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

REPORT OF THE BOARD OF DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

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

REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2023

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

Report of the Board of Directors

For the year ended 31 December 2023

The Board of Directors are pleased to present their report and consolidated financial statements for the year ended 31 December 2023.

Results

During the year, Emirates Strategic Investments Company - Sole Proprietorship L.L.C earned revenues of AED 1,191,105 thousand (2022: AED 684,206 thousand). The Group reported a profit for the year ended 31 December 2023 amounting to AED 725,987 thousand (2022: AED 277,269 thousand).

On behalf of the Board of Directors

Group Chief Financial Officer

Group Chief Executive Officer

شركة الامارات للاستثمارات الاستراتيجية
مبنى دوسيت تاني للمكاتب, الطابق الرابع
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Emirates Strategic Investments Company – Sole Proprietorship L.L.C

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Building a better working world

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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 2023, 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 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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

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

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

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 23 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 2023 amounted to AED 610,863 thousand which represents 51% 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 2023, interest in in joint ventures amounted to AED 2,300,844 thousand and share of results from interest in joint ventures amounted to AED 610,863 for the year ended 31 December 2023.

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 obtained clearance from 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 Company'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 scepticism throughout the audit. We also:

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

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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 Company'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 Company'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 Company to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

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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 2023:

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 2023;
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 Company has contravened during the financial year ended 31 December 2023, 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 2023; and
viii) there were no social contributions made during the year.

Signed by
Ahmad Al Dali
Partner
Ernst & Young
Registration No. 5548

25 April 2024
Abu Dhabi

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	Notes	*2023* *AED '000*	*2022* *AED '000*
INCOME			
Income from investment properties	4	**336,410**	285,864
Income from investments in financial assets	8	**173,113**	122,198
Share of results of joint ventures	9	**610,863**	204,064
Gain on sale of investment property		**43,478**	15,525
Share of results of associate	9	**3,328**	-
Gain on disposal of development work in progress	10	**-**	32,874
Finance income		**19,690**	12,085
Other income		**4,223**	11,596
		1,191,105	684,206
EXPENSES			
General and administrative expenses	5	**(103,733)**	(108,053)
Finance costs	5	**(108,254)**	(98,045)
Property management costs	5	**(92,890)**	(78,457)
Depreciation	5	**(147,807)**	(131,643)
Reversal of provision for impairment relating to interest in a joint venture	9	**-**	16,562
Provision for impairment of investment properties	11	**(12,434)**	(7,301)
		(465,118)	(406,937)
PROFIT FOR THE YEAR		**725,987**	277,269

The attached notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 *AED '000*	*2022* *AED '000*
PROFIT FOR THE YEAR	**725,987**	277,269
Other comprehensive loss		
Items not to be reclassified to profit or loss in subsequent periods		
Changes in fair value of investments carried at fair value through other comprehensive income	**(433,254)**	(82)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**292,733**	277,187

The attached notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	*2023* *AED '000*	*2022* *AED '000*
ASSETS			
Bank balances and cash	6	**518,878**	771,593
Trade and other receivable	7	**80,601**	51,841
Investments in financial assets	8	**4,938,492**	5,088,235
Interest in joint ventures	9	**2,300,844**	1,572,338
Investment in an associate	9	**29,640**	-
Development work in progress	10	**294,551**	-
Investment properties	11	**3,756,868**	4,315,728
Property and equipment	12	**7,415**	8,370
Right-of-use assets	13	**25,420**	26,502
TOTAL ASSETS		**11,952,709**	11,834,607
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	14	**136,876**	138,512
Term loans	15	**104,187**	106,632
Non - convertible Sukuk	16	**2,199,480**	2,192,823
Lease liabilties	13	**25,024**	25,860
Deferred income		**71,825**	74,806
Employees' end of service benefits	17	**1,524**	1,226
Total liabilities		**2,538,916**	2,539,859
Equity			
Share capital	18	**150**	150
Group restructuring reserve	3	**50**	50
Legal reserve	19	**100**	100
Merger reserve		**(173,688)**	-
Retained earnings		**2,872,609**	2,142,416
Shareholder's account		**5,910,998**	5,910,998
Fair value reserve	25	**803,574**	1,241,034
Total equity		**9,413,793**	9,294,748
TOTAL LIABILITIES AND EQUITY		**11,952,709**	11,834,607

Group Chief Financial Officer

Group Chief Executive Officer

The attached notes 1 to 26 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	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 2022	150	50	100	1,716,415	5,910,998	-	1,389,848	9,017,561
Profit for the year	-	-	-	277,269	-	-	-	277,269
Other comprehensive loss for the year	-	-	-	-	-	-	(82)	(82)
Total comprehensive income (loss) for the year	-	-	-	277,269	-	-	(82)	277,187
Transfer to retained earnings upon disposal of equity investments carried at fair value through other comprehensive income (note 8)	-	-	-	148,732	-	-	(148,732)	-
At 30 December 2022	150	50	100	2,142,416	5,910,998	-	1,241,034	9,294,748
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

The attached notes 1 to 26 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 2023

