ESHRAQ

Integrated Report

On Company’s Activity for the Fiscal Year Ended on 31/12/2023

Integrated Report
On Company’s Activity for the Fiscal Year Ended on 31/12/2023

1- Reports and consolidated financial statements for the year ended 31 December 2023:

- Board of Directors’ Report on the Company’s activity for the fiscal year ended on 31/12/2023.

- Auditor’s Report on the Company’s activity for the fiscal year ended on 31/12/2023.

- Financial Statements on the Company’s activity for the fiscal year ended on 31/12/2023.

2- Governance Report for the year 2023

3- Sustainability Report for the year 2023

1- Reports and consolidated financial statements for the year ended 31 December 2023:

- Board of Directors' Report on the Company's activity for the fiscal year ended on 31/12/2023.

- Auditor's Report on the Company's activity for the fiscal year ended on 31/12/2023.

- Financial Statements on the Company's activity for the fiscal year ended on 31/12/2023.

ESHRAQ INVESTMENTS PJSC

Reports and consolidated financial statements for the year ended 31 December 2023

ESHRAQ INVESTMENTS PJSC

Reports and consolidated financial statements
for the year ended 31 December 2023

Report of the Board of Directors
for the year ended 31 December 2023

The Directors present their annual report together with the audited consolidated financial statements of Eshraq Investments PJSC and its subsidiaries (the "Group") for the year ended 31 December 2023.

Principal activities

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

Results for the year

During the year, the Group earned revenues of AED 31,612 thousand (2022: AED 41,015 thousand) and incurred (loss) for the year amounted to AED 545,101 thousand (2022: generated profit of AED 589,790 thousand).

Directors

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

Mr. Fahad Abdul Qader Al Qassim *(Elected with effect from 31 October 2023)*	Chairman
Mr. Matar Hamdan Sultan Al Ameri *(Elected with effect from 3 November 2023)*	Vice Chairman
Mrs. Maha Abdulmajeed Alfahim	Director
Mr. Jacques E. Fakhoury *(Elected with effect from31 October 2023)*	Director
Mr. Wafik Ben Mansour *(Elected with effect from 19 January 2024)*	Director
Mr. Ajit Vijay Joshi *(Resigned with effect from 15 January 2024)*	Director
Mr. Jassim Mohammed Alseddiqi *(Resigned with effect from 12 October 2023)*	Chairman
Dr. Saleh Hashem Alhashemi *(Resigned with effect from 21 September 2023)*	Vice Chairman
Mr. Jasim Hussain Ahmed Al Ali *(Resigned with effect from 18 September 2023)*	Director
Mr. Fraih Saeed Alqubaisi *(Resigned with effect from 19 September 2023)*	Director

Release

The Directors propose to discharge the Chairman and Members of the Board of Directors and external auditors from liabilities related to the performance of their duties for the year ended 31 December 2023.

Auditor

The Directors propose the re-appointment of Deloitte & Touche (M.E.) as the external auditor of the Group for the financial year ending 31 December 2024.

On behalf of the Board of Directors

Chairman
Abu Dhabi, UAE
19 Mar 2024

Deloitte.

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Eshraq Investments PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

The key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment properties	
The aggregated value of the Group's investment properties was AED 688 million as of 31 December 2023, representing 30% of total assets (2022: AED 835 million and 28% of total assets). The unrealised fair value gain recorded in the consolidated statement of profit or loss amounted to AED 1 million (2022: gain of AED 51 million). The Group measures these investment properties at their fair value. The measurement is inherently subjective due to the individual nature and location of each investment property which considerably influences the expected rental income or sales price. The determination of the fair value of Group's investment properties is based on valuations performed by independent valuers using the market comparable approach and income capitalisation approach. The Group's determination of fair value for the investment properties requires valuers and management to make significant estimates and assumptions related to sales of comparable properties, future rental rates, capitalisation rates and discount rates when observable information is not available or when significant adjustments are made to the observable market information. The valuation of these investment properties is a significant judgement area and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements.	We evaluated the design and implementation of controls over the determination of fair value of properties. We assessed the skills, competence, independence and objectivity of the independent valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work. We reviewed a sample of investment properties valued by external valuers, and also involved our internal real estate valuation expert to review a sample of those properties, and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRSs. We assessed the accuracy of the input data, on a sample basis, used by the independent valuers and challenged the key assumptions used by the independent valuers, including sale prices per square meter. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We performed sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We reperformed the mathematical accuracy of the valuations, where applicable. We agreed the results of the valuations performed by the independent valuers to the amounts reported in the consolidated financial statements.

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

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment properties (continued)	
We have identified the valuation of investment properties as a key audit matter as the fair value is determined based on non-observable inputs and requires management to apply significant judgements in determining the fair value of investment properties. Refer to note 3 in the consolidated financial statements for accounting policy on investment properties, note 4 for critical accounting judgements and key sources of estimation uncertainty involved with the fair valuation of investment properties and notes 6 in the consolidated financial statements for further details related to investment properties.	We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.
Valuation of Investment in Goldilocks Investment Company Limited ("Goldilocks")	
The Group has an investment in Goldilocks with a carrying amount of AED 1,337 million as at 31 December 2023 (2022: AED 1,753 million). This investment is valued in accordance with level 3 in the fair value hierarchy wherein inputs into the determination of fair value are unobservable for the asset. This required complex valuation techniques to be adopted. The fund employed external experts to assist management in determining the fair value of Goldilocks. The fair value was determined based on the net asset value of Goldilocks as at 31 December 2023. The Group investment in the Fund represents 58.7% of the total assets. Due to the materiality and size of the investment in the context of the financial statements as a whole, this is considered of most significance in the audit of the financial statements and thus, we have considered this to be a key audit matter.	We performed the following audit procedures, inter alia, relating to this key audit matter: We evaluated the controls over the determination of the fair value of Goldilocks to determine if they had been appropriately designed and implemented. We assessed the accuracy of the input data, fund's assumptions and methodology supporting the fair value of the investment. We assessed the skills, competence, independence and objectivity of the external experts used by the fund to value the investment and reviewed their terms of engagement with the fund to determine whether their scope was sufficient for audit purposes. We used our own valuation specialists to challenge and corroborate the findings of the external experts using our experience, market data and information from similar valuations.

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

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment in Goldilocks Investment Company Limited ("Goldilocks") (continued)	
Refer to note 9 for more information relating to the determination of fair value of Goldilocks.	Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We reperformed the mathematical accuracy of the valuations, where applicable. We agreed the results of the valuations performed by the independent valuers to the amounts reported in the consolidated financial statements. We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Other Information

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

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

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.

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

Other Information (continued)

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

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

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- 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 ESHRAQ INVESTMENTS PJSC (CONTINUED)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Deloitte.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2023:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Report of the Board of Directors is consistent with the books of account and records of the Group;
- As disclosed in Notes 7 and 9, the Group has invested in shares during the financial year ended 31 December 2023;
- Note 20 reflects the disclosures relating to related party transactions and the terms under which they were conducted;
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or in respect of the Group, its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and
- During the year 31 December 2023, the Group has not made any social contributions.

Deloitte & Touche (M.E.)

Firas Anabtawi
Registration Number 5482
19 March 2024
Abu Dhabi
United Arab Emirates

Consolidated statement of financial position as at 31 December 2023

	Notes	2023 AED'000	2022 AED'000
ASSETS			
Non-current assets			
Property and equipment	**5**	**6,924**	6,904
Investment properties	**6**	**687,518**	834,928
Financial assets at fair value through other comprehensive income	**7**	**21,450**	48,204
Debt investment at amortised cost	**8, 20**	**7,859**	-
Trade and other receivables – net of current portion	**10**	**99,169**	33,679
Total non-current assets		**822,920**	923,715
Current assets			
Inventories		**50**	68
Trade and other receivables	**10**	**32,010**	8,559
Financial assets at fair value through profit or loss	**9, 20**	**1,350,889**	1,766,426
Wakala investments	**12, 20**	**11,400**	-
Due from related parties	**20**	**633**	14,846
Cash and bank balances	**11**	**58,772**	25,822
Total current assets		**1,453,754**	1,815,721
Assets held for sale	**13**	**-**	280,337
Total assets		**2,276,674**	3,019,773
EQUITY AND LIABILITIES			
Equity			
Share capital	**14**	**2,820,433**	2,820,433
Share discount	**14**	**(623,283)**	(623,283)
Treasury shares	**14**	**(73,000)**	(26,151)
Statutory reserve	**15**	**58,979**	58,979
(Accumulated losses)/retained earnings		**(23,222)**	525,113
Investment revaluation reserve	**7, 16**	**(47,126)**	(51,426)
Total equity		**2,112,781**	2,703,665

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

Consolidated statement of financial position
as at 31 December 2023 (continued)

	Notes	2023 AED'000	2022 AED'000
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	17	1,176	1,470
Bank borrowings	18	121,972	227,759
Total non-current liabilities		123,148	229,229
Current liabilities			
Trade and other payables	19	29,285	54,330
Bank borrowings	18	11,460	32,549
Total current liabilities		40,745	86,879
Total liabilities		163,893	316,108
Total equity and liabilities		2,276,674	3,019,773

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

M. Al

Chairman | Chief Executive Officer | Director, Finance

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

Consolidated statement of profit or loss for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Revenue from commercial operations	21	31,612	41,015
Direct operating expenses	22	(11,163)	(15,861)
Gross profit from commercial operations		20,449	25,154
Finance income	23	5,743	10,725
Finance costs	24	(15,336)	(11,632)
Net finance costs		(9,593)	(907)
Dividend income		416	4,294
Net changes in fair value of financial assets at fair value through profit or loss	9	(543,751)	541,760
Share of profits from an associate		-	382
Net (loss)/gain from investments		(543,335)	546,436
Total operating (loss)/ income		(532,479)	570,683
General and administrative expenses	25	(23,492)	(31,118)
Selling and marketing expenses		(594)	(812)
Reversal of allowance for impairment on debt investments		-	89
Net gain on disposal of assets held for sale	13	10,459	-
Change in fair value of investment properties	6	958	50,510
Other income		47	438
(Loss)/profit for the year		(545,101)	589,790
Basic and diluted (loss)/earnings per share (AED)	26	(0.2008)	0.3011

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

Consolidated statement of comprehensive income for the year ended 31 December 2023

	Note	**2023 AED'000**	2022 AED'000
(Loss)/profit for the year		**(545,101)**	589,790
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Net changes in the fair value of equity instruments designated at fair value through other comprehensive income	**7**	**1,066**	472
Total other comprehensive income for the year		**1,066**	472
Total comprehensive (loss)/income for the year		**(544,035)**	590,262

Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital AED'000	Share discount AED'000	Treasury shares AED'000	Statutory reserve AED'000	Retained earnings/ (accumulated losses) AED'000	Investment revaluation reserve AED'000	Total equity AED'000
Balance at 1 January 2022	2,325,000	-	(15,609)	141,125	(1,039,304)	(47,957)	1,363,255
Decrease in share capital (Note 1)	(889,640)	-	-	(141,125)	1,030,765	-	-
Increase in share capital (Note 1)	1,385,073	(623,283)	-	-	-	-	761,790
Profit for the year	-	-	-	-	589,790	-	589,790
Other comprehensive income for the year	-	-	-	-	-	472	472
Total comprehensive income for the year	-	-	-	-	589,790	472	590,262
Transfer to retained earnings from financial assets at FVTOCI	-	-	-	-	2,841	(3,941)	(1,100)
Treasury shares purchased (Note 14)	-	-	(10,542)	-	-	-	(10,542)
Transfer to statutory reserve	-	-	-	58,979	(58,979)	-	-
Balance at 31 December 2022	2,820,433	(623,283)	(26,151)	58,979	525,113	(51,426)	2,703,665
Loss for the year	-	-	-	-	(545,101)	-	(545,101)
Other comprehensive income for the year	-	-	-	-	-	1,066	1,066
Total comprehensive (loss)/ income for the year	-	-	-	-	(545,101)	1,066	(544,035)
Transfer to retained earnings from financial assets at FVTOCI	-	-	-	-	(3,234)	3,234	-
Treasury shares purchased (Note 14)	-	-	(46,849)	-	-	-	(46,849)
Balance at 31 December 2023	**2,820,433**	**(623,283)**	**(73,000)**	**58,979**	**(23,222)**	**(47,126)**	**2,112,781**

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

Consolidated statement of cash flows
for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Cash flows from operating activities			
(Loss)/profit for the year		**(545,101)**	589,790
Adjustments for:			
Change in fair value of financial assets at fair value through profit or loss	**9**	**543,751**	(541,760)
Depreciation of property and equipment	**5**	**892**	3,108
Share of profits from an associate		**-**	(382)
Amortisation of borrowing cost	**24**	**1,264**	215
Net gain on disposal of assets held for sale	**13**	**(10,459)**	-
Reversal of impairment on debt investments at amortised cost	**8**	**-**	(89)
Net fair value gain on investment properties	**6**	**(958)**	(50,510)
Finance income	**23**	**(5,743)**	(10,725)
Finance cost	**24**	**14,072**	11,417
Dividend income		**(416)**	(4,294)
Provision for employees' end of service benefits	**17**	**273**	355
Operating cash flows before changes in working capital		**(2,425)**	(2,875)
(Increase)/decrease in trade and other receivables		**(4,242)**	17,887
Decrease in inventories		**19**	7
Decrease/ (increase) in due from related parties		**2,814**	(1,743)
(Decrease)/increase in trade and other payables		**(23,958)**	20,672
Cash (used in)/generated from operating activities		**(27,792)**	33,948
Employees' end of service benefits paid	**17**	**(567)**	(36)
Net cash (used in)/generated from operating activities		**(28,359)**	33,912

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

Consolidated statement of cash flows
for the year ended 31 December 2023 (continued)

	Notes	2023 AED'000	2022 AED'000
Cash flows from investing activities			
Purchase of financial assets at FVTPL	**9**	**(140,464)**	(1,549)
Proceeds from sales of financial assets at FVTPL	**9**	**12,250**	758
Interest received		**1,743**	522
Dividends received		**416**	7,274
Proceeds from disposal of financial assets at fair value through other comprehensive income	**7**	**27,820**	6,512
Payments for purchase of property and equipment	**5**	**(912)**	(7,232)
Payments for purchase of investment properties	**6**	**(242)**	-
Payments for assets held for sale		**(266)**	-
Purchase of debt investments at amortised cost	**8**	**(7,859)**	(36,724)
Proceeds from sale of assets held for sale	**13**	**291,062**	-
Proceeds from sale of investment properties	**6**	**67,909**	-
Term deposits matured	**11**	**6,659**	6,641
Term deposits placed	**11**	**(3,202)**	(6,659)
Restricted cash released		**3,635**	-
Net cash generated from/ (used in) investing activities		**258,549**	(30,457)
Cash flows from financing activities			
Proceeds from bank borrowings	**18**	**-**	283
Repayment of bank borrowings	**18**	**(128,079)**	(33,925)
Payment of borrowing finance cost	**18**	**(62)**	(1,020)
Finance costs paid		**(15,158)**	(4,484)
Treasury shares purchased	**14**	**(46,849)**	(10,542)
Net cash used in financing activities		**(190,148)**	(49,688)
Net increase/(decrease) in cash and cash equivalents		**40,042**	(46,233)
Cash and cash equivalents at the beginning of the year		**15,500**	61,733
Cash and cash equivalents end of the year	**11**	**55,542**	15,500

Consolidated statement of cash flows
for the year ended 31 December 2023 (continued)

	Notes	**2023 AED'000**	2022 AED'000
Non-cash transactions:			
Acquisition of Wakala investment on settlement of related party receivables	**12**	**11,400**	-
Investments at FVTPL and accrued interest acquired on settlement of previously held investment	**7, 9**	**-**	6,650
Debt investment at amortised cost acquired on settlement of previously held investment	**7, 8**	**-**	917
Purchase of financial assets at FVTOCI through a related party	**7**	**-**	19,000
Wakala investments and accrued interest acquired on settlement of previously held investment	**7, 12**	**-**	4,046
Subscription in kind	**9**	**-**	384,759
Issuance of share capital for acquisition of financial assets at FVTPL	**1, 9**	**-**	1,385,073

Notes to the consolidated financial statements
for the year ended 31 December 2023

1 General information

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

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

The Company, its subsidiaries and an associate (together referred to as the "Group") are principally engaged in commercial enterprise investment and real estate business which includes development, sale, investment, construction, management and associated services. During the year 2023, the Company sold a hotel apartment building.

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

Name of the subsidiary	Country of incorporation	Legal % of holding 2023	Legal % of holding 2022	Principal activities	Classification
Eshraq International Company LLC	Cayman Islands	**100**	100	Real estate	Subsidiary
Beans and Pages Café*	UAE	**100**	100	Library and café	Subsidiary
Goldilocks Investment Holding- Sole Proprietorship L.L.C**	UAE	**100**	100	Investment, institution and management	Subsidiary
Qanat View Real Estate Development Construction – Sole Proprietorship L.L.C. *	UAE	**100**	100	Real estate development construction	Subsidiary
Bayfront Waves View Real Estate Development Construction – Sole Proprietorship L.L.C. ***	UAE	**100**	100	Real estate development construction	Subsidiary
Garden Meadows View Real Estate Development Construction – Sole Proprietorship L.L.C. ***	UAE	**100**	100	Real estate development construction	Subsidiary
Heights View Real Estate Development Construction – Sole Proprietorship L.L.C. ***	UAE	**100**	100	Real estate development construction	Subsidiary
Paradise Empire View Real Estate Development Construction – Sole Proprietorship L.L.C. ***	UAE	**100**	100	Real estate development construction	Subsidiary
Seascape Oasis View Real Estate Development Construction – Sole Proprietorship L.L.C.***	UAE	**100**	100	Real estate development construction	Subsidiary

*Entities incorporated during 2022.

**Dormant entity acquired from a related party.

***Entities incorporated during 2023.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

1 General information (continued)

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

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

Corporate income tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (UAE CT Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The Corporate Tax Law shall apply to Tax Periods commencing on or after 1 June 2023 (where the Tax Period is generally aligned with the financial accounting period).

Since its publication, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Group.

The Group should be subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with *IAS 12 Income Taxes* since there is ambiguity concerning many aspects of the UAE CT Law, no potential deferred tax assets or liabilities have been identified at 31 December 2023. The Group employed external experts to assist to assess the expected impact of the UAE CT Law on its operations and investments and continue to evaluate its interpretation in light of the decisions and related guidance. The Group will also continue the more detailed review of its financial matters, to consider any changes to this position at subsequent reporting dates, and to further evaluate the expected quantum of impact of the UAE CT Law on the Group in future accounting periods.

Social contribution
During the year ended 31 December 2023, the Group has not made any social contributions.

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023:

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

2.2 New and revised IFRS in issue but not yet effective

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

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: sale or contribution of assets between an investor and its associate or joint venture (effective date not yet decided)
- Lease liability in a sale and leaseback (Amendments to IFRS 16) (effective from 1 January 2024)
- Non-current liabilities with covenants (Amendments to IAS 1) (effective from 1 January 2024)
- Supplier finance arrangements (Amendments to IAS 7 and IFRS 7) (effective from 1 January 2024)
- Lack of exchangeability (Amendments to IAS 21) (effective from 1 January 2025)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (effective from 1 January 2024)
- IFRS S2 Climate-related Disclosures (effective from 1 January 2024)

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

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 Climate-related Disclosures
IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The Group is currently assessing the impact of IFRS S1 and IFRS S2 on the consolidated financial statements.

3 Summary of material accounting policies information

Statement of compliance

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

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial assets measured at fair value, and investment properties which are carried at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

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

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

Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3 Summary of material accounting policies information (continued)

Basis of consolidation (continued)

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

3 Summary of material accounting policies information (continued)

Basis of consolidation (continued)

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

Business combination

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange of control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in profit or loss.

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

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

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

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.

3 Summary of material accounting policies information (continued)

Business combination (continued)

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

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

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

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

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

Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

3 Summary of material accounting policies information (continued)

Current versus non-current classification (continued)

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

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

Step 1 Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

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

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

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

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

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

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

3 Summary of material accounting policies information (continued)

Revenue recognition (continued)

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

The Group recognises revenue from the following major sources:

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

<u>Rental income</u>

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

<u>Hospitality revenues</u>

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

<u>Finance income</u>

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

<u>Dividend income</u>

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

3 Summary of material accounting policies information (continued)

Revenue recognition (continued)

<u>Sale of real estate properties</u>

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

Leases

The Group as lessor

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

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

Rental income

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

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

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

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

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

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

3 Summary of material accounting policies information (continued)

Leases (continued)

The Group as lessee

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

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

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

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

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

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

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

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

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

3 Summary of material accounting policies information (continued)

Leases (continued)

The Group as lessee (continued)

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

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

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

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

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

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

Foreign currencies

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

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

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

Borrowing costs

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

3 Summary of material accounting policies information (continued)

Property and equipment

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

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

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

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

Freehold land is not depreciated.

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

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

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

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

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

3 Summary of material accounting policies information (continued)

Assets held for sale

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

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

Investment properties and investment properties under development

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

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

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

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

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

3 Summary of material accounting policies information (continued)

Impairment of non-financial assets

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

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

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

Provisions

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

Financial instruments

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

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

3 Summary of material accounting policies information (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities

Initial recognition

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

Financial assets at amortised cost

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

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

Equity instruments designated as at FVOCI

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

Financial assets at FVTPL

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

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

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

3 Summary of material accounting policies information (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Initial recognition (continued)

Business model assessment

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

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

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

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

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

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

Financial liabilities

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

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

3 Summary of material accounting policies information (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Initial recognition (continued)

Financial liabilities (continued)

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

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

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

Subsequent measurement and gain or losses

Financial assets at amortised cost:

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

Financial assets at FVTPL

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

Equity instruments designated as at FVOCI

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

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

3 Summary of material accounting policies information (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Subsequent measurement and gain or losses (continued)

Financial liabilities at amortised cost

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

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

Reclassification

Financial assets

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

Financial liabilities

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

Modifications of financial assets and financial liabilities

Financial assets

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

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

3 Summary of material accounting policies information (continued)

Financial instruments (continued)

Modifications of financial assets and financial liabilities (continued)

Financial liabilities

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

Derecognition

Financial assets

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

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

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

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

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

Measured at amortised cost

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

Financial liabilities

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

3 Summary of material accounting policies information (continued)

Financial instruments (continued)

Modifications of financial assets and financial liabilities (continued)

Impairment of financial assets

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

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

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

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

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

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

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

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

Measurement of ECL

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

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

3 Summary of material accounting policies information (continued)

Financial instruments (continued)

Modifications of financial assets and financial liabilities (continued)

Measurement of ECL (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Reversals of impairment

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

Write-off

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

4 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Critical judgements in applying the Group's accounting policies

Business model assessment

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

Unconsolidated investment vehicles

The Group's direct interests in unconsolidated structured entities comprise investments in open-ended Investment Fund a total carrying value of AED 1,336,694 thousand at 31 December 2023 (2022: AED 1,753,409 thousand), included within financial assets designated at fair value through profit and loss. This investment is being managed by a related party, SHUAA GMC Limited.

