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

REPORT OF THE BOARD OF DIRECTORS AND
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

30 JUNE 2024

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

REPORT OF THE BOARD OF DIRECTORS

30 JUNE 2024

04 September 2024

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

Report of the Board of Directors

For the period ended 30 June 2024

The Directors are pleased to present their report and interim condensed consolidated financial statements for the period ended 30 June 2024.

Results
During the six-month period ended 30 June 2024, Emirates Strategic Investments Company - Sole Proprietorship L.L.C earned revenues of AED 964,606 thousand (Six-month period ended 30 June 2023: AED 639,336 thousand). The Group reported a profit for the six-month period ended 30 June 2024 amounting to AED 675,243 thousand. (Six-month period ended 30 June 2023: AED 417,700 thousand).

On behalf of the Board of Directors

Group Chief Financial Officer

Group Chief Executive Officer

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

EY
Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF

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

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Emirates Strategic Investments Company – Sole Proprietorship L.L.C (the "Company") and its subsidiary (together referred to as, the "Group") as at 30 June 2024, comprising the interim consolidated statement of financial position as at 30 June 2024, and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended, and the explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects in accordance with IAS 34.

For Ernst & Young

Ahmad Al Dali
Registration No 5548

4 September 2024
Abu Dhabi, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six-month period ended 30 June 2024 (Unaudited)

	Notes	***2024 AED '000***	*2023 AED '000*
INCOME			
Income from investment properties	7	**181,697**	165,545
Income from investments in financial assets	5	**309,764**	182,862
Share of results of joint ventures	6	**400,875**	231,929
Share of results of an associate	6	**10,165**	-
Gain on sale of investment property	7	**1,954**	43,478
Finance income		**56,980**	13,826
Other income		**3,171**	1,696
		964,606	639,336
EXPENSES			
General and administrative expenses	3	**(60,454)**	(51,293)
Finance costs	3	**(109,927)**	(51,319)
Property management costs	3	**(45,733)**	(45,152)
Depreciation	3	**(73,249)**	(73,872)
PROFIT FOR THE PERIOD BEFORE TAX		**675,243**	417,700
Income tax expense		**-**	-
PROFIT FOR THE PERIOD		**675,243**	417,700

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2024 (Unaudited)

	2024 ***AED '000***	*2023* *AED '000*
PROFIT FOR THE PERIOD	**675,243**	417,700
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods		
Changes in fair value of investments carried at fair value through other comprehensive income	**(588,348)**	(731,305)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**86,895**	(313,605)

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2024 (Unaudited)

	Notes	***30 June 2024 (Unaudited) AED '000***	*31 December 2023 (Audited) AED '000*
ASSETS			
Bank balances and cash	4	**3,499,340**	518,878
Trade and other receivables		**330,835**	80,601
Investments in financial assets	5	**4,390,026**	4,938,492
Interest in joint ventures	6	**2,766,719**	2,300,844
Investment in an associate	6	**39,805**	29,640
Investment properties	7	**3,704,909**	3,756,868
Development work in progress	8	**313,069**	294,551
Property and equipment		**6,477**	7,415
Right-of-use assets		**24,866**	25,420
TOTAL ASSETS		**15,076,046**	11,952,709
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables		**618,648**	136,876
Term loans	9	**99,187**	104,187
Non - convertible Sukuk	10	**4,763,184**	2,199,480
Lease Liabilities		**24,231**	25,024
Deferred income		**68,460**	71,825
Employees' end of service benefits		**1,648**	1,524
Total liabilities		**5,575,358**	2,538,916
EQUITY			
Share capital		**150**	150
Group restructuring reserve		**50**	50
Legal reserve		**100**	100
Retained earnings		**3,538,750**	2,872,609
Shareholder's account		**5,910,998**	5,910,998
Merger reserve		**(173,688)**	(173,688)
Fair value reserve		**224,328**	803,574
Total equity		**9,500,688**	9,413,793
TOTAL LIABILITIES AND EQUITY		**15,076,046**	11,952,709