	Notes	2023 AED '000	2022 AED '000
OPERATING ACTIVITIES			
Profit for the year		**725,987**	277,269
Adjustments for:			
Depreciation for Investment properties	5	**143,584**	128,348
Depreciation for property and equipment	5	**3,141**	2,750
Depreciation for right of use assets	5	**1,082**	545
Dividend income	8	**(181,711)**	(136,994)
Share of results of joint ventures	9	**(610,863)**	(204,064)
Provision for impairment of investment properties	11	**12,434**	7,301
Allowance for expected credit losses	7	**1,115**	4,345
Share of results of associate	9	**(3,328)**	-
Reversal of provision for impairment relating to interest in a joint venture	9	**-**	(16,562)
Finance costs	5	**108,254**	98,045
Change in fair value of investments carried at fair value through profit or loss	8	**8,598**	14,796
Provision for employees' end of service benefits	17	**390**	217
Gain on sale of investment property		**(43,478)**	(15,525)
Gain on disposal of development work in progress	10	**-**	(32,874)
Finance income		**(19,690)**	(12,085)
		145,515	115,512
Working capital changes:			
Trade and other receivables		**(31,658)**	87,966
Development work in progress		**(7,373)**	-
Trade and other payables		**(841)**	44,626
Deferred income		**(2,981)**	14,580
Cash generated from operations		**102,662**	262,684
Employees' end of service benefits paid	17	**(92)**	(10)
Finance costs paid		**(101,113)**	(91,021)
Net cash flows from operating activities		**1,457**	171,653
INVESTING ACTIVITIES			
Purchases of property and equipment	12	**(2,186)**	(2,970)
Distribution received from joint ventures	9	**185,607**	251,105
Cash contribution in joint ventures	9	**(114,809)**	(317,052)
Dividend received from investments in financial assets	8	**181,711**	136,994
Proceed from disposal of investment properties		**73,478**	37,986
Purchase of investments in financial assets	8	**(311,731)**	(76,648)
Proceeds from disposal of investments in financial assets	8	**19,622**	-
Investment in an associate	9	**(200,000)**	-
Purchase of investment properties	11	**(102,777)**	(39,528)
Purchase of property from related party		**-**	(186,514)
Finance income received		**21,473**	10,773
Net cash used in investing activities		**(249,612)**	(185,854)
FINANCING ACTIVITIES			
Term loan repaid, net	15	**(2,445)**	(7,805)
Lease payment	13	**(2,115)**	(1,829)
Net cash used in financing activities		**(4,560)**	(9,634)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(252,715)**	(23,835)
Cash and cash equivalents at 1 January		**771,593**	795,428
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	6	**518,878**	771,593

The attached notes 1 to 26 form part of these consolidated financial statements.

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 25 April 2024.

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 International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board ("IASB") 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

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:

Name of subsidiaries	*Ownership*	*Country of incorporation*	*Principal activities*
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.

*Subsidiary incorporated during the year.

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 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 Insurance Contracts
- Classification of liabilities as Current or Non-current – Amendments to IAS 1
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12.

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.

2 BASIS OF PREPARATION continued

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued

Making Materiality Judgments – Disclosure of Accounting Policies

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

UAE Corporate Tax Law

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes.

The UAE CT Law shall apply to the Company and its UAE based subsidiaries with effect from 1 January 2024. The Ministry of Finance continues to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the consolidated financial statements for the period beginning 1 January 2024. However, the related deferred tax accounting impact has been considered for the financial period ended 31 December 2023. Following assessment of the potential impact of the UAE CT Law on the consolidated statement of financial position, we do not consider there to be material temporary differences on which deferred taxes should be accounted.

The Group will continue to monitor the publication of subsequent decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to the position at subsequent reporting dates.

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new standards / amendments to standards which were issued up to 31 December 2023 and are not yet effective for the year ended 31 December 2023 have not been applied while preparing these consolidated financial statements. The Group does not expect that the adoption of these standards / amendments will have a material impact on its consolidated financial statements:

- Amendments to IFRS 16: Lease Liability in a Sale and Lease back
- Amendments to IAS 1: Classification of Liabilities as Current and Non-Current
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 17
- Lack of exchangeability – Amendments to IAS 21

The Group is currently assessing the impact of these amendments on the consolidated financial statements of the Group.

2 BASIS OF PREPARATION continued

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.

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.

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.

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Leases continued
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.

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.

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Business combinations continued
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.

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.

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

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.

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

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.

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Investment properties continued
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.

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.

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

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.

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.

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

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.

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.

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

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.

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.

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

Impairment of financial assets continued
Simplified approach continued
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.

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.

2 BASIS OF PREPARATION continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

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.

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.

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.

2 BASIS OF PREPARATION continued

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

Name of investees	*2023*	*2022*
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%**	-

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.

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.

2 BASIS OF PREPARATION continued

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

(a) Significant accounting judgements continued

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:

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.

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
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.).

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 2023, gross trade receivables were AED 21,465 thousand (2022: AED 23,492 thousand) with provision for expected credit losses of AED 7,408 thousand (2022: AED 6,293 thousand) and gross amount due from related parties was AED 47,168 thousand (2022: AED 20,620 thousand) with no provision for expected credit losses (2022: 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 2023, 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.