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

Satisfaction of performance obligations

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

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

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

Key estimates in applying the Group's accounting policies

Fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation experts using market comparable approach for lands classified as investment properties and income capitalisation approach for investment properties currently being used for income generation (2022: market comparable approach for lands classified as investment properties and income capitalisation approach for investment properties currently being used for income generation). These valuation approaches are suitable methods of valuation that is normally used to value investment property and approaches those would be adopted for use in the local market. The fair value is determined in comparing the property's characteristics with those of comparable properties which recently have been sold in similar transactions in the market. Adjustments are made to reflect the period of time that has passed between the transaction date and the date of valuation, or the price that is expected to be achieved following a negotiated sale. Data source of market evidence has been obtained from sources such as anecdotal information/evidence obtained from various sources and real estate brokers active in the locality, the expert's internal research/enquiries and personal knowledge of certain sales transactions that have taken place.

Such estimations are based on certain assumptions, which are subject to uncertainty, however, management does not expect such assumptions to materially differ from the actual results. During the year, the Group recorded an increase in fair value of AED 958 thousand (2022: increase of AED 50,510 thousand) for investment properties.

Valuation of financial assets at FVTOCI and FVTPL

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

The valuations of unquoted equity and debt investments and private equities are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in Note 30.

5 Property and equipment

	Land AED'000	Building AED'000	Leasehold improvement AED'000	Motor vehicles AED'000	Software and computers AED'000	Furniture décor and office equipment AED'000	Construction work-in-progress AED'000	Total AED'000
Cost								
At 1 January 2022	47,801	70,567	-	155	2,516	7,483	5,083	133,605
Additions	-	-	-	-	320	493	3,483	4,296
Transfers from CWIP	-	4,845	-	-	602	972	(6,419)	-
Transfer to assets held for sale (Note 13)	(47,801)	(70,652)	-	-	(892)	(5,855)	(1,477)	(126,677)
At 1 January 2023	-	4,760	-	155	2,546	3,093	670	11,224
Additions	-	-	-	-	33	233	646	912
At 31 December 2023	**-**	**4,760**	**-**	**155**	**2,579**	**3,326**	**1,316**	**12,136**
Accumulated depreciation								
At 1 January 2022	-	27,109	-	155	2,319	6,769	-	36,352
Charge for the year	-	2,258	-	-	271	579	-	3,108
Transfer to assets held for sale (Note 13)	-	(29,231)	-	-	(637)	(5,272)	-	(35,140)
At 1 January 2023	-	136	-	155	1,953	2,076	-	4,320
Charge for the year	-	190	-	-	209	493	-	892
At 31 December 2023	**-**	**326**	**-**	**155**	**2,162**	**2,569**	**-**	**5,212**
Carrying amount								
At 31 December 2023	**-**	**4,434**	**-**	**-**	**417**	**757**	**1,316**	**6,924**
At 31 December 2022	-	4,624	-	-	593	1,017	670	6,904

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

5 Property and equipment (continued)

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

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

	2023	2022
	AED'000	AED'000
Direct operating expenses (Note 22)	**532**	2,691
General and administrative expenses (Note 25)	**360**	417
	892	3,108

6 Investment properties

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

Movement in investment properties is as follows:

	2023	2022
	AED'000	AED'000
Balance at 1 January	**834,928**	1,006,352
Additions	**242**	-
Transfer to assets held for sale (Note 13)	**-**	(188,800)
Disposal (a)	**(148,610)**	(33,134)
Net increase in fair value	**958**	50,510
Balance at 31 December	**687,518**	834,928

Investment properties are carried at fair value. The fair value of the investment properties has been arrived at on the basis of valuations carried out by accredited independent valuers not related to the Group in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors ("RICS"). The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations. In estimating the revalued amounts of the investment properties, the highest and best use of the land have been considered.

6 Investment properties (continued)

The fair value was determined using the market comparable approach and income capitalisation approach. The approaches involve measuring the present value of the business resources based on the flow of prices of these resources on the free market and exchange between willing persons (seller and buyer) on such market. The valuation has been conducted as at 30 September 2023 and further reviewed by the accredited independent valuers not related to the Group as at 31 December 2023. There were no changes to the valuation techniques adopted to the investment properties during the year. As of 31 December 2023, all significant changes have been observed and taken in the valuation of the properties.

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

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

	2023	2022
Net average sales price/sq. ft for vacant plots	AED 185 - AED 285	AED 71 - AED 285
Net average sales price/sq. ft for developed property valued using comparable method	N/A	AED 1,700 – AED 1,989
Net average sales price/sq. ft for developed property valued using income capitalisation method	AED 950 - AED 1,200	AED 950 - AED 1,200
Discount rate for developed property valued using income capitalisation method	7.5%	7.5%
Exit yield for developed property valued using income capitalisation method	7.5%	7.5%
Rental rates for residential units for developed Property valued using income capitalisation Method	AED 52,500 – 225,000 per annum	AED 52,500 – 220,000 per annum
Rental rates for retail units for developed property valued using income capitalisation method	AED 90 per sq. ft AED 140 per sq. ft	AED 80 per sq. ft AED 130 per sq. ft

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

- an increase in average sales price per square meter by 10% would result in AED 49,100 thousand (2022: AED 105,986 thousand) increase in the valuation, whilst a decrease of 10% would result in AED 49,100 thousand (2022: AED 105,986 thousand) decrease in properties valued using comparable method.
- a decrease of capitalisation rates by 50 bps would result in AED 13,800 thousand (2022: AED 13,700 thousand) increase in the valuation, whilst an increase of 50 bps would result in AED 12,100 thousand (2022: AED 12,000 thousand) decrease in valuation of those properties valued using income capitalisation method; and
- An increase in expected rental rates by 10% would result in AED 19,400 thousand (2022: AED 19,734 thousand) increase in the valuation, whilst a decrease of 10% would result in AED 19,400 thousand (2022: 19,734 thousand) decrease in valuation of those properties valued using income capitalisation method.

6 Investment properties (continued)

Included in investment properties, a building and a land with a fair value of AED 195,600 thousand are mortgaged as securities for loans obtained by the Group from local banks (2022: a building and a land with a fair value of AED 196,400 thousand are mortgaged as securities for loans obtained by the Group from local banks) (Note 18).

During 2023, the Group recognised rental income amounting to AED 16,299 thousand (2022: AED 21,592 thousand) from letting investment properties, including those properties that were transferred during the year to assets held for sale.

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

a) In September 2022, the Group entered into a sale and purchase agreement ("SPA") with a third party in the United Arab Emirates for the sale of two plots of land located in JVC-Dubai, United Arab Emirates for a total consideration of AED 33,134 thousand and an earnout amount upon completion of the project by the third party. The consideration is interest-bearing and will be payable after 2 to 4 years (Note 10). As of 31 December 2022, the sales transaction is completed and the parties have finalised the performance of the terms and conditions, and legal procedures as stated in the SPA and property development agreement for handing over the plots to the third party. Interest income during the year amounting AED 3,313 thousand (31 December 2022: AED 911 thousand).

   In November 2022, the Group entered into a SPA with a third party for the sale of one plot in Abu Dhabi for a total consideration of AED 126,620 thousand. The consideration is payable over the next 5 years in periodic cash payments (66% of consideration) and completed units (34% of consideration) by the third party. In 2023, the Group and the third party have finalised the performance of the terms and conditions, and legal procedures as stated in the sales and purchase agreement (SPA) dated November 2022, and property development agreement for handing over the plot of land in Abu Dhabi to the third party. Further, the Group has discounted total consideration using three-month EIBOR+ spread of 2.25% to convert into present value of AED 100,065 thousand. As at 31 December 2023, the net receivable balance amounted to AED 80,701 thousand (Note 10). Interest income during the year amounting AED 623 thousand (31 December 2022: nil).

   In 2022, the Group entered into memorandum of understanding agreements with a third parties in the United Arab Emirates for the sale of four plots of land located in JVC-Dubai, United Arab Emirates for a total consideration of AED 48,545 thousand. In 2023, the Group has completed the transfer of the title deeds and received the consideration for the sale of four plots of land located in JVC-Dubai, United Arab Emirates.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

7 Financial assets at fair value through other comprehensive income

The Group's financial assets at fair value through other comprehensive income ("FVOCI") comprise of strategic investments in equity securities that were irrevocably designated as measured at FVOCI. Financial assets at FVOCI breakdown as at the end of the reporting period comprises the following:

	2023 **AED'000**	2022 AED'000
Unquoted equity securities	**-**	26,406
Unquoted funds (i)	**20,906**	21,490
Quoted equity securities (ii)	**544**	308
	21,450	48,204

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

	2023 **AED'000**	2022 AED'000
Balance at 1 January	**48,204**	94,011
Additions	**-**	28,986
Disposals	**(27,820)**	(28,529)
Reclass to financial assets at fair value through profit or loss (Note 9)	**-**	(46,736)
Net change in fair value recognised in other comprehensive income	**1,066**	472
Balance at the end of the year	**21,450**	48,204

(i) Comprised of an investment in an equity stake in a special-purpose vehicle established to develop a plot of land as a hospitality asset or a luxury branded residence in the UAE.
(ii) The Group has investment in a Bank that is also a Shareholder of the Group, amounting to AED 544 thousand (31 December 2022: AED 308 thousand).

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

8 Debt investments at amortised cost

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

	2023 AED'000	2022 AED'000
Balance at the beginning of the year	-	18,363
Additions	7,859	37,641
Disposals	-	(56,004)
	7,859	-
Allowance for impairement loss	-	-
Balance at the end of the year	7,859	-

Finance income on debt investment at amortised cost for the year ended 31 December 2023 amounted to AED 716 thousand (2022: AED 2,867 thousand). Accrued interest on debt investment at amortised cost amounted to AED 589 thousand as at 31 December 2023 (2022: nil).

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

	2023 AED'000	2022 AED'000
Balance at the beginning of the year	-	89
Net measurement of loss allowance	-	(89)
Balance at the end of the year	-	-

9 Financial assets at fair value through profit or loss

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

	2023	2022
	AED'000	AED'000
Quoted equity securities (i)	**14,195**	13,017
Unquoted funds (ii)	**1,336,694**	1,753,409
	1,350,889	1,766,426

(i) Comprised of sharia-compliant equity shares quoted in UAE and denominated in UAE Dirhams (AED). Part of these securities is held as collateral for a loan obtained from a local bank (Notes 18 and 32).

(ii) Comprised of an investment in an open-ended fund incorporated in UAE with the objective to generate return from Middle East region-based instruments.