Group Chief Financial Officer

Group Chief Executive Officer

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2024

	Share capital AED '000	Group structuring reserve AED '000	Legal reserve AED '000	Retained earnings AED '000	Shareholder's account AED '000	Merger reserve AED '000	Fair value reserve AED '000	Total AED '000'
At 1 January 2023 (Audited)	150	50	100	2,142,416	5,910,998	-	1,241,034	9,294,748
Profit for the period	-	-	-	417,700	-	-	-	417,700
Other comprehensive loss for period	-	-	-	-	-	-	(731,305)	(731,305)
Total comprehensive income (loss) for period	-	-	-	417,700	-	-	(731,305)	(313,605)
At 30 June 2023 (Unaudited)	150	50	100	2,560,116	5,910,998	-	509,729	8,981,143
At 1 January 2024 (Audited)	150	50	100	2,872,609	5,910,998	(173,688)	803,574	9,413,793
Profit for the period	-	-	-	675,243	-	-	-	675,243
Other comprehensive loss for period	-	-	-	-	-	-	(588,348)	(588,348)
Total comprehensive income (loss) for period	-	-	-	675,243	-	-	(588,348)	86,895
Transfer to retained earnings upon disposal of equity investments carried at fair value through other comprehensive income	-	-	-	(9,102)	-	-	9,102	-
At 30 June 2024 (Unaudited)	**150**	**50**	**100**	**3,538,750**	**5,910,998**	**(173,688)**	**224,328**	**9,500,688**

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2024 (Unaudited)

	Notes	*2024* *AED '000*	*2023* *AED '000*
OPERATING ACTIVITIES			
Profit before tax for the period		**675,243**	417,700
Adjustments for:			
Depreciation	3	**73,249**	73,872
Dividend income	5	**(250,607)**	(179,182)
Share of results of joint ventures	6	**(400,875)**	(231,929)
Share of result of associate	6	**(10,165)**	-
Finance costs	3	**109,927**	51,319
Finance income		**(56,980)**	(13,826)
Gain on sale of investment property		**(1,954)**	(43,478)
Allowance for expected credit losses		**-**	1,115
Change in fair value of investments carried at fair value through profit or loss	5	**(59,157)**	(3,680)
Provision for employees' end of service benefits		**152**	121
		78,833	72,032
Working capital changes:			
Trade and other receivables		**(250,234)**	(41,954)
Development Work in Progress		**(18,518)**	-
Trade and other payables		**481,772**	4,475
Net movement in restricted cash		**(275,275)**	-
Deferred income		**(3,365)**	268
Cash generated from operations		**13,213**	34,821
Employees' end of service benefits paid		**(28)**	(63)
Finance costs paid		**(48,193)**	(47,055)
Net cash flows used in operating activities		**(35,008)**	(12,297)
INVESTING ACTIVITIES			
Purchases of property and equipment		**(576)**	(1,442)
Distribution received from joint venture	6	**12,000**	19,920
Cash contribution in joint ventures	6	**(77,000)**	(20,389)
Dividends received from investments in financial assets	5	**250,607**	179,182
Proceed from sale of investment property		**24,146**	73,478
Purchase of investments in financial assets		**(13,040)**	(23,189)
Proceeds from disposal of investments in financial assets		**32,316**	-
Purchase of investment properties	7	**(41,414)**	(45,500)
Movement in term deposits with original maturities of more than three months	4	**(2,572,500)**	-
Finance income received		**1,947**	11,372
Net cash generated from investing activities		**(2,383,514)**	193,432
FINANCING ACTIVITIES			
Sukuk receipt – net of issuance cost	10	**2,557,640**	-
Term loans repaid, net	9	**(5,000)**	(1,423)
Lease payments		**(1,431)**	(1,734)
Net cash flows from (used in) financing activities		**2,551,209**	(3,157)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**132,687**	177,978
Cash and cash equivalents at 1 January	4	**518,878**	771,593
CASH AND CASH EQUIVALENTS AT 30 JUNE	4	**651,565**	949,571

The attached notes 1 to 15 form part of these interim condensed 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 interim condensed consolidated financial statements include the results of operations and financial position of the Company, its subsidiaries (together, the "Group") and the Group's interest in its joint ventures.