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 COMBINATION

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.

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

4 INCOME FROM INVESTMENT PROPERTIES

	2023 ***AED '000***	*2022* *AED '000*
Rental income	**324,936**	280,397
Facilities management income (i)	**11,474**	5,467
	336,410	285,864

(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

	2023 ***AED '000***	*2022* *AED '000*
Facilities management income recognised over time	**11,474**	5,467

Geographical markets
All revenues are generated in the United Arab Emirates

5 EXPENSES

	2023 AED '000	2022 AED '000
Property management costs:		
Water and electricity	**34,316**	30,018
Maintenance	**36,425**	30,474
Security charges	**5,796**	5,312
Facilities management cost	**6,300**	2,767
Others	**10,053**	9,886
	92,890	78,457
General and administrative expenses:		
Management fee	**86,444**	89,116
Staff costs	**11,440**	10,565
Allowance for expected credit loss (note 7)	**1,115**	4,345
Others	**4,734**	4,027
	103,733	108,053

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.

	2023 AED '000	2022 AED '000
Finance costs:		
Profit charge on non-convertible Sukuk	**93,453**	93,178
Interest charges on term loans	**7,462**	4,135
Other finance cost	**5,674**	-
Interest on leases (note 13)	**1,279**	642
Bank and other charges	**386**	90
	108,254	98,045
Depreciation:		
on investment properties (note 11)	**143,584**	128,348
on property and equipment (note 12)	**3,141**	2,750
on right of use asset (note 13)	**1,082**	545
	147,807	131,643

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:

	2023 AED '000	*2022 AED '000*
Cash in hand	**12**	7
Bank balances	**258,330**	195,962
Fixed Deposits	**260,536**	575,624
	518,878	771,593
Maintained with banks in UAE	**518,719**	495,926
Maintained with banks outside UAE	**147**	275,660
	518,866	771,586

Bank balances include deposits with local and international commercial banks at prevailing market rates with an original maturity of three months or less.

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

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

	Notes	*2023 AED '000*	*2022 AED '000*
Transfer of investment properties from related parties	11	-	888,190
Changes in fair value of investments carried at fair value through other comprehensive income		**(433,254)**	(82)
Derecognition of investment	8	-	186,731
Settlement of advance to a related party	8	-	(325,000)
Purchase of an investment property from a related party		-	9,200
Transfer of land to joint venture	9	**188,441**	-

7 TRADE AND OTHER RECEIVABLES

	2023 AED '000	*2022 AED '000*
Trade receivables, net	**14,057**	17,199
Amounts due from related parties (note 20)	**47,168**	20,620
Prepayments	**1,293**	1,136
Other receivables	**18,083**	12,886
	80,601	51,841

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

7 TRADE AND OTHER RECEIVABLES continued

At 31 December 2023, trade receivables of AED 7,408 thousand (2022: AED 6,293 thousand) were impaired and provided for. Movements in the allowance for expected credit loss was as follows:

	2023 ***AED '000***	*2022* *AED '000*
At 1 January	**6,293**	9,247
Allowance for expected credit loss (note 5)	**1,115**	4,345
Write off	**-**	(7,299)
At 31 December	**7,408**	6,293

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

			Past due			
	Total *AED '000*	*Current* *AED '000*	*30-60 days* *AED '000*	*61-90 days* *AED '000*	*91-120 days* *AED '000*	*More than 120 days* *AED '000*
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**
At 31 December 2022						
Expected credit loss rate		1.64%	6.85%	8.00%	11.14%	78.11%
Estimated total gross trade receivables carrying amount at default	23,492	10,068	1,811	1,863	2,630	7,120
Expected credit loss	6,293	165	124	149	293	5,562

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

	2023 ***AED '000***	*2022* *AED '000*
Income from investments		
Dividend income	**181,711**	136,994
Change in fair value of investments carried at fair value through profit or loss	**(8,598)**	(14,796)
	173,113	122,198

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

	2023 ***AED '000***	*2022* *AED '000*
Investments carried at fair value through profit or loss		
Quoted equities – Outside United Arab Emirates	**59,995**	64,580
Managed funds – United Arab Emirates	**18,374**	16,427
Managed funds – Cayman Islands	**42,884**	38,439
Unquoted equity investment	**85,626**	56,480
	206,879	175,926

8 INVESTMENTS IN FINANCIAL ASSETS continued

	2023 *AED '000*	*2022* *AED '000*
Investments carried at fair value through other comprehensive income		
Quoted equities – United Arab Emirates	**4,668,538**	4,847,128
Unquoted equity investment	**63,075**	65,181
	4,731,613	4,912,309
	4,938,492	5,088,235

a) Financial assets at fair value through other comprehensive income

	2023 *AED '000*	*2022* *AED '000*
At 1 January	**4,912,309**	4,549,864
Additions during the year	**272,180**	549,258
Disposals during the year	**(19,622)**	(186,731)
Change in fair value	**(433,254)**	(82)
At 31 December	**4,731,613**	4,912,309

b) Financial assets at fair value through profit or loss

	2023 *AED'000*	*2022* *AED'000*
At 1 January	**175,926**	151,601
Additions during the year	**39,551**	39,121
Unrealised fair value change	**(8,598)**	(14,796)
At 31 December	**206,879**	175,926

During the year, the Group received dividends amounting to AED 181,711 thousand (2022: AED 136,994 thousand) from its investments.