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

	2023	2022
	AED'000	AED'000
Balance at the beginning of the year	**1,766,426**	268,472
Additions (i)	**140,464**	1,148,101
Disposals	**(12,250)**	(238,643)
Reclass from financial assets at fair value through other comprehensive income (Note 7)	**-**	46,736
Net change in fair value recognised in profit or loss	**(543,751)**	541,760
Balance at the end of the year	**1,350,889**	1,766,426

(i) In 2022, the Company completed the acquisition of the Fund. The acquisition has been completed through a share swap transaction at an agreed swap ratio of 12.61 Eshraq shares to 1 shares of the Fund by issuing 1,385,073 thousand new shares of the Company at par. The Group has 99.48% (31 December 2022: 99.45%) investment in fund and designated at financial assets at FVTPL. The Group does not control the Fund and as such, the group is not involved in the investment decision-making process of the Fund. The Fund is independently managed by its fund manager SHUAA GMC Limited. The Fund manager is not liable for any losses to the Fund. The Company will remain a Limited Partner in the fund and has no power over the terms of the management agreement.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

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

In 2022, the following significant transactions were occurred:

i. On 4 August 2022, the Group has entered into a subscription in kind agreement with Goldilocks whereby the Group transferred its investments and financial assets including the related accrued interest, other adjustments and liabilities below in exchange for the Class A shares of Goldilocks (Note 32).

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

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

Finance income on the repurchase agreement for the year ended 31 December 2023 amounted to AED nil (2022: AED 601 thousand).

Finance income on fixed income securities for the year ended 31 December 2023 amounted to AED nil (2022: AED 1,969 thousand).

Included in the financial assets at FVTPL, quoted securities with a fair value of AED 14,195 thousand is mortgaged as a security for a loan obtained by the Group from a local bank (2022: AED 13,017 thousand) (Note 18, 32).

10 Trade and other receivables

	2023 AED'000	2022 AED'000
Trade receivables	**117,536**	33,916
Accrued interest	**5,530**	942
Prepayments	**604**	616
Other receivables	**7,509**	6,764
	131,179	42,238
Less: non-current portion (note 6)	**(99,169)**	(33,679)
Current portion	**32,010**	8,559

Net receivables from the customers amounting to AED 80,701 thousand (31 December 2022: nil) is discounted using three-month EIBOR+ spread of 2.25%. Interest income on receivable balance amounted AED 623 thousand (31 December 2022: nil) (Note 6).

The average credit period on rendering of services is 60 days (2022: 60 days). No interest is charged on outstanding trade receivables.

The Group has adopted a policy of dealing with only creditworthy counterparties. An adequate credit assessment is made before accepting a new customer. Of the trade receivables balance at the end of the reporting period, AED 113,835 thousand (2022: AED 33,134 thousand) representing 97% (2022: 98%) of the total trade receivables is due from 2 (2022: 1) major customers(s) of the Group.

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

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. There are no write-off of unrecoverable receivable balances during 2023 (2022: nil).

11 Cash and bank balances

Cash and cash equivalents are comprised of the following:

	2023 AED'000	2022 AED'000
Cash on hand	**39**	34
Cash at bank	**55,531**	19,129
Term deposits	**3,202**	6,659
	58,772	25,822
Less: short-term deposits with an original maturity of more than three months	**(3,202)**	(6,659)
Less: restricted cash	**(28)**	(3,663)
Cash and cash equivalents	**55,542**	15,500

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

Finance income on term deposits for the year ended 31 December 2023 amounted to AED 286 thousand (2022: AED 47 thousand). Accrued interest on term deposits amounted to AED 14 thousand as at 31 December 2023 (2022: AED 30 thousand).

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

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the UAE. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group has assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

12 Wakala investment

	2023 AED'000	2022 AED'000
Wakala investment	**11,400**	-

In 2023, the Group invested AED 11,400 thousand in Wakala deposits held with non-financial institutions in the UAE and denominated in AED. These investments carry interest rates ranging from 8% per annum and maturity date of 25 March 2024.

Finance income on Wakala investments for the year ended 31 December 2023 amounted to AED 803 thousand (2022: AED 4,330 thousand). Accrued interest on Wakala deposits amounted to AED 702 thousand as of 31 December 2023 (2022: nil).

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

13 Assets held for sale

	2023 AED'000	2022 AED'000
Balance at the beginning of the year	**280,337**	-
Transfer from property and equipment (Note 5)	-	91,537
Transfer from investment properties (Note 6)	-	188,800
Additions	**266**	-
Disposals	**(280,603)**	-
Balance at the end of the period/year	-	280,337

In 2022, the Board of Directors has approved the plan to sell a building previously recorded under property and equipment, and apartment units previously recorded under investment properties. The Group entered into exclusive agent agreements to find a buyer and accordingly classified the properties as held for sale. The assets held for sale are measured at the lower of fair value of their previous carrying amount and fair value less costs to sell for the property and equipment, and fair value for the investment property. The Group carried out a review of recoverable value of the building. The recoverable value of building is based on fair value less cost to sell determined by independent valuer and has been determined by reference to the income approach using exit yield of 7.75% and a discount rate of 9.75%.

As at 31 December 2023, the Group has completed the transfer of the title deeds and received the consideration for the sale of the apartment units and Nuran hotel building. Accordingly, the mortgages for both were released upon the application of the proceeds of the sales to the loan (Note 18).

As at 31 December 2023, the fair value of the apartment units has been determined using the sale and purchase agreements. The properties were recorded at a carrying amount of AED 188,800 thousand and was sold at AED 162,021 thousand resulting to a net loss AED 27,320 thousand net of brokerage expense. Further, the Group has sold Nuran Hotel Building at AED 133,000 thousand with a carrying amount of AED 91,537 thousand resulting in a net gain of AED 38,803 thousand net of brokerage expense. These resulted to a total net gain on disposal of assets held for sale amounted to AED 10,459 thousand.

14 Share capital

	2023 AED'000	2022 AED'000
Authorised, issued and paid-up capital (note 1)		
2,820,433,097 (2022: 2,820,433,097) ordinary shares of AED 1 each	**2,820,433**	2,820,433

14 Share capital (continued)

Treasury shares

On 18 October 2023, the Group obtained an approval from SCA to proceed with the buy-back of the Group's shares in accordance with the laws of the UAE and SCA regulations. During the year 2023, the Company purchased an additional 91,883 thousand ordinary shares with an aggregate value of AED 46,849 thousand and are held in treasury.

During the annual general assembly held on 28 April 2023, the Shareholders approved to buy back the Company's shares under its buyback program utilising its own cash equivalent to 4 fils per share with the total buy back amount of approximately AED 110 million subject to the approval of the SCA. SCA rejected the application on 5 June 2023 and advised that the Group to continue the ongoing share buyback program.

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

The movement of treasury shares is as follows:

	2023		2022	
	Units'000	**AED'000**	Units'000	AED'000
Balance at the beginning of the year	**43,084**	**26,151**	36,458	15,609
Additional shares purchased during the year	**91,883**	**46,849**	20,576	10,542
Reduction in shares during the year	**-**	**-**	(13,950)	-
Balance at the end of the year	**134,967**	**73,000**	43,084	26,151

Shares discount

In 2022, the acquisition of Goldilocks Class A shares resulted in a net increase of the capital of the Company in an amount of AED 761,790 thousand against the shares in Goldilocks by virtue of which the owners of the shares in Goldilocks received 1,385,073 thousand new shares in the capital of the Company, each proportionally to their ownership in the fund.

In 2022, share discount amounting to AED 623,283 thousand is recognised for the difference of the fair value of the shares issued by the Group to the new shareholders and fair value of the 99.2% total shares of the Fund.

15 Statutory reserve

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

No allocation to the statutory reserve has been made as the Group has reported a loss of AED 545,101 thousand for the year ended 31 December 2023 (2022: profit of AED 589,790 thousand).

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

16 Investments revaluation reserve

Investments revaluation reserve represents the net unrealised gains or losses that are recognised on the financial assets at fair value through other comprehensive income (Note 7).

17 Provision for employees' end of service benefits

	2023 AED'000	2022 AED'000
Balance at 1 January	**1,470**	1,151
Charge for the year	**273**	355
Paid during the year	**(567)**	(36)
Balance at the end of the year	**1,176**	1,470

18 Bank borrowings

	2023 AED'000	2022 AED'000
Term loan 1	**-**	110,216
Term loan 2	**6,955**	19,336
Term loan 3	**126,477**	130,756
	133,432	260,308
Less: Amount due for settlement after 12 months from the end of reporting year (classified under non-current liabilities)	**(121,972)**	(227,759)
Amount due for settlement within 12 months from the end of reporting year (classified under current liabilities)	**11,460**	32,549

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

18 Bank borrowings (continued)

The term loans comprise the following:

Term loan 1

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

During the year, the Group sold the Nuran Marina hotel building and 58 apartment units and applied the sales proceeds to pay off the loan (Note 13).

As of 31 December 2023, the Group recognised finance costs of AED 4,262 thousand (2022: AED 5,133 thousand) in relation to this facility.

Term loan 2

In 2020, the Group availed a margin facility from a local bank amounting to AED 69,000 thousand under the terms and conditions defined in the agreement to finance the working capital requirements of the Group and repay one of an existing loan. In 2022, the margin facility limit was decreased to AED 20,000 thousand. The total drawdown from the facility as of 31 December 2023 is AED 6,955 thousand (2022: AED 19,336 thousand). The facility is secured by a pledge of over-quoted shares held in the name of the Group (Note 9 and 32). The facility is repayable on demand and carries a variable interest rate. As at 31 December 2023, the Group has an unutilised facility of AED 13,045 thousand (2022: AED 664 thousand) and recognised finance costs of AED 154 thousand (2022: AED 723 thousand).

Term loan 3

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

As of 31 December 2023, the Group has recognised finance costs of AED 9,648 thousand (2022: AED 5,539 thousand) in relation to this facility.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

18 Bank borrowings (continued)

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

	2023 AED'000	2022 AED'000
At 1 January	**260,308**	293,595
Cash flows		
Loan drawdown	**-**	283
Loan repaid	**(128,079)**	(33,925)
Payment of accrued interest	**(62)**	(1,020)
Other non-cash items		
Accrual of interest	**1,265**	1,375
At 31 December	**133,432**	260,308

19 Trade and other payables

	2023 AED'000	2022 AED'000
Trade payables	**21**	70
Advances from customers	**7,004**	20,337
Retention payables	**7,041**	7,041
Unclaimed dividends	**-**	3,635
Accruals	**1,458**	3,290
Other payables (i)	**13,761**	19,957
	29,285	54,330

(i) Includes provision for claims and Board of Directors' remuneration.

20 Related party balances and transactions

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

Terms and conditions of transactions with related parties

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

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

	2023	2022
	AED'000	AED'000
Due from a related party:		
Entities under common control	**28**	14,846
Advance to a director	**605**	-
	633	14,846
Financial assets at FVOCI:		
Shareholder	**544**	309

The following balances are related to the entities under common directorship.

