	7,415
Right-of-use assets	25,420	-	25,420
Total assets	11,952,709	1,100,909	10,851,800
LIABILITIES			
Trade and other payables	136,876	130,646	6,230
Term loans	104,187	19,187	85,000
Lease liabilities	25,024	1,810	23,214
Non - convertible sukuk	2,199,480	2,199,480	-
Deferred income	71,825	71,825	-
Employees' end of service benefits	1,524	-	1,524
Total liabilities	2,538,916	2,422,948	115,968

23 FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Group's principal financial liabilities comprise term loans, trade and subcontractor payables, lease liabilities, retentions payable, sukuk, amounts due to related parties and certain other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as investments carried at fair value through other comprehensive income, investments carried at fair value through profit or loss, loans and receivables from interest in joint ventures, trade receivables, amounts due from related parties, cash and bank balances and certain other receivables investment in an associate, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, currency risk, equity price risk and credit risk. The Group's policies for management of these risks are summarised below.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's exposure to interest rate risk relates to its floating rate borrowings.

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23 FINANCIAL RISK MANAGEMENT AND OBJECTIVES continued

Interest rate risk continued

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit for one year based on the floating rate financial assets and liabilities held at 31 December 2024 and 31 December 2023.

	<i>Effect on profit</i> <i>AED '000</i>
2024	
+100 increase in basis points	(2,693)
-100 decrease in basis points	2,693
2023	
+100 increase in basis points	(1,042)
-100 decrease in basis points	1,042

Liquidity risk

The Group limits its liquidity risk by ensuring adequate funds from the Ultimate Beneficial Owner and bank facilities are available.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2024 and 2023, based on contractual payment dates and current market interest rates.

	<i>Up to 1 year AED '000</i>	<i>1 to 5 years AED '000</i>	<i>More than 5 years AED '000</i>	<i>Total AED '000</i>
31 December 2024				
Trade and sub-contractor payables	11,618	-	-	11,618
Retention payable	12,629	3,464	-	16,093
Amounts due to related parties	53,289	-	-	53,289
Other payables	2,614	-	-	2,614
Term loans	24,663	279,788	-	304,451
Lease liabilities	2,101	10,508	33,455	46,064
Non - convertible sukuk	<u>150,002</u>	<u>3,097,509</u>	<u>-</u>	<u>3,247,511</u>
Total	<u>256,916</u>	<u>3,391,269</u>	<u>33,455</u>	<u>3,681,640</u>
31 December 2023				
Trade and sub-contractor payables	8,683	-	-	8,683
Retention payable	5,910	6,230	-	12,140
Amounts due to related parties	44,221	-	-	44,221
Other payables	330	-	-	330
Term loans	25,342	100,379	-	125,721
Lease liabilities	1,810	7,240	34,391	43,441
Non - convertible sukuk	<u>2,290,296</u>	<u>-</u>	<u>-</u>	<u>2,290,296</u>
Total	<u>2,376,592</u>	<u>113,849</u>	<u>34,391</u>	<u>2,524,832</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23 FINANCIAL RISK MANAGEMENT AND OBJECTIVES continued

Credit risk

The Group's credit risk principally arises from trade receivable; loans and receivables from a joint venture and amounts due from related parties. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as disclosed in notes 7, 9 and 20.

Receivables are constantly monitored in order to manage the credit risk.

The Group's exposure to other financial assets which comprise cash and cash equivalents arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. The Group limits its credit risk with regard to bank balances by only dealing with reputable banks.

Equity price risk

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on equity. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

<i>Market index</i>	<i>Changes in variables</i>	<i>2024 AED '000</i>	<i>2023 AED '000</i>
UAE stock indices	10%	484,680	466,854
Others	10%	6,916	6,000

Currency risk

Foreign currency risk comprises of transaction and consolidated statement of financial position risk. Transaction risk relates to the Group's cash flow being adversely affected by a change in the exchange rates of foreign currencies against UAE Dirham. Consolidated statement of financial position risk relates to the risk of the Group's monetary assets and liabilities in foreign currencies acquiring a lower or higher value, when translated into UAE Dirham, as a result of currency movements.

Foreign currency risk is limited since a significant proportion of the Group's transactions, monetary assets and liabilities are in UAE Dirham or US Dollar. As the UAE Dirham is pegged to the US Dollar, transactions and balances in US Dollar are not considered to represent significant currency risk.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios and a strong credit rating (Baa3) in order 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. There are no regulatory imposed requirements on the level of share capital which the Group has not met. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders or inject share capital. No changes were made in the objectives, policies or processes during the year ended 31 December 2024 and 2023. Capital comprises share capital, group restructuring reserve, legal reserve, retained earnings, shareholders' account and fair value reserve and is measured at AED 10,395,515 thousand as at 31 December 2024 (31 December 2023: AED 9,413,793 thousand).