During 2023, the Group disposed of certain shares carried at fair value through other comprehensive income for a total consideration of AED 19,622 thousand and accordingly recycled an amount of AED 4,206 thousand from fair value reserve to retained earnings.

During 2022, the Group derecognized its investment in a financial assets carried at fair value through OCI for a total consideration of AED 186,731 thousand due to the investee being acquired by another entity. The Group received shares in the acquiring entity as part of the transaction which resulted in a gain amounting to AED 148,732 thousand which was transferred from the fair value reserve to retained earnings during the year.

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

9.1 Interest in Joint ventures

	2023 *AED '000*	*2022* *AED '000*
Business Bay Capitol LLC	**1,403,174**	1,128,663
Palm Capitol Ltd	**430,104**	324,675
Burj District Development Ltd	**175,631**	119,000
Business Bay One Capitol LLC	**291,935**	-
Marina Capitol LLC	**-**	-
	2,300,844	1,572,338

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

	2023 *AED '000*	*2022* *AED '000*
At 1 January	**1,572,338**	1,285,765
Transfer of land to a new joint venture	**188,441**	-
Cash contribution	**114,809**	317,052
Share of results for the year	**610,863**	204,064
Distribution received	**(185,607)**	(251,105)
Reversal of provision for impairment	**-**	16,562
At 31 December	**2,300,844**	1,572,338

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. The Group holds a 70% interest in BBCL. The Group further contributed cash amounting to AED 19,919 thousand (2022: AED 284,800 thousand) to BBCL in accordance with the terms of the joint venture agreement.

The movement of interest in BBCL is as follows:

	2023 *AED '000*	*2022* *AED '000*
At 1 January	**1,128,663**	778,979
Cash contribution	**19,919**	284,800
Share of profit	**254,592**	64,884
At 31 December	**1,403,174**	1,128,663

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.1 Interest in Joint ventures continued

Business Bay Capitol LLC continued
The summarised financial information of BBCL is presented as follows:

	2023 *AED '000*	*2022* *AED '000*
Statement of comprehensive income:		
Revenue	**1,275,924**	415,855
Cost of sales	**(960,008)**	(328,943)
Interest and other income	**87,542**	15,008
Administrative and other expenses	**(39,755)**	(9,229)
Profit	**363,703**	92,691
Group's share of profit	**254,592**	64,884
Statement of financial position:		
Current assets	**3,379,530**	3,038,297
Current liabilities	**(1,067,941)**	(1,412,851)
Non-current liabilities	**(1,842,967)**	(1,520,526)
Net assets	**468,622**	104,920
Group's share of net assets	**328,035**	73,444
Reconciliation to the carrying amount:		
Group's share of net assets	**328,035**	73,444
Add: shareholder liabilities recorded in the consolidated financial statements of BBCL		
- Loan from shareholder	**1,074,920**	1,055,000
- Other payables to shareholder	**219**	219
Interest in BBCL at the end of the year	**1,403,174**	1,128,663

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 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 19,632 thousand (2022: AED 32,252 thousand) to Palm Capitol Limited in accordance with the terms of the joint venture agreement.

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.1 Interest in Joint ventures continued

Palm Capitol Ltd continued
The movement of interest in PCL is as follows:

	2023 AED '000	*2022 AED '000*
At 1 January	**324,675**	258,321
Cash contribution	**19,632**	32,252
Distribution	**(154,887)**	-
Share of profit	**240,684**	34,102
At 31 December	**430,104**	324,675

The summarised financial information of PCL is presented as follows:

	2023 AED '000	*2022 AED '000*
Statement of comprehensive income:		
Revenue	**758,285**	131,287
Cost of sales	**(320,409)**	(58,953)
Interest and other income	**61,041**	12,847
Administrative and other expenses	**(17,548)**	(16,978)
Profit	**481,369**	68,203
Group's share of profit	**240,685**	34,102

	2023 AED '000	*2022 AED '000*
Statement of financial position:		
Current assets	**2,074,936**	1,990,710
Current liabilities	**(1,215,173)**	(1,318,228)
Non-current liabilities	**(310,279)**	(604,377)
Net assets	**549,484**	68,105
Group's share of net assets	**274,742**	34,053

	2023 AED '000	*2022 AED '000*
Reconciliation to the carrying amount:		
Group's share of net assets	**274,742**	34,053
Add: shareholder liabilities recorded in the consolidated financial statements of PCL:		
- Loan from shareholder	**155,316**	290,573
- Other payables to shareholder	**46**	49
Interest in PCL at the end of the year	**430,104**	324,675

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.1 Interest in Joint ventures continued