	2023	2022
	AED'000	AED'000
Cash and bank balances	**-**	13,018
Financial assets at FVTPL	**14,195**	13,017
Loan from a bank	**-**	135,295
Interest payable	**-**	100

20 Related party balances and transactions (continued)

The following balances are managed by a Fund Manager that is a related party to the Group:

	2023 **AED'000**	2022 AED'000
Wakala investment	**11,400**	-
Financial assets at FVOCI	**20,906**	47,895
Financial assets at FVTPL	**1,336,694**	1,753,409
Debt investments at amortised cost	**7,859**	-
Interest receivables	**702**	14
Other receivables	**6,901**	-

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

Broker fees paid to related parties:		
Shareholder	**7**	51

Significant transactions with the entities under common directorship are as follows:

	2023 **AED'000**	2022 AED'000
Purchase of financial assets at FVTPL	**15,402**	1,148,101
Disposal of financial assets at FVTPL	**12,149**	85,042
Purchase of financial assets at FVOCI	**-**	19,000
Purchase of debt investments at amortised cost	**-**	36,725
Net term deposits placed	**-**	6
Loan payment during the year	**-**	30,541
Borrowing cost during the year	**-**	5,539
Interest expense on loan from related party	**-**	6,262
Share of profit from an associate	**-**	382
Dividend income	**416**	4,294
Interest income	**-**	8,282
Reversal of/(allowance for) impairment loss on debt investments at amortised cost	**-**	89

20 Related party balances and transactions (continued)

Transactions with the Fund Manager that is a related party to the Group were as follows:

	2023	2022
	AED'000	AED'000
Purchase of wakala investment	**11,400**	-
Disposal of wakala investment	**-**	85,000
Purchase of financial assets at FVOCI	**-**	28,985
Disposal of financial assets at FVOCI	**-**	28,187
Purchase of financial assets at FVTPL	**125,000**	1,146,551
Purchase of debt investments at amortised cost	**7,859**	37,641
Disposal of debt investments at amortised cost	**-**	56,004
Interest income	**1,520**	7,197

Key management compensation

	2023	2022
	AED'000	AED'000
Short term benefits and fees	**2,903**	2,869
Board of Directors' remuneration	**1,000**	15,000
Long term end of service benefits	**213**	113
	4,116	17,982

Aside from the advances to director, there were no loans provided to directors for the year ended 31 December 2023 and 2022.

21 Revenue from commercial operations

	2023	2022
	AED'000	AED'000
Room revenue	**13,808**	18,796
Rental income	**16,403**	21,713
Food and beverages	**1,124**	416
Management service income	**207**	-
Other	**70**	90
	31,612	41,015

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

21 Revenue from commercial operations

Timing of revenue recognition

	2023 AED'000	2022 AED'000
Overtime	**30,211**	40,509
At a point in time	**1,401**	506
	31,612	41,015

22 Direct operating expenses

	2023 AED'000	2022 AED'000
Rooms, food, beverages and other	**3,157**	3,417
Property operation and maintenance expenses	**2,994**	3,019
Utilities	**2,908**	3,626
Depreciation (Note 5)	**532**	2,691
Service charges	**652**	2,011
Facility management fees	**920**	1,097
	11,163	15,861

23 Finance income

	2023 AED'000	2022 AED'000
Interest income on term deposits and wakala investments	**1,680**	4,377
Interest income on debt investments at amortised cost	**127**	2,867
Interest income on bonds	**-**	1,969
Interest income on sale of Investment properties (Note 6)	**3,936**	1,512
	5,743	10,725

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

24 Finance costs

	2023 AED'000	2022 AED'000
Interest expense on borrowings	**15,174**	10,887
Interest expense on margin service charges	**154**	723
Exchange loss	**8**	22
	15,336	11,632

25 General and administrative expenses

	2023 AED'000	2022 AED'000
Legal and professional fees	**10,276**	3,722
Staff costs	**7,556**	7,744
Board of Directors' remuneration	**1,000**	15,000
Security and maintenance fees	**253**	305
Audit fees	**440**	417
Depreciation (Note 5)	**360**	417
Rent expense	**-**	8
Others	**3,607**	3,505
	23,492	31,118

26 Basic and diluted earnings per share

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

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

	2023	2022
(Loss)/profit for the year (AED'000)	**(545,101)**	589,790
Weighted average number of ordinary shares outstanding (thousand)	**2,714,527**	1,958,708
Basic and diluted (loss)/ earnings per share (AED)	**(0.2008)**	0.3011

26 Basic and diluted earnings per share (continued)

Weighted average number of ordinary shares outstanding have been adjusted for treasury shares, which are issued shares but not outstanding.

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

27 Segment reporting

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

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

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

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

Information regarding these segments is presented below.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27 Segment reporting (continued)

31 December 2023	Property development AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Investment and asset management AED'000	Holding AED'000	Eliminations AED'000	Total AED'000
Revenue							
Timing of revenue recognition							
Overt time	-	16,537	13,674	-	-	-	30,211
At a point in time	-	-	1,401	-	-	-	1,401
	-	16,537	15,075	-	-	-	31,612
Direct operating expenses	-	(4,821)	(5,810)	-	-	-	(10,631)
Depreciation	-	-	(532)	-	-	-	(532)
Gross profit	-	11,716	8,733	-	-	-	20,449
Net finance income	-	-	-	-	(9,593)	-	(9,593)
Dividend income	-	-	-	416	-	-	416
Changes in fair value of financial assets at FVTPL	-	-	-	(543,751)	-	-	(543,751)
Total operating income/(loss)	-	11,716	8,733	(543,335)	(9,593)	-	(543,435)
General and administrative expenses	-	-	(2,129)	-	(21,003)	-	(23,132)
Depreciation	-	-	-	-	(360)	-	(360)
Selling and marketing expense	-	-	(488)	-	(106)	-	(594)
Gain on the valuation of properties	-	958	-	-	-	-	958
Gain on disposal of assets held for sale	10,459	-	-	-	-	-	10,459
Other income	-	47	-	-	-	-	47
Profit/(loss) for the year	10,459	12,721	6,116	(543,335)	(31,062)	-	(545,101)
At 31 December 2023							
Total assets	30	805,993	9,128	1,404,559	57,414	(450)	2,276,674
Total liabilities	7,937	138,273	4,326	-	13,357	-	163,893

27 Segment reporting (continued)

31 December 2022	Property development AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Investment and asset management AED'000	Holding AED'000	Eliminations AED'000	Total AED'000
Revenue							
Timing of revenue recognition							
Overt time	-	21,623	18,886	-	-	-	40,509
At a point in time	-	-	506	-	-	-	506
	-	21,623	19,392	-	-	-	41,015
Direct operating expenses	-	(6,725)	(6,445)	-	-	-	(13,170)
Depreciation	-	-	(2,691)	-	-	-	(2,691)
Gross profit	-	14,898	10,256	-	-	-	25,154
Net finance income	-	-	-	-	(907)	-	(907)
Dividend income	-	-	-	4,294	-	-	4,294
Changes in fair value of financial assets at FVTPL	-	-	-	541,760	-	-	541,760
Share of profits from associate	-	-	-	382	-	-	382
Total operating income/(loss)	-	14,898	10,256	546,436	(907)	-	570,683
General and administrative expenses	-	-	(2,366)	-	(28,335)	-	(30,701)
Depreciation	-	-	-	-	(417)	-	(417)
Selling and marketing expense	-	-	(688)	-	(124)	-	(812)
Gain on the valuation of properties	-	50,510	-	-	-	-	50,510
Reversal of impairment on debt investments at amortised cost	-	-	-	89	-	-	89
Other income	-	438	-	-	-	-	438
Profit/(loss) for the year	-	65,846	7,202	546,525	(29,783)	-	589,790
At 31 December 2022							
Total assets	5,170	872,965	9,915	1,830,908	301,265	(450)	3,019,773
Total liabilities	7,616	150,457	117,284	-	42,155	(1,404)	316,108

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

28 Seasonality of results

The seasonal nature of the Group's activities only concerns the serviced apartments division, whose revenue has variability during the first and last quarters of the year. In 2023, the serviced apartment divisions has been considered discontinued operations (note 31)

29 Contingent liabilities and commitments

Contingencies

The Group is in legal proceedings with certain property developers. These proceedings resulted in a final judgement issued by the Court of First Instance on 6 July 2023, the Court ordered the Group to pay AED 3,575 thousand to the defendant as their counterclaim (Note 19).

Commitments

	2023	2022
	AED'000	AED'000
Commitments for fixed assets	**14,749**	14,724

Operating leases

The Group as lessor

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

	2023	2022
	AED'000	AED'000
Within one year	**-**	11,553
In the second year	-	-
	-	11,553

30 Financial instruments

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies, or processes during the years ended 31 December 2023 and 2022.

Classes of financial instruments

	2023 AED'000	2022 AED'000
Financial assets		
Financial assets at FVTPL	**1,350,889**	1,766,426
Financial assets at FVOCI	**21,450**	48,204
Trade and other receivables	**123,674**	41,622
Cash and bank balances	**58,772**	25,822
Due from a related party	**7,534**	14,846
Wakala investments	**11,400**	-
Debt investment at amortised cost	**7,859**	-
	1,581,578	1,896,920
Financial liabilities		
Bank borrowings	**133,432**	260,308
Trade and other payables	**22,281**	33,993
	155,713	294,301

Financial risk management objectives

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

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

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

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

30 Financial instruments (continued)

Capital risk management

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

Credit risk

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

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

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

		Days past due					
	Not past due	**< 60 days**	**61-90 days**	**91-180**	**181-365**	**Over 365 days**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**
31 December 2023							
Expected credit loss rate	0%	0%	0%	0%	0%	0%	
Gross carrying amount	**117,386**	**31**	**19**	**20**	**11**	**69**	**117,536**
Loss allowance	-	-	-	-	-	-	-
							117,536
31 December 2022							
Expected credit loss rate	0%	0%	0%	0%	0%	0%	
Gross carrying amount	33,134	58	25	78	79	38	33,916
Loss allowance	-	-	-	-	-	-	-
							33,916

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Details on concentration of trade receivable balances are disclosed in Note 10. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its trade customers.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

30 Financial instruments (continued)

Credit risk (continued)

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

Maximum exposure to credit risk:

The Group's maximum exposure to credit risk is represented by the carrying amounts of its financial assets. There are no agreements concluded or collateral held which reduced the maximum exposure to credit risk as at 31 December 2023 and 2022.

Credit quality per class of financial asset:

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

Liquidity risk

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

The table below summarises the maturities of the Group’s undiscounted financial liabilities as of 31 December 2023 and 2022 based on contractual payment dates and current market interest rates.

	Weighted average effective interest rate	On demand AED’000	Less than 6 months AED’000	6 to 12 months AED’000	1 to 5 years AED’000	More than 5 years AED’000	Total AED’000
At 31 December 2023							
Bank borrowings	**7.39%**	**6,955**	**738**	**3,767**	**21,808**	**100,164**	**133,432**
Trade and other payables		-	**22,281**	-	-	-	**22,281**
Total		**6,955**	**23,019**	**3,767**	**21,808**	**100,164**	**155,713**
At 31 December 2022							
Bank borrowings	4.14%	19,336	5,088	8,125	60,349	167,410	260,308
Trade and other payables		3,635	30,358	-	-	-	33,993
Total		22,971	35,446	8,125	60,349	167,410	294,301

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

30 Financial instruments (continued)

Market risk

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

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

Equity price sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risks at the reporting date. At the end of the reporting period, if the equity prices are 5% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Group's financial assets at fair value through profit or loss would increase/decrease by AED 710 thousand (2022: increase/decrease by AED 651 thousand) and financial assets at fair value through other comprehensive income and investment revaluation reserve would increase/decrease by AED 27 thousand (2022: AED 15 thousand) as a result of the movement in market price.