The registered office of the Company is at P O Box 161, Abu Dhabi, United Arab Emirates.

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 4 September 2024.

2 BASIS OF PREPARATION

Statement of compliance
The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial statements have been presented in the 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 a determination of the currency of primary economic environment in which the entities operate. All financial information presented in AED has been rounded to the nearest thousand except otherwise stated.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. In addition, results for the six months period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

Basis of consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiary (together, 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 period are included in the interim condensed 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 interim condensed consolidated financial statements comprise the financial statements of the Company and those of its following subsidiaries:

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.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards, interpretations and amendments adopted by the Group
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2023, except for the adoption of the following new standards effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7;
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback ;
- Amendments to IAS 1: Classification of liabilities as Current or Non-Current.

These amendments had no impact on the interim condensed 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

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

The taxable income of the Group entities, exceeding AED 375,000 per taxable person, is subject to the rate of 9% as per CT Law.

In the light of the above the Group has adopted the policy mentioned in note 2.2.

2.2 MATERIAL ACCOUNTING POLICY INFORMATION

New accounting policies adopted by the Group

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

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

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

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

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

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

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

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

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2 BASIS OF PREPARATION continued

2.2 MATERIAL ACCOUNTING POLICY INFORMATION continued

New accounting policies adopted by the Group continued

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

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

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

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

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

Significant judgements relating to deferred taxes
Deferred tax assets are recognized for unused tax losses and tax impact for finance costs on account of the General Interest Deduction Limitation Rule and if there is a likelihood that a taxable profit will be available to offset these losses on the future. Based on the position as of 30 June 2024 position, the Group has tax losses carried forward from Investments carried at fair value through other comprehensive income and from finance costs. However, the Group has not recognized a deferred tax asset of AED 52,951 thousand on such tax losses considering history of other comprehensive losses suffered by the Group and uncertainty about availability of sufficient taxable profits in the future against which such tax losses can be utilised.

3 EXPENSES

	***(Unaudited)* Six months period ended 30 June 2024 AED '000**	*(Unaudited) Six months period ended 30 June 2023 AED '000*
Property management costs:		
Water and electricity	**13,882**	15,013
Maintenance	**18,146**	18,896
Security charges	**2,858**	2,952
Facilities management cost	**5,537**	3,114
Others	**5,310**	5,177
	45,733	45,152
General and administrative expenses:		
Management fees (note i)	**50,220**	42,716
Staff costs	**6,619**	5,301
Allowance for expected credit losses	**-**	1,115
Others	**3,615**	2,161
	60,454	51,293

(i) 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.

	***(Unaudited)* Six months period ended 30 June 2024 AED '000**	*(Unaudited) Six months period ended 30 June 2023 AED '000*
Finance costs:		
Profit charge on non-convertible Sukuk, net of amortisation	**104,340**	46,691
Interest charges on term loans	**3,548**	3,708
Interest on leases	**638**	650
Bank charges	**585**	270
Other finance cost	**816**	-
	109,927	51,319
Depreciation:		
on investment properties (note 8)	**71,181**	71,752
on property and equipment	**1,514**	1,579
on right-of-use assets	**554**	541
	73,249	73,872

4 BANK BALANCES AND CASH

Cash and cash equivalents in the interim consolidated statement of cash flows consist of the following balance sheet amounts:

	(Unaudited) 30 June 2024 AED '000	*(Audited) 31 December 2023 AED '000*	*(Unaudited) 30 June 2023 AED '000*
Cash in hand	**16**	12	13
Bank balances	**504,438**	258,330	296,204
Term deposits*	**2,994,886**	260,536	653,354
Bank balances and cash	**3,499,340**	518,878	949,571
Less: term deposits with original maturities of more than three months	**(2,572,500)**	-	-
Less: restricted cash**	**(275,275)**	-	-
Cash and cash equivalents	**651,565**	518,878	949,571

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

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

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

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

	(Unaudited) Six months period ended 30 June 2024 AED '000	*(Unaudited) Six months period ended 30 June 2023 AED '000*
Changes in fair value of investments carried at fair value through other comprehensive income	**(588,348)**	(731,305)
Investment property contributed to a joint venture	-	188,441

5 INVESTMENTS IN FINANCIAL ASSETS

	(Unaudited) Six months period ended 30 June 2024 AED '000	(Unaudited) Six months period ended 30 June 2023 AED '000
Income from investments		
Dividend income	**250,607**	179,182
Change in fair value of investments carried at fair value through profit or loss	**59,157**	3,680
	309,764	182,862

	(Unaudited) 30 June 2024 AED '000	(Audited) 31 December 2023 AED '000
Investments carried at fair value through profit or loss		
Quoted equities – Outside United Arab Emirates	**69,227**	59,995
Managed funds – United Arab Emirates	**19,449**	18,374
Managed funds – Cayman Islands	**44,623**	42,884
Unquoted equity investment	**134,263**	85,626
	267,562	206,879
Investments carried at fair value through other comprehensive income		
Quoted equities – United Arab Emirates	**4,048,929**	4,668,538
Unquoted equity investment	**73,535**	63,075
	4,122,464	4,731,613
	4,390,026	4,938,492

During the period, the Group received dividends amounting to AED 250,607 thousand (Six months ended 30 June 2023: AED 179,182 thousand) from its investments in financial assets.

During the period, the Group disposed of certain shares carried at fair value through other comprehensive income for a total consideration of AED 32,316 thousand and accordingly recycled an amount of AED 9,102 thousand from fair value reserve to retained earnings.

6 INVESTMENT IN AN ASSOCIATE AND JOINT VENTURES

6.1 Interest in Joint Venture

	(Unaudited) ***30 June 2024 AED '000***	*(Audited) 31 December 2023 AED '000*
Business Bay Capitol LLC	**1,649,400**	1,403,174
Palm Capitol Ltd	**571,967**	430,104
Business Bay One Capitol LLC	**333,943**	291,935
Burj District Development Ltd	**211,409**	175,631
Marina Capitol LLC (note i)	**-**	-
	2,766,719	2,300,844

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

	(Unaudited) ***30 June 2024 AED '000***	*(Audited) 31 December 2023 AED '000*
At the beginning of the period / year	**2,300,844**	1,572,338
Transfer of land to a new joint venture	**-**	188,441
Cash contribution	**77,000**	114,809
Share of results for the period/year*	**400,875**	610,863
Distribution received	**(12,000)**	(185,607)
At the end of the period/year	**2,766,719**	2,300,844

* Share of results for the six month period ended 30 June 2023 was AED 231,929 thousand.

(i) During the current period, the Group received total distribution amounting to AED 12,000 thousand (June 2023: AED 19,920 thousand) from Marina Capitol LLC which was in excess of its share of profit amounting to AED 242 thousand (June 2023: 399 thousand).

6.2 Investment in an Associate

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:

	(Unaudited) ***30 June 2024 AED '000***	*(Audited) 31 December 2023 AED '000*
At the beginning of the period / year	**29,640**	-
Investment at carrying amount during the year	**-**	26,312
Share of profit for the period / year	**10,165**	3,328
At the end of the period / year	**39,805**	29,640