Burj District Development Ltd
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:

	2023 AED '000	*2022 AED '000*
At 1 January	**119,000**	119,000
Share of profit	**56,631**	-
At 31 December	**175,631**	119,000

The summarised financial information of BBDL is presented as follows:

	2023 AED '000	*2022 AED '000*
Statement of comprehensive income:		
Revenue	**276,410**	-
Direct costs	**(135,195)**	-
Indirect project costs	**(27,954)**	-
Profit	**113,261**	-
Group's share of profit	**56,631**	-
Statement of financial position:		
Current assets	**516,969**	-
Current liabilities	**(125,919)**	-
Shareholder contribution in equity	**(272,336)**	-
Non - current liabilities	**(5,267)**	-
Net assets	**113,447**	-

	2023 AED '000	*2022 AED '000*
Group's share of net assets	**56,724**	-
Reconciliation to the carrying amount:		
Group's share of net assets	**56,724**	-
Add: Shareholders liabilities recorded in the financial statements of		
- Shareholder contribution, net	**119,000**	-
- Others	**(93)**	-
Interest in BDDL at the end of the year	**175,631**	-

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.1 Interest in Joint ventures continued

Business Bay (One) Capitol LLC
During 2023, the Company along with a joint venture partner, The Cosmopolitan Limited, established a 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 70% of the initial capital investment. The plot was transferred at fair value which was equivalent to the carrying amount on the date of transfer. The Group further contributed cash amounting to AED 75,258 thousand to BBC 1.

The movement of interest in BB1 is as follows:

	2023 ***AED '000***	*2022* *AED '000*
At 1 January	**-**	-
Land contribution	**188,441**	-
Cash contribution	**75,258**	-
Share of profit	**28,236**	-
At 31 December	**291,935**	-

The summarised financial information of BB 1 is presented as follows:

	2023 ***AED '000***	*2022* *AED '000*
Statement of comprehensive income:		
Revenue	**72,016**	-
Cost of sales	**(42,870)**	-
Interest and other income	**16,252**	-
Administrative and other expenses	**(1,958)**	-
Profit	**43,440**	-
Group's share of profit	**28,236**	-
Statement of financial position:		
Current assets	**957,985**	-
Current liabilities	**(645,123)**	-
Non – current liabilities	**(269,422)**	-
Net assets	**43,440**	-
Group's share of net assets	**28,236**	-

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.1 Interest in Joint ventures continued

Business Bay (One) Capitol LLC continued

	2023 *AED '000*	*2022* *AED '000*
Reconciliation to the carrying amount:		
Group's share of net assets	**28,236**	-
Add: Shareholder liabilities recorded in the financial statements of BBC1		
-Loan from shareholder	**263,699**	-
- Other payables to shareholder	**-**	-
Interest in BBC1 at the end of the year	**291,935**	-

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 the 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:

	2023 *AED '000*	*2022* *AED '000*
At 1 January	**-**	129,465
Share of results for the year (i)	**30,720**	105,078
Distribution received (ii)	**(30,720)**	(251,105)
Reversal of provision for impairment (iii)	**-**	16,562
At 31 December	**-**	-

(i) Share of result for the year includes 28,791 thousand (2022: AED 45,120 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:

	2023 *AED '000*	*2022* *AED '000*
Statement of comprehensive income:		
Revenue	**-**	281,249
Other income	**3,285**	8,423
Cost of sales	**-**	(177,562)
Administrative and other expenses, net	**(70)**	(12,180)
Profit	**3,215**	99,930
Group's share of profit	**1,929**	59,958

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.1 Interest in Joint venture continued

Marina Capitol LLC continued

	2023 AED '000	2022 AED '000
Statement of financial position:		
Non-current assets	-	31,322
Current assets	**68,137**	85,800
Current liabilities	**(18,212)**	(22,389)
Net assets	**49,925**	94,733
Group's share of net assets	**29,955**	56,840
Reconciliation to the carrying amount:		
Group's share of net assets	**29,995**	56,840
Add: shareholder liabilities recorded by MCL and other adjustments:		
- Elimination of the Group's share of gain on contribution of land to MCL	**(29,955)**	(56,880)
- Other payables to shareholder	**-**	40
Interest in MCL at the end of the year	**-**	-

9.2 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:

The movement of interest in Planet is as follows:

	2023 AED'000
At 1 January	**-**
Investment at carrying amount during the year	**26,312**
Share of profit	**3,328**
At 31 December	**29,640**

9 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

9.2 Investment in Associate continued

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

	2023 *AED'000*
Carrying value of Group's share of net assets (20%)	26,312
Less: consideration paid	(200,000)
Merger reserve on acquisition of Planet	(173,688)

The summarised financial information of Planet is presented as follows:

	2023 *AED'000* *Unaudited*
Non-current asset	14,054
Current assets	156,537
Non-current liabilities	(3,672)
Current liabilities	(45,869)
Equity (100%)	121,050
Less: non-controlling interests	-
Equity attributable to the owners of the entities	121,050
Group percentage holding	20%
Group's share in net assets	24,210
Group's carrying amount of the investment	29,640

Summarised statements of profit or loss:

	2023 *AED'000*
Revenue	25,978
Profit from operations	16,638
Profit attributable to the owners of the Group	16,638
Group percentage holding	20%
Group's share of profit (loss)	3,328

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:

	2023	*2022*
	AED '000	*AED '000*
At 1 January	**-**	855,316
Land transferred from investment properties, net of impairment * (note 11)	**228,000**	-
WIP transferred from investment properties * (note 11)	**59,178**	-
Cost incurred during the period	**7,373**	-
Transferred to a related party (note 18)	**-**	(855,316)
At 31 December	**294,551**	-

*During the year, 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.