Foreign currency risk

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

Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to interest rate risk on its financial assets at fair value through profit or loss, term deposits, and bank borrowings that carry both fixed and floating interest rates, which are detailed in Notes 9, 11 and 18 respectively.

Interest rate sensitivity analysis

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

At 31 December 2023, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, profit for the year would have been AED 190 thousand (2022: AED 260 thousand) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Group's borrowings are denominated in UAE Dirhams.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

30 Financial instruments (continued)

Fair value of financial instruments

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

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

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

	Carrying value AED'000	**Fair Value**			
		Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
At 31 December 2023					
Financial assets at FVTPL	**1,350,889**	**14,195**	-	**1,336,694**	**1,350,889**
Financial assets at FVOCI	**21,450**	**544**	-	**20,906**	**21,450**
	1,372,339	**14,739**	**-**	**1,357,600**	**1,372,339**
At 31 December 2022					
Financial assets at FVTPL	1,766,426	13,017	-	1,753,409	1,766,426
Financial assets at FVOCI	48,204	308	-	47,896	48,204
	1,814,630	13,325	-	1,801,305	1,814,630

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

There were no transfers between any levels during the year.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

30 Financial instruments (continued)

Fair value of financial instruments (continued)

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

	2023 **AED'000**	2022 AED'000
At 1 January	**1,801,305**	217,794
Additions	**125,000**	1,175,537
Disposals	**(27,820)**	(145,677)
Change in fair value	**(540,885)**	553,651
At 31 December	**1,357,600**	1,801,305

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

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

31 Discontinued operations

On 10 September 2023, the Group has signed a sale and purchase agreement with the third party for the sale of Nuran Marina Serviced Residences building ("Hotel") located in Dubai, United Arab Emirates. Legal title and benefits transferred on 23 October 2023. As at 31 December 2023, the transaction was completed whereas Nuran Marina Serviced Residence LLC will be considered as a discontinued operations.

31 Discontinued operations (continued)

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	2023 **AED'000**	2022 AED'000
Revenue from commercial operations	**15,013**	19,361
Direct operating expenses	**(9,825)**	(32,674)
Gross profit from commercial operations	**5,188**	(13,313)
General and administrative expenses	**(1,797)**	(2,368)
Selling and marketing expenses	**(488)**	(688)
Profit for the year from discontinued operations	**2,903**	(16,369)
(Loss)/profit for the year from continuing operations	**(548,004)**	606,159
(Loss)/profit for the year	**(545,101)**	589,790

The net cash flows incurred by the assets are as follows:

	2023 **AED'000**	2022 AED'000
Net cash generated from operations	**5,197**	(616)
Net cash used in financing activities	**(2,082)**	-
Net increase/(decrease) in cash and cash equivalents	**3,115**	(616)

32 Fiduciary activities

The Group acts as a trustee and in other capacities that result in holding of assets listed below in a fiduciary capacity on behalf of a related party where ownership is yet to be transferred by the Group to the beneficiary (Note 9). Such assets and income arising thereon are not included in the Group's consolidated financial statements.

	2023 AED'000	2022 AED'000
Quoted security (i)	**7,794**	36,110
Unquoted security (ii)	**2,821**	3,808
	10,615	39,918

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

33 Events after reporting period

Treasury shares

During the General Assembly held on 8 February 2024 through Special Resolution, the Shareholders approved to cancel the shares buy-back program which was approved by the Group's general assembly on 1 August 2022 and as approved by Abu Dhabi Securities Exchange on 18 October 2023. The Shareholders also approved to amend Article 6 of the Articles of Association to reflect the reduction of Share Capital by authorising the Board and appointment of the Board to undertake all the necessary procedures to reduce the Share Capital of the Company by AED 135,147 thousand (2023: AED 134,967 thousand) through cancellation of treasury shares amounting to 135,147 thousand (2023: AED 134,967 thousand) shares. After the reduction of the Share Capital, the Company's issued Share Capital will change to AED 2,685,286 thousand from the Group's existing Share Capital of AED 2,820,433 thousand.

34 Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 19 March 2024.

2- Governance Report for the year 2023 •

Eshraq Investments PJSC

Governance Report 2023

ESHRAQ

Contents

Recitals

Eshraq Investments PJSC, an entity entering a new phase of expansion and development, supported by its ongoing portfolio diversification strategy. Founded in 2006 and listed on the Abu Dhabi Securities Exchange (ADX) in 2011, Eshraq is committed to continuing to grow its investment portfolio from primarily real estate towards a diversified multi-asset class investment fund, with allocation across multiple sectors to offer highly competitive long-term returns and improved resilience to market volatility. The Group's diversification strategy has been a key catalyst, already delivering material rewards following the acquisition of the Goldilocks Fund in 2022, alongside existing profitable real estate investments.

Eshraq Investments PJSC ("***Eshraq***" or "***Company***") exerts its entire capabilities to accomplish the objectives for which it was incorporated, maximizing the Company's revenues, developing and promoting its businesses by adopting an ambitious strategic business plan to contribute to supporting the overall economic development of the Emirate of Abu Dhabi.

We are pleased to present the Governance Report of the Company for the fiscal year 2023 including the main items in accordance and pursuant to the requirements of the Securities and Commodities Authority ***("SCA")***. Guided by the corporate governance philosophy of accountability, responsibility, transparency and fair disclosure, Eshraq remains committed to maintaining high standards of corporate governance based on best practices.

1- Company's corporate discipline standards applications (Governance)

This section will include the following items:

- ❑ First item: The pillars upon which the Company's Governance principles are based
- ❑ Second item: The procedures taken to finalize the Governance Manual for the fiscal year 2023 and modalities of implementation.

We will address those two items in details as follows:

First item: The pillars upon which the Company's Governance principles are based.
Eshraq has abided by the terms and conditions of the following sources ("Sources") in the draft of its Articles of Association, Internal Policies and Administrative Regulations:

- Decree by Federal Law no. (32) of year 2022 concerning the amendments to the Federal Law no. (2) of 2015 pertaining to the commercial companies.
- SCA's board of directors' Decision No. (3) of 2000 concerning the regulations as to Disclosure and Transparency and its amendments.
- SCA's Chairman of board of directors' resolution No. (7/R.M.) of 2017 concerning the standards of institutional discipline and governance of public joint stock companies.
- SCA's Chairman of board of directors' resolution No. (3/R.M.) of 2020 concerning the approval of Joint Stock Companies Governance guide.
- The provisions of the Company's Articles of Association as amended from time to time.

The Company deals with the Governance Manual as a document of prime importance that incorporates the Company's Corporate Discipline Standards which may not be breached or altered for any reason. The Governance Manual addresses the internal policies and procedures of the Executive Management hence the entire adherence to disclosure, transparency and monitoring by all the departments of the Company.

Second item: The procedures taken to finalize Governance Manual for the fiscal year 2023 and modalities of implementation: The most significant actions taken in 2023 are the following:
Amend article 19 (a) of the articles of association of the Company, as follows
(The Company shall be managed by a Board of Directors consisting of five (5) to be elected by the Shareholders' General Assembly by secret cumulative voting)
Enhancing the website by improving the Governance icon and the publication of the mandatory and material information.
The Board of Directors of the Company spared no effort in meeting the shareholders, stakeholders and ongoing communication with them, resolving any issues or obstacles to ensure that the Company functions efficiently and in a transparent way. The following steps have been taken to ensure adherence of everyone at the Company to the Governance Manual:

- ❑ Following up the implementation of the Corporate Discipline in compliance with the Governance Manual of the Company.
- ❑ Establishing Board of Directors Committees, fixing their roles and authorities namely:

- Audit committee.
- Nomination and Remuneration Committee.
- Executive Committee till 03/11/2023
- Insiders' Trading Follow-up and Supervision Committee.

- Making sure to avoid cumulating between the positions of the Chairman of the Board of Directors, delegated member, CEO or the general manager.
- Ensuring, through the Compliance department, that all the members of the Board of Directors, Executive Management and all Company's employees have committed to disclose their trades and the trades of their first tier relatives in the Company's securities.
- Adherence by the members of the Board of Directors, the Executive Management and all Company employees to the code of Ethics and the Corporate Discipline Standards and their amendments through regular instructions on the updates in this regard.

2- Report of the trades in the Company's securities concluded by the members of the Board of Directors, their spouses and sons, during the fiscal year 2023

After reviewing the Company's records and registers, and upon receiving the confirmation of the Board Members, we can conclude that only two Board members held shares in the Company during 2023, and you will find hereunder the trading in the shares of the Company during 2023:

Name	Position/ Relationship	Shares held as at 31/12/2023	Total sale Transactions	Total purchase Transactions
Matar Alameri	Vice Chairman	2,503,397	-	-
Ajit Joshi	Board Member	7,000,000	-	1

The members of the Board of Directors of Eshraq are committed to regularly disclose their trading with the Board Secretary.

3- Board of directors

3-A Composition of the Board of Directors of the Company

The Board of Directors of the Company has been established pursuant to the provisions of the amended article (19) of the Company's Articles of Association to comply with the provisions of the Decree by Federal Law no. (32) of year 2022 pertaining to the commercial companies. The members were elected by the General Assembly on 31/10/2023 by way of secret cumulative ballot. The Board of Directors comprises (5) highly skilled and qualified members who are experts in their respective fields. Such expertise and qualifications help the Board of Directors to take the proper resolutions for the benefit of the Company. These members are listed below

Mr. Fahad Abdulqader Al Qassim	
Capacity	Chairman of the Board of Directors
Category	Non Executive / Independent
Membership term from	31/10/2023
Qualifications and experiences	Master of Business Administration (MBA), specialized in Finance & Investments from Monash University in Melbourne, Australia and an Executive Diploma in Public Administration from the Lee Kuan Yu School of Government, Singapore. And is currently Chief Executive Officer of Healthcare and Life Sciences at ADQ and Acting Director General at the UAE Endowments' and Minors' Funds Authority. Prior to his time at ADQ, he was CEO of Emirates NBD Capital and Head of Principal Investments at Waha Capital.