7 INVESTMENT PROPERTIES

	Land and buildings AED '000	*Properties under construction AED '000*	*(Unaudited) Total AED '000*
30 June 2024			
Cost:			
At 1 January	4,585,330	85,856	4,671,186
Additions	463	40,951	41,414
Disposals (iv)	(29,168)	-	(29,168)
At 30 June 2024	**4,556,625**	**126,807**	**4,683,432**
Depreciation and impairment:			
At 1 January	914,318	-	914,318
Depreciation charge for the period	71,181	-	71,181
Relating to disposals	(1,990)	-	(1,990)
Provision for impairment relating to disposals	(4,986)	-	(4,986)
At 30 June 2024	**978,523**	**-**	**978,523**
Net carrying amount:			
At 30 June 2024	**3,578,102**	**126,807**	**3,704,909**
31 December 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 6)	(188,441)	-	(188,441)
Transfer of properties to development work in progress (note 8)	(228,861)	(59,178)	(288,039)
At 31 December 2023	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 8)	(861)	-	(861)
At 31 December 2023	914,318	-	914,318
Net carrying amount:			
At 31 December 2023	3,671,012	85,856	3,756,868

(i) Legal formalities relating to the transfer of title to property amounting to AED 40,980 thousand (2023: AED 42,138 thousand) is in progress at the date of approval of these consolidated financial statements.

(ii) At 30 June 2024, investment properties amounting to AED 200,959 thousand (31 December 2023: AED 204,047 thousand) were held as security against term loans from a local commercial bank.

At 30 June 2024, investment properties amounting to AED 192,940 thousand (31 December 2023: AED 193,932) were held as security against term loan obtained by related parties under common ownership.

7 INVESTMENT PROPERTIES continued

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

	(Unaudited) Six months period ended 30 June 2024 AED '000	*(Unaudited) Six months period ended 30 June 2023 AED '000*
Income from investment properties		
Rental income	**172,729**	159,553
Facilities management income *	**8,968**	5,992
	181,697	165,545
Property management costs		
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income	**(45,733)**	(45,152)
Gross profit arising from investment properties, excluding provision for impairment	**135,964**	120,393

*Facilities management income comprises revenues earned by the Group on some of its leased properties for additional services provided such as food, laundry and other facilities services.

(iii) 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. Fair value disclosures for investment properties are presented in note 13.

(iv) During the period Group sold two investment properties with net book value of AED 22,192 thousand for AED 24,146 thousand resulting in net gain on sale amounting to AED 1,954 thousand. These sales include one property sold to a related party with a net book value of AED 21,649 thousand for a total consideration of AED 23,000 thousand which represented the fair value of the property at the time of sale.

8 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:

	June 2024 AED '000	*December 2023 AED '000*
At beginning of the period/year	**294,551**	-
Land transferred from Investment properties (note 7)	-	228,000
Development cost transferred from Investment Properties (note 7)	-	59,178
Development cost incurred during the period/year	**18,518**	7,373
At the end of the period/year	**313,069**	294,551

8 DEVELOPMENT WORK IN PROGRESS continued

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

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

9 TERM LOANS

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

	***(Unaudited)* 30 June 2024 AED '000**	*(Audited) 31 December 2023 AED '000*
At beginning of the period/year	**104,187**	106,632
Additions during the period/year	**-**	109,187
Loan repaid during the period/year	**(5,000)**	(111,632)
At the end of the period/year	**99,187**	104,187
Current	**19,187**	19,187
Non-current	**80,000**	85,000
	99,187	104,187

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

10 NON CONVERTIBLE SUKUK

	***(Unaudited)* 30 June 2024 AED '000**	*(Audited) 31 December 2023 AED '000*
Non – Covertible Sukuk (2019 -2024)	**2,202,916**	2,199,480
Non – Covertible Sukuk (2024 -2029)	**2,560,268**	-
	4,763,184	2,199,480

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

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

The Sukuks are stated net of discount and transaction costs amounting to AED 12.8 million (31 December 2023: AED 4 million), which are amortised using the effective interest method.