During 2022, the Group entered into an asset transfer agreement with a related party, whereas the Group transferred its development work in progress and received investment properties valued at AED 888,190 thousand (note 11). The transaction resulted in a net gain amounting to AED 32,874 thousand representing the difference between the fair value and carrying value of the development work in progress and was recorded under "Gain on disposal of development work in progress" in the statement of profit or loss. Legal formalities relating to the transfer of title to the land to the related party is in progress at the date of approval of these consolidated financial statements.

11 INVESTMENT PROPERTIES

	Land and buildings AED '000	*Properties under construction AED '000*	*Total AED '000*
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 joint venture (note 9)	(188,441)	-	(188,441)
Transfer of properties to development work in progress (note 10)	(228,861)	(59,178)	(288,039)
At 31 December	**4,585,330**	**85,856**	**4,671,186**
Depreciation and impairment:			
At 1 January	759,161	-	759,161
Depreciation charge for the year	143,584	-	143,584
Provision of impairment	12,434	-	12,434
Impairment related to transfer of properties to development work in progress (note 10)	(861)	-	(861)
At 31 December	**914,318**	**-**	**914,318**
Net carrying amount:			
At 31 December	**3,671,012**	**85,856**	**3,756,868**
2022:			
Cost:			
At 1 January	3,869,520	107,273	3,976,793
Additions	210	39,318	39,528
Disposals	(25,336)	-	(25,336)
Transfers	95,845	(95,845)	-
Transfer from (to) related parties (vii) & (viii)	1,087,697	(3,793)	1,083,904
On 31 December	5,027,936	46,953	5,074,889
Depreciation and impairment:			
At 1 January	626,387	-	626,387
Depreciation charge for the year	128,348	-	128,348
Related to disposals	(2,875)	-	(2,875)
Provision for impairment	7,301	-	7,301
At 31 December	759,161	-	759,161
Net carrying amount:			
On 31 December	4,268,775	46,953	4,315,728

11 INVESTMENT PROPERTIES continued

(i) Legal formalities relating to the transfer of title to property amounting to AED 42,138 thousand (2022: AED 44,454 thousand) is in progress at the date of approval of these consolidated financial statements.

(ii) At 31 December 2023, the fair value of investment properties determined based on valuations performed by independent professional valuer amounted to AED 5,051,917 thousand (2022: AED 5,218,990 thousand).

(iii) At 31 December 2023, investment properties amounting to AED 204,047 thousand (2022: AED 210,222 thousand) were held as security against term loans from a local commercial bank (note 15 (iii)).

At 31 December 2023, investment properties amounting to AED 193,932 thousand (2022: AED 319,632 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:

	2023 ***AED '000***	*2022* *AED '000*
At 1 January	**40,008**	32,707
Charge for the year	**12,434**	7,301
Write off of Impairment related to transfer of properties to development work in progress	**(861)**	-
At 31 December	**51,581**	40,008

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

	2023 ***AED '000***	*2022* *AED '000*
Income from investment properties	**336,410**	285,864
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income	**(92,890)**	(78,457)
Gross profit arising from investment properties, excluding provision for impairment	**243,520**	207,407

(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 23.

(vii) During 2022, properties amounting to AED AED 888,190 thousand were transferred to the Group from a related party against its Project in Ghantoot Al Jarf (note 10) and the Group incurred registration fees of AED AED 1,866 thousand on these properties. Other properties that were purchased from related parties during 2022 amounted to AED AED 197,641 thousand.

(viii) During 2022, the Group transferred properties under construction of AED 3,793 thousand to a related party.

(ix) During the year, the Group transferred a land of AED 188,441 thousand to a joint venture named Business Bay (One) Capitol LLC.

12 PROPERTY AND EQUIPMENT

	Decoration and renovation AED '000	*Furniture equipment and computers AED '000*	*Motor vehicles AED '000*	*Total AED '000*
2023				
Cost:				
At 1 January	5,922	16,731	1,502	24,155
Additions	85	2,101	-	2,186
At 31 December	**6,007**	**18,832**	**1,502**	**26,341**
Depreciation:				
At 1 January	4,572	10,219	994	15,785
Charge for the year	429	2,530	182	3,141
At 31 December	**5,001**	**12,749**	**1,176**	**18,926**
Net carrying amount:				
At 31 December	**1,006**	**6,083**	**326**	**7,415**
2022				
Cost:				
At 1 January	5,800	13,883	1,502	21,185
Additions	122	2,848	-	2,970
At 31 December	5,922	16,731	1,502	24,155
Depreciation:				
At 1 January	4,168	8,068	799	13,035
Charge for the year	404	2,151	195	2,750
At 31 December	4,572	10,219	994	15,785
Net carrying amount:				
At 31 December	1,350	6,512	508	8,370