Membership in other joint stock companies	Chief Executive Officer of Healthcare and Life Sciences at ADQ
Position in any other important supervisory, governmental or business entities	Acting Director General at the UAE Endowments' and Minors' Funds Authority

Mr. Matar Hamdan Sultan Hamad Al Ameri	
Capacity	Vice Chairman
Category	Non Executive / Independent
Membership term from	19/08/2022
Qualifications and experiences	BA in Accounting and Info Systems from the UAE University and a certificate of Audit practice with M/s. Arthur Andersen in the USA, the UK and the UAE. He has extensive experience in top executive positions in Public & Private Enterprises, along with over 30 years of experience in the senior management with an emphasis on Oil and Gas sectors and Finance & Investments functions. He currently serves as Managing Director of Jenaan and Managing Director of Magenta Enterprise Investment.
Membership in other joint stock companies	He serves as Vice-Chairman of Dar Al Takaful PJSC
Position in any other important supervisory, governmental or business entities	NA

Mr. Jacques Elias Fakhouri	
Capacity	Member of the Board of Directors
Category	Non Executive / Independent
Membership term from	31/10/2023
Qualifications and experiences	Bachelor of Business Administration (BA) Faculty of Advanced Financial and Economic Sciences - Beirut, Lebanon, and Senior Advisor to PwC Middle East and has 44 years' experience across Audit, Risk Assurance, Transaction Services, Consulting, Tax Services, and Disputes Analysis. He also has a wealth of experience across a range of sectors including Banking and Insurance, Real Estate, Industrials and Oil & Gas. He is a UK Certified and Chartered Accountant, and Canadian Chartered Professional Accountant.
Membership in other joint stock companies	N/A
Position in any other important supervisory, governmental or business entities	N/A

Mrs. Maha AbdulMajeed Al Fahim	
Capacity	Member of the Board of Directors
Category	Non Executive/ Independent
Membership term from	27/04/2021
Qualifications and experiences	Bachelor of Arts with double major in Political Science and International Comparative Studies (with Honors), minor in Middle Eastern and North African Studies from the University of Michigan- Ann Arbor, USA. with more than 11 years of experience in the investment field. She currently works as Research Specialist, Macro Research, Fixed Income and Treasury Department at the Abu Dhabi Investment Authority (ADIA) and serves as Investment Manager, Investment & Fiscal Policy Team at the Supreme Council for Financial & Economic Affairs (Department of Finance).
Membership in other joint stock companies	NA
Position in any other important supervisory, governmental or business entities	NA

Mr. Ajit Vijay Joshi	
Capacity	Member of the Board of Directors (and former Delegated Member until 02/09/2022)
Category	Non-Executive / Non Independent
Membership term from	14/06/2017 (Five years and eight month)
Qualifications and experiences	Bachelor of Engineering in Computer Science, MBA from the Indian Institute for Management Lucknow. He works as Managing Director- Head of Public and Private Markets at Shuaa Capital PJSC.
Membership in other joint stock companies	Board member in Dana Gas PJSC and Islamic Arab Insurance Company (Salama) PJSC.
Position in any other important supervisory, governmental or business entities	NA

- Mr. Wafik Ben Mansour has been appointed as a replacement for Mr. Ajit, effective January 15, 2024

Mr. Jassim Mohamed Al Seddiqi	
Capacity	Chairman of the Board of Directors until 12/10/2023
Category	Non Executive / Non Independent
Membership term from	24/07/2016- until 12/10/2023 (resigned)
Qualifications and experiences	Bachelor of Electrical Engineering from University of Wisconsin-Madison. MSc in Electrical Engineering from Cornel University, USA with vast experience in business, real estate investment and private investments.
Membership in other joint stock companies	Chairman of the Board of Directors of Islamic Arab Insurance Company (Salama) PJSC, Managing Director of Shuaa Capital PJSC and Board member in Dana Gas PJSC.
Position in any other important supervisory, governmental or business entities	NA

Dr. Saleh Hashem Al Hashemi	
Capacity	Vice-Chairman of the Board of Directors until 21/09/2023
Category	Non Executive / Independent
Membership term from	27/04/2021 until 21/09/2023 (resigned)
Qualifications and experiences	PhD in Chemical Engineering from Tufts University- Boston-USA, with vast experience in business Management. He served until June 2022 as the CEO of Algorythma and the Managing Director of Krypto Labs and Saal in Abu Dhabi. Most recently, he acted as the Executive Director of the Infrastructure and Environment at the General Secretariat of Abu Dhabi's Executive Council. He has more than 21 years of experience in senior leadership positions across businesses, government, and academia. He currently works as Director of Commercial and ICV at ADNOC.
Membership in other joint stock companies	Chairman of Dubai Islamic Insurance and Reinsurance Co PJSC and Reem Finance PJSC
Position in any other important supervisory, governmental or business entities	NA

Mr. Fraih Saeed Al Qubaisi	
Capacity	Member of the Board of Directors until 19/09/2023
Category	Non Executive / Independent
Membership term from	19/09/2017 until 19/09/2023 (resigned)
Qualifications and experiences	Bachelor's in law and Police Sciences from the Faculty of Police-UAE, with more than 26 years experience in law and business administration fields.

Membership in other joint stock companies	Board Member of Islamic Arab Insurance Company (Salama) PJSC
Position in any other important supervisory, governmental or business entities	NA

Mr. Jasim Hussain Al Ali	
Capacity	Member of the Board of Directors until 19/09/2023
Category	Non Executive/ Independent
Membership term from	14/06/2017 until 19/09/2023 (resigned)
Qualifications and experiences	Graduated from the UK with more than twenty-six years' experience in business administration, real estate investment field and development companies. He is currently the CEO of FAB Properties and Mismak Properties Co. LLC
Membership in other joint stock companies	Board member in Q Holding PJSC and Al Jazira Investment Company.
Position in any other important supervisory, governmental or business entities	NA

The Board of Directors of the Company has one female member, Mrs. Maha Al Fahim, as a result of her election on 27/04/2021.

Discrimination between men and women is prohibited by the Company's policies and by-laws, and consequently there are no hurdles impeding or refraining the election/appointment of females assuming any administrative, professional, leadership or board membership office.

3-C- Reasons for absence of Female representation in the Board of Directors during the fiscal year 2022

Not applicable.

3-D- Statement of Remunerations

3-D-1Aggregate remunerations of the members of the Board of Directors paid during the fiscal year 2022

The Company has paid to the members of the Board of Directors for the year 2022 a total amount of AED 15,000,000/-(Fifteen Million Emirati Dirhams) to all the members of the Board of Directors for the Fiscal year 2022, with the Chairman receiving AED 3 million, and all the other members AED 2 million each, and the share of the exiting Member and the newly appointed member being disbursed to them prorate to the tenure of each of them.

3-D-2 Aggregate proposed remunerations to be paid to the Board of Directors during the fiscal year 2023 and that will be submitted to the vote of the Annual General Assembly

The Board of Directors will propose to payment of a total remuneration of AED1,000,000-/(One million dirham) to all members of the Board of Directors for the Fiscal year 2023, and the newly appointed member being disbursed to them prorate to the tenure of each of them, subject to SCA and shareholders' approval.

3-D-3 Report of the attendance allowances paid to the members of the Committees of the Board of Directors

The following table indicates the allowances received by audit committee against their attendance of Audit committee meetings from 03/11/2023 totalling AED 60,000

Ser	Name	Name of Committee	Allowance Amount	Number of Meeting
1	Jacques Elias Fakhouri	Audit Committee	20,000	2
2	Matar Hamdan Al Ameri	Audit Committee	20,000	2
3	Maha Al Fahim	Audit Committee	20,000	2

3-D-4 Additional allowances, salaries or fees received by a Board member other than allowances for attending committees and resons

No additional allowances, salaries or fees were received by a Board member for works performed during or other than as a result of their membership in the Board of Directors or the Committees.

3-E- Number of the Board of Directors' meetings convened during the fiscal year 2023

The list of meetings of Eshraq Board of Directors convened during the year 2023 is as follows:

Ser	Meetings	Jassim Al Seddiqi (Resigned on 12/10/2023)	Saleh Al Hashemi (Resigned on 21/09/2023)	Fraih Al Qubaisi (Resigned on 19/09/2023)	Jasim Al Ali (Resigned on 18/09/2023)	Ajit Joshi	Matar Al Ameri	Maha Al Fahim	Fahad AlQassim	Jacques Fakhouri
1	17/02/2023	✓	✓	✓	✓	✓	✓	✓	Not a member	Not a member
2	21/03/2023	✓	☒	☒	✓	✓	✓	☒	Not a member	Not a member
3	09/05/2023	✓	✓	✓	☒	✓	✓	✓	Not a member	Not a member
4	07/08/2023	✓	✓	✓	✓	✓	☒	✓	Not a member	Not a member
5	3/11/2023	Not a member anymore	Not a member anymore	Not a member anymore	Not a member anymore	✓	✓	✓	✓	✓
6	09/11/2023	Not a member anymore	Not a member anymore	Not a member anymore	Not a member anymore	☒	✓	✓	✓	✓
7	27/12/2023	Not a member anymore	Not a member anymore	Not a member anymore	Not a member anymore	✓	✓	✓	✓	✓
	Total	**4**	**3**	**3**	**3**	**6**	**6**	**6**	**3**	**3**

3-F- Number of the Board resolutions by Circulation passed during the 2022 fiscal year, along with its dates

The Board of Directors passed five resolutions by circulation during the fiscal year 2023 as follows:

Ser	Meetings	Jassim Al Seddiqi (Resigned on 12/10/2023)	Saleh AlHashemi (Resigned on 21/09/2023)	Fraih Al Qubaisi (Resigned on 19/09/2023)	Jasim Al Ali (Resigned on 18/09/2023)	Ajit Joshi	Matar Al Ameri	Maha Al Fahim	Fahad Al Qassim	Jacques Fakhouri
1	30/03/2023	✓	✓	✓	✓	✓	✓	✓	Not a member	Not a member
2	11/08/2023	✓	✓	✓	✓	✓	✓	✓	Not a member	Not a member
3	01/09/2023	✓	✓	✓	✓	✓	✓	✓	Not a member	Not a member
4	21/09/2023	✓	Not a member anymore	Not a member anymore	Not a member anymore	✓	✓	✓	Not a member	Not a member
5	18/10/2023	Not a member anymore	Not a member anymore	Not a member anymore	Not a member anymore	✓	✓	✓	Not a member	Not a member
	Total	**4**	**3**	**3**	**3**	**5**	**5**	**5**	-	-

3-G- Authorities of the Board of Directors assumed by the executive management based on special authorization

In addition to the powers and proxies listed in the Corporate Governance report of 2022 and who are still in full force, the following authorities were granted to the executive management during 2023

#	Name of the authorized person	Power /authority	Duration of authorization
1	Mr. Mohamed Al Hashimi – CEO	In line with the Board of Directors approval on 09 May 2023 of capital injection of AED 125 million for Class A shares in Goldilocks, Mr. Jassim Al Ali will be removed and replaced by Mr. Mohamed Al Hashimi (CEO) to prepare, sign, and submit the required documentation.	NA
2	Mr. Mohamed Al Hashimi – CEO	to prepare, sign and submit all the documentation required to obtain the approval of SCA, and to subsequently, following the issuance of the approval, to execute the Buyback program during the period fixed by SCA and ADX.	Until completion of Buyback program
3	Mr. Mohamed Al Hashimi – CEO	The Board of Directors unanimously resolved to delegate Mr. Mohamed Al Hashimi - CEO, ("Representative") to act with all powers and authority needed to represent the Company towards completing the sale (Nouran Marina), including but not limited to: transfer of ownership, negotiate, agree, sign, terminate, and cancel all documents, contracts, sale and purchase agreements, brokerage agreements, addendums, disclaimers and discharges, representations and any other documentation needed for performing the transaction, in terms, prices and conditions deemed appropriate but within the limits of what has been resolved in the item 1 of the agenda of the present resolution, and any acceptances, forms, notices, letters or other documents incidental or ancillary to or expedient in connection with the transaction along with any amendments, changes, additions, cancellations, novation, transfers or assignments related hereto. The Representative is empowered to represent the Company in front of any authority such as the DIFC authority and registrar, the DLD, the notary public, and any other party such as ECM, Emaar, or any other party, and to sign any document to enforce the present resolution.	NA
3	Mr. Ajit Joshi- and/or Mr. Jasim Al Ali- And/or Mrs. Maha Alfahim Board of Directors no.1 of year 2023- Dated 17/2/2023	The Board unanimously empowered the Executive Committee and its members, acting individually or jointly,to do all the necessary towards: ▪ Investment of AED 11.4 million in the Wakala Agreement of SC Global. ▪ Investment of $2.07 million with Shine SPV. ▪ sale of Nuran hotel and the Burj Daman residential units	Until execution of the transaction

3-H Report on the Related Parties detailed transactions

During the year 2023, the Company has not contracted any transaction with a Related Party, as defined in the Law and the Regulations of SCA.