11 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 comprise:

	(Unaudited) 30 June 2024 AED '000	*(Audited) 31 December 2023 AED '000*
Amounts due from related parties:		
Entities under common directorship	**20,350**	18,870
Entities under common ownership	**127,703**	28,298
	148,053	47,168

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 comprise:

	(Unaudited) 30 June 2024 AED '000	*(Audited) 31 December 2023 AED '000*
Amounts due to related parties:		
Entities under common ownership	**32,797**	44,221

(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 period, there was no movement in the shareholder's account (31 December 2023: AED nil).

(iv) Transactions with related parties include property management cost amounting to AED 18,292 thousand (Six months period ended 30 June 2023: AED 18,003 thousand).

(v) Other transactions with related parties are disclosed in note 3 and 7 of the interim condensed consolidated financial statements.

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

	(Unaudited) Six months period ended 30 June 2024 AED '000	*(Unaudited) Six months period ended 30 June 2023 AED '000*
Short-term benefits	**420**	420
End of service benefits	**162**	127

12 MATURITY PROFILE

The maturity profile of assets and liabilities at 30 June 2024 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 (Unaudited)	***AED '000 (Unaudited)***	***AED '000 (Unaudited)***
ASSETS			
Bank balances and cash	**3,499,340**	**3,499,340**	**-**
Trade and other receivables	**330,835**	**330,835**	**-**
Investments in financial assets	**4,390,026**	**267,562**	**4,122,464**
Investment in an associate	**39,805**	**-**	**39,805**
Interest in joint ventures	**2,766,719**	**-**	**2,766,719**
Investment properties	**3,704,909**	**-**	**3,704,909**
Development work in progress	**313,069**	**313,069**	**-**
Property and equipment	**6,477**	**-**	**6,477**
Right-of-use assets	**24,866**	**-**	**24,866**
TOTAL ASSETS	**15,076,046**	**4,410,806**	**10,665,240**
LIABILITIES			
Trade and other payables	**618,648**	**617,483**	**1,165**
Term loans	**99,187**	**19,187**	**80,000**
Lease liabilities	**24,231**	**2,434**	**21,797**
Non - convertible sukuk	**4,763,184**	**2,202,916**	**2,560,268**
Deferred income	**68,460**	**67,524**	**936**
Employees' end of service benefits	**1,648**	**-**	**1,648**
TOTAL LIABILITIES	**5,575,358**	**2,909,544**	**2,665,814**

The maturity profile of assets and liabilities at 31 December 2023 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	518,878	518,878	-
Trade and other receivables	80,601	80,601	-
Investments	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

13 FAIR VALUE MEASUREMENT

The following table shows the analysis of assets measured and disclosed at fair value by level of the fair value hierarchy as at 30 June 2024:

	Date of valuation	*Level 1 AED '000*	*Level 2 AED '000*	*Level 3 AED '000*	*Total AED '000*
Assets for which fair value is disclosed (Unaudited)					
Investment properties	**30 June 2024**	-	-	5,028,001	5,028,001
Liabilities for which fair value is disclosed (Unaudited)					
Sukuk	**30 June 2024**	4,810,711	-	-	4,810,711
Assets measured at fair value (Unaudited)					
Investments carried at fair value through other comprehensive income	**30 June 2024**	4,048,929	-	73,535	4,122,464
Investments carried at fair value through profit or loss	**30 June 2024**	69,227	-	198,335	267,562

The following table shows the analysis of assets measured and disclosed at fair value by level of the fair value hierarchy as at 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 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
Investment classified under Level 1 have been valued using active market prices of the quoted equities on the 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 the reporting date. Investment classified under 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).

Transfers between categories
During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements (Six months period ended 30 June 2023: None).

14 COMMITMENTS AND CONTINGENCIES

	(Unaudited) **2024** **AED '000**	*(Audited)* 2023 AED '000
Capital committed and contracted	**94,670**	136,640
Letters of guarantee	**10**	10

15 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified in the interim consolidated statement of financial position and interim consolidated statement of comprehensive income to conform to the current period's presentation. These reclassifications have no impact on previously reported profit or equity of the Group.