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Right-of-use assets AED '000	*Lease liabilities AED '000*
At 1 January 2023	**26,502**	**25,860**
Depreciation expense	**(1,082)**	-
Finance costs	-	**1,279**
Payments	-	**(2,115)**
At 31 December 2023	**25,420**	**25,024**
At 1 January 2022	-	-
Additions	27,047	27,047
Depreciation expense	(545)	-
Finance costs	-	642
Payments	-	(1,829)
At 31 December 2022	26,502	25,860

13 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

Classification of lease liabilities are as follows:

	2023 AED '000	2022 AED '000
Current	**2,028**	2,417
Non - current	**22,996**	23,443
	25,024	25,860

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

	2023 AED '000	2022 AED '000
Depreciation expense of right-of-use assets	**1,082**	545
Finance cost on lease liabilities	**1,279**	642

14 TRADE AND OTHER PAYABLES

	2023 AED '000	2022 AED '000
Trade and sub-contractor payables	**8,683**	15,442
Retentions payable	**12,140**	11,584
Amounts due to related parties (note 20)	**44,221**	40,747
Maintenance deposits	**20,013**	18,801
Project accruals	**1,765**	7,209
Accrued expenses and provisions	**7,848**	6,515
Accrued interest on non–convertible Sukuk	**35,988**	36,047
Advance from customers	**5,887**	1,932
Other payables	**331**	235
	136,876	138,512

15 TERM LOANS

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

	2023 AED '000	2022 AED '000
Loan 1 (i)	**-**	97,445
Loan 2 (ii)	**9,187**	9,187
Loan 3 (iii)	**95,000**	-
	104,187	106,632

(i) The loan is obtained from a local commercial bank carrying interest at 3 months EIBOR plus margin, loan has been fully repaid during the year.

(ii) During the year, Group repaid the loan amounting to AED 9,187 thousand and made drawdown of the same amount, loan carrying interest at 3 months SOFR plus margin repayable in full by August, 2024.

15 TERM LOANS continued

(iii) During the year, the group obtained a loan from a local commercial bank to settle an existing loan. The new 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.

(iv) In September 2023, the Group entered into a U.S.$600 million facility agreement with local banks ("Bridge Facility"). To the extent utilised, the facility was supposed to be utilised to finance the settlement of existing non-convertible sukuk 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. Subsequent to December 2023, Group raised another Sukuk and Bridge Facility has been cancelled as per the terms of the Bridge Facility.

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

	2023 *AED '000*	*2022* *AED '000*
At 1 January	**106,632**	114,437
Additions during the year	**109,187**	9,187
Loans repaid	**(111,632)**	(16,992)
At 31 December	**104,187**	106,632
Current	**19,187**	18,815
Non-current	**85,000**	87,817
	104,187	106,632

16 NON-CONVERTIBLE SUKUK

	2023 *AED '000*	*2022* *AED '000*
Non – convertible Sukuk	**2,199,480**	2,192,823

During 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. The Sukuk is repayable on 30 July 2024.

The Sukuk is stated net of discount and transaction costs amounting to AED 4 million (2022: AED 11 million), which are amortised using the effective interest method.

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:

	2023 *AED '000*	*2022* *AED '000*
At 1 January	**1,226**	1,019
Provided during the year	**390**	217
End of service benefit paid	**(92)**	(10)
At 31 December	**1,524**	1,226

18 SHARE CAPITAL AND SHAREHOLDER'S CONTRIBUTION

	2023 *AED '000*	*2022* *AED '000*
Share capital		
100 shares of AED 1,500 each	**150**	150

The Company issued 100 shares of AED 1,500 each to Liwa Holdings. Liwa Holdings, Das Holding LLC and United Holding LLC which are under common ownership of the Ultimate Beneficial Owner.

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:

	2023 *AED '000*	*2022* *AED '000*
Amounts due from related parties:		
Entities under common directorship	**18,870**	14,166
Entities under common ownership	**28,298**	6,454
	47,168	20,620

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.

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

	2023 *AED '000*	*2022* *AED '000*
Due to related parties:		
Entities under common ownership	**44,221**	40,747

(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 (2022: AED nil).