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23 FINANCIAL RISK MANAGEMENT AND OBJECTIVES continued

Capital management continued

	Notes	2024 AED '000	2023 AED '000
Trade and other payables	14	662,790	136,876
Term loans	15	269,260	104,187
Lease liabilities	13	26,239	25,024
Non - convertible Sukuk	16	<u>2,561,437</u>	<u>2,199,480</u>
Total debt		3,519,726	2,465,567
Total capital		<u>10,395,515</u>	<u>9,413,793</u>
Total capital + total debt		<u>13,915,241</u>	<u>11,879,360</u>
Gearing ratio		<u>25.29%</u>	<u>20.76%</u>

24 FAIR VALUE MEASUREMENT

The following table shows the analysis of assets measured and disclosed at fair value by level of the fair value hierarchy for the period ended 31 December 2024:

	Date of valuation	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
Assets for which fair value is disclosed					
Investment properties	31 December 2024	<u>—</u>	<u>—</u>	<u>5,677,870</u>	<u>5,677,870</u>
Liabilities for which fair value is disclosed					
Sukuk	31 December 2024	<u>2,614,921</u>	<u>—</u>	<u>—</u>	<u>2,614,921</u>
Assets measured at fair value					
Investments carried at fair value through other comprehensive income	31 December 2024	<u>4,846,803</u>	<u>—</u>	<u>71,290</u>	<u>4,918,093</u>
Investments carried at fair value through profit or loss	31 December 2024	<u>69,166</u>	<u>—</u>	<u>203,424</u>	<u>272,590</u>

The following table shows the analysis of assets measured and disclosed at fair value by level of the fair value hierarchy for the year ended 31 December 2023:

	Date of valuation	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
Assets for which fair value is disclosed					
Investment properties	31 December 2023	<u>—</u>	<u>—</u>	<u>5,051,917</u>	<u>5,051,917</u>
Liabilities for which fair value is disclosed					
Sukuk	31 December 2023	<u>2,191,072</u>	<u>—</u>	<u>—</u>	<u>2,191,072</u>
Assets measured at fair value					
Investments carried at fair value through other comprehensive income	31 December 2023	<u>4,668,538</u>	<u>—</u>	<u>63,075</u>	<u>4,731,613</u>
Investments carried at fair value through profit or loss	31 December 2023	<u>59,995</u>	<u>—</u>	<u>146,884</u>	<u>206,879</u>

The following is a description of the determination of fair value for assets for which fair values are disclosed and the assets measured at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the assets.

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24 FAIR VALUE MEASUREMENT continued

Investment properties

Investment properties classified under Level 3 have been valued using income method and sales comparison method of valuation. The significant assumptions used for valuation include market rentals, yield rates, occupancy, operating costs and vacancy (void). Fair values are determined based on an annual valuation performed by an accredited external independent valuer.

Investments carried at fair value through other comprehensive income

Investments classified under Level 1 have been valued using active market prices of the quoted equities on reporting date.

Investments carried at fair value through profit or loss

Investments classified under Level 1 have been valued using active market prices of the quoted equities on reporting date. Investment classified under Level 2 have been valued using inputs from external fund manager and Level 3 values are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Reconciliation of fair value measurement of investments in financial assets carried at fair value through other comprehensive income (Level 3)

	2024 AED'000	2023 AED'000
At 1 January	63,075	65,181
Additions during the year	-	-
Unrealised fair value change	<u>8,215</u>	<u>(2,106)</u>
At 31 December	<u>71,290</u>	<u>63,075</u>

Reconciliation of fair value measurement of investments in financial assets carried at fair value through profit or loss (Level 3)

	2024 AED'000	2023 AED'000
At 1 January	146,884	111,346
Additions during the year	6,854	39,551
Unrealised fair value change	<u>49,686</u>	<u>(4,013)</u>
At 31 December	<u>203,424</u>	<u>146,884</u>

Transfers between categories

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 (2023: None).

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25 DIVIDEND

During the year, the shareholder was paid a cash dividend amounting to AED 270,000 thousand (31 December 2023: AED Nil).

26 COMMITMENTS AND CONTINGENCIES

	<i>2024</i> <i>AED '000</i>	<i>2023</i> <i>AED '000</i>
Capital committed and contracted	<u>113,018</u>	<u>134,640</u>
Letters of guarantee	<u>10</u>	<u>10</u>

27 FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of investments carried at fair value through other comprehensive income until the investments are derecognised.