20 RELATED PARTY BALANCES AND TRANSACTIONS continued

(iv) Transactions with related parties that are included in the statement of profit or loss relate to property management cost amounted to AED 34,920 thousand (2022: AED 28,662 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:

	2023 ***AED '000***	*2022* *AED '000*
Short-term benefits	**840**	840
End of service benefits	**142**	112

21 MATURITY PROFILE

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

		Amounts expected to be recovered or settled	
	Total *AED '000*	*Within 12 months of reporting date* *AED '000*	*After 12 months of reporting date* *AED '000*
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**	**2,028**	**22,996**
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**	**2,384,833**	**154,083**

21 MATURITY PROFILE continued

The maturity profile of assets and liabilities at 31 December 2022 was as follows:

		Amounts expected to be recovered or settled	
	Total	*Within 12 months of reporting date*	*After 12 months of reporting date*
	AED '000	*AED '000*	*AED '000*
ASSETS			
Bank balances and cash	771,593	771,593	-
Trade and other receivables	51,841	51,841	-
Investments in financial assets	5,088,235	175,926	4,912,309
Interest in joint ventures	1,572,338	-	1,572,338
Investment properties	4,315,728	-	4,315,728
Property and equipment	8,370	-	8,370
Right-of-use assets	26,502	-	26,502
Total assets	11,834,607	999,360	10,835,247
LIABILITIES			
Trade and other payables	138,512	136,887	1,625
Term loans	106,632	18,815	87,817
Lease liabilities	25,860	2,417	23,443
Non - convertible sukuk	2,192,823	-	2,192,823
Deferred income	74,806	74,806	-
Employees' end of service benefits	1,226	-	1,226
Total liabilities	2,539,859	197,950	2,341,909

22 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise term loans, trade and subcontractor payables, lease liability, 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.

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 2023 and 31 December 2022.

	Effect on profit AED '000
Year ended 31 December 2023	
+100 increase in basis points	**(1,042)**
-100 decrease in basis points	**1,042**
Year ended 31 December 2022	
+100 increase in basis points	(1,066)
-100 decrease in basis points	1,066

22 FINANCIAL RISK MANAGEMENT continued

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 2023 and 2022, based on contractual payment dates and current market interest rates.

	Up to 1 year AED '000	*1 to 5 years AED '000*	*More than 5 years AED '000*	*Total AED '000*
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	**2,290,296**	**-**	**-**	**2,290,296**
Total	**2,376,592**	**113,849**	**34,391**	**2,524,832**
31 December 2022				
Trade and sub-contractor payables	15,442	-	-	15,442
Retention payable	9,959	1,625	-	11,584
Amounts due to related parties	40,747	-	-	40,747
Other payables	235	-	-	235
Term loans	24,496	55,935	56,866	137,297
Lease liabilities	1,810	7,240	36,201	45,251
Non - convertible sukuk	86,796	2,290,296	-	2,377,092
Total	179,485	2,355,096	93,067	2,627,648

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.

Market index	*Changes in variables*	***2023 AED '000***	*2022 AED '000*
UAE stock indices	10%	**466,854**	484,713
Others	10%	**6,000**	6,458

22 FINANCIAL RISK MANAGEMENT continued

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 2023 and 2022. Capital comprises share capital, group restructuring reserve, legal reserve, retained earnings, shareholders' account and fair value reserve and is measured at AED 9,413,793 thousand as at 31 December 2023 (31 December 2022: AED 9,294,748 thousand).

	Notes	***2023 AED '000***	*2022 AED '000*
Trade and other payables	14	**136,876**	138,512
Term loans	15	**104,187**	106,632
Lease liabilities	13	**25,024**	25,860
Non - convertible Sukuk	16	**2,199,480**	2,192,823
Total debt		**2,465,567**	2,463,827
Total capital		**9,413,793**	9,294,748
Total capital + total debt		**11,879,360**	11,758,575
Gearing ratio		**20.76%**	20.95%

23 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 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	-	-	5,051,917	5,051,917
Liabilities for which fair value is disclosed					
Sukuk	31 December 2023	2,191,072	-	-	2,191,072
Assets measured at fair value					
Investments carried at fair value through other comprehensive income	31 December 2023	4,668,538	-	63,075	4,731,613
Investments carried at fair value through profit or loss	31 December 2023	59,995	-	146,884	206,879

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 2022:

	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 2022	-	-	5,218,990	5,218,990
Liabilities for which fair value is disclosed					
Sukuk	31 December 2022	2,120,838	-	-	2,120,838
Assets measured at fair value					
Investments carried at fair value through other comprehensive income	31 December 2022	4,847,128	-	65,181	4,912,309
Investments carried at fair value through profit or loss	31 December 2022	64,580	-	111,346	175,926

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

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)

	2023 ***AED'000***	*2022* *AED'000*
At 1 January	**65,181**	70,000
Additions during the year	**-**	18,181
Unrealised fair value change	**(2,106)**	(23,000)
At 31 December	**63,075**	65,181

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

	2023 ***AED'000***	*2022* *AED'000*
At 1 January	**111,346**	77,828
Additions during the year	**39,551**	39,121
Unrealised fair value change	**(4,013)**	(5,603)
At 31 December	**146,884**	111,346

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 (2022: none).

24 COMMINTS AND CONTINGENCIES

	2023 ***AED '000***	*2022* *AED '000*
Capital committed and contracted	**134,640**	158,305
Letters of guarantee	**10**	10

25 FAIR VALUE RESERVE

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

26 SUBSEQUENT EVENT

The Group raised another Sukuk under the U.S.$2,000,000,000 trust certificate issuance programme in February 2024. The Group issued a 5-year non-convertible Sukuk of US$ 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.