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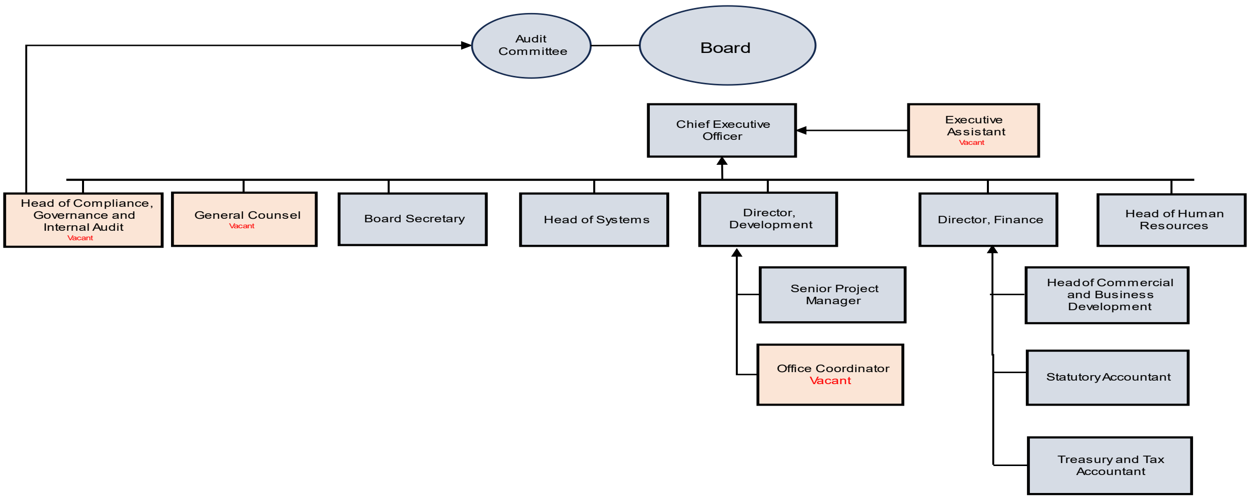
3-I- Company's organization chart during the fiscal year 2023

The Company is currently organized as follows:



3-J- Executive Management, Jobs, salaries, bonuses and other payments

The Executive Management of the Company performs all duties, roles and responsibilities referred to it by the Board of Directors and administers the daily activities of the Company. The Executive Management is currently chaired by CEO who is supervising and monitoring the daily operations and the administrative activities of the Company, and will regularly and effectively contribute to developing the Company, enhancing its performance and adding value to its shareholders.

Below, the most significant positions occupied by the Executive Management of the Company for the fiscal year 2023 and identification of their entitlements such as salaries, allowances and remunerations paid during 2023:

Position	Date of Appointment / Resignation	Total Salaries and Allowances (AED)	Total Bonuses paid for year 2023 (AED)	Any Other cash (AED)/ in-kind benefits for 2023 or payable in the future
CEO	14/08/2023	595,484	*	--------
General Counsel and Compliance Officer	01/05/2017 till 25/03/2023	254,781	N/A	---------
Director Finance	04/12/2016	495,600	*	--------
Corporate/ Board Secretary	01/02/2023	312,400	*	--------
Director Development	10/10/2022	770,000	*	--------

* Bonus in relation to 2023 payable in 2024 have not been awarded

4- External Auditors

4-A- Brief about the External Auditor

Deloitte, Touche Tohmatsu Limited, or Deloitte, is considered worldwide as one of the most renowned professional service firms. Established in 1845. Deloitte is the largest professional services network in the world by revenue and number of professionals with headquarters in London-UK. Deloitte provides audit, tax, consulting, enterprise risk and financial advisory services with approximately 312,000 professionals globally. Furthermore, it is ranked as one of the big four companies alongside Ernst & Young, PWC and KPMG.

4-B- Statement of the fees or costs of auditing or the services provided by the External Auditor

Audit firm	Deloitte & Touche (M.E.)
Partner in charge	Mr. Firas Anabtawi
Number of years served as the Company External Auditor	Five years; since 2019
Total fees of auditing financial statements of 2022 (in AED)	358,450 (Excluding VAT)
The fees and costs of the special services other than the auditing of the FS 2023 (in AED), if any, and in case of absence of any other fees, this shall be expressly stated.	For the valuation of Goldilocks - AED 257,075 (excluding vat) For certification - AED8,000 (excluding vat)
The details and nature of other services provided (if any). If there are no other services, this matter shall be stated expressly	-Review of the valuation of Goldilocks during Year 2023 -Professional Fees for AUP related to unclaimed dividends
A statement of the other services that an external auditor other than the company accounts auditor provided during 2022 (if any). In the absence of another external auditor, this matter is explicitly stated,	No other services provided by other external Auditors

4-C- Statement of the qualified opinions made in the interim and annual financial statements for 2023

No statement of qualified opinions by the External auditors in the interim and annual financial statements for the financial year 2023.

5- Audit Committee

5-A Audit Committee Chairman's acknowledgment

I, Jacques Elias Fakhouri, Chairman of the Audit Committee, acknowledge my responsibility for the Committee's system in the Company, review of its work mechanism and ensuring its effectiveness.

5-B Functions and duties of the Audit Committee and name of the members

- Key duties and authorities of the Audit Committee:
- Developing and implementing policy on contracting with external auditors, submitting a report to the Board whereby it outlines the matters it deems necessary to take action upon along with submitting its recommendations on necessary steps to be taken ...etc.
- Monitoring the soundness of the Company's financial statements and reports (annual – semi-annual – quarterly) and reviewing them as part of this regular activities during the year.
- Coordinating with the Board, the Executive Management and the Finance Director regarding the fiscal policy and the roles of each team member within the finance department ...etc.

- Ensuring the Company's compliance with all legal and regulatory rules, monitoring the Company accounts and developing the Corporate Discipline and the Governance Standards of the Company.
- Reviewing internal financial control, internal control and risk management of the Company.
- Ensuring the coordination between the Internal Auditor and the External Auditor.
- Ongoing review of policies, financial and accounting procedures and seeking their sustainable development.
- Monitoring the extent to which the Company is adhered to the code of conduct.
- The right to study any matter falling within its authorities and it is authorized to have access without limitation or restriction to the External Auditor and to obtain any professional consultation pertaining to the Company.

- The Committee is vested with the power to request any needed information from any employee or Board member, and the Board members and employees are directed to cooperate with any request raised by the Committee.

The Board of Directors has amended the composition of the Audit Committee on 03/11/2023 as follows:

Name	Job title	Legal capacity
Mr. Jacques Elias Fakhouri	Chairman from 3/11/2023	Non-executive / Independent
Mr. Matar Hamdan Al Ameri	Member from 3/11/2023	Non-executive / Independent
Mrs. Maha Al Fahim	Member	Non-executive / Independent
Mr. Jasim Al Ali	Was Chairman till 18/09/2023	Non-executive / Independent
Mr. Fraih Al Qubaisi	Was Member till 19/09/2023	Non-executive / Independent

5-C Meetings of the Audit Committee

Ser	Meetings	Jasim Al Ali (Resigned on 18/09/2023)	Fraih Alqubaisi (Resigned on 19/09/2023)	Maha Alfahim	Jacques Fakhouri	Matar Alameri
1	14/02/2023	✓	✓	✓	Not a member	Not a member
2	09/05/2023	✓	✓	✓	Not a member	Not a member
3	07/08/2023	✓	✓	☒	Not a member	Not a member
4	09/11/2023	Not a member anymore	Not a member anymore	✓	✓	✓
5	26/12/2023	Not a member anymore	Not a member anymore	✓	✓	✓
	Total	3	3	4	2	2

6- Nomination and Remuneration Committee

6-A The Nomination and Remuneration Committee Chairman's acknowledgment

I, Maha Al Fahim, Chairman of the Nomination and Remuneration Committee, acknowledge my responsibility for the Committee's system in the Company, review of its work mechanism and ensuring its effectiveness.

6-B Functions and duties of the Nomination and Remuneration Committee and name of the members

- Key roles, duties and authorities of the Nomination and Remuneration Committee:
- Identifying the group of individuals and aggregate remunerations of Board members within the framework authorized by the shareholders.
- Setting remunerations policy of the Executive Management as linked to Company's performance, determining salaries ceiling including salaries, remunerations and incentives programs.

- Developing and reviewing the HR policies in compliance with the relevant laws and regulations.
- Overseeing the procedures of nominating Board members.
- Reviewing and ensuring the independency of Board members in exercising their roles and duties.
- Developing and reviewing the policy pertaining to granting remunerations and salaries of the Board and Executive Management.
- Identifying the Company's requirements for competent personnel at the Executive Management level.
- Organizing and reviewing the procedures of the nomination of Board members.
- Studying any matter falling with its authorities and it is authorized to have access without limitation or restriction to the External Auditor and to obtain any professional consultation pertaining to the Company.

The Committee is vested with the power to request any needed information from any employee or Board member, and the Board members and employees are directed to cooperate with any request raised by the Committee.

The Board of Directors has amended the composition of the Nomination and Remuneration Committee on 03/11/2023 as follows:

Name	Job title	Legal capacity
Mrs. Maha Al Fahim	Chairman from 3/11/2023	Non-executive / Independent
Mr. Jacques Elias Fakhouri	Member from 3/11/2023	Non-executive / Independent
Mr. Ajit Joshi	Member	Non-executive /Non-Independent
Mr. Matar Hamdan Al Ameri	Was Chairman till 3/11/2023	Non-executive / Independent
Dr.. Saleh Al Hashimi	Was Member till 21/09/2023	Non-executive / Independent

6-C Meetings of the Nomination and Remuneration Committee

Ser	Meetings	Matar Al Ameri	Ajit Joshi	Maha Alfahim	Jacques Fakhouri	Saleh Al Hashimi
1	3/02/2023	✓	✓	Not a member	Not a member	✓
2	16/03/2023	✓	✓	Not a member	Not a member	☒
3	11/09/2023	✓	✓	Not a member	Not a member	✓
4	13/10/2023	✓	✓	Not a member	Not a member	Not a member anymore
5	20/11/2023	Not a member	✓	✓	✓	Not a member anymore
	Total	4	5	1	1	2

7- Insiders' Trading Follow-up and Supervision Committee

7-A The Insider's Trading Follow-up and Supervision Committee Chairman's acknowledgment

I, Matar Al Ameri, Chairman of the Insider's Trading follow-up and supervision Committee, acknowledge my responsibility for the Committee's systems in the Company, review of its work mechanism and ensuring its effectiveness.

7-B Functions and duties of the Insider's Trading Follow-up and Supervision Committee and name of the members

- Key roles, duties and authorities of the Insiders' trading Follow-up and Supervision Committee:
- Administering the Policy and monitoring and enforcing compliance with all policy provisions and procedures.
- Responding to all inquiries relating to this policy and its procedures.
- Designating and announcing special trading blackout periods during which no employees may trade in Company securities.
- Providing copies of this Policy and other appropriate materials to all current and new directors, officers and employees, and such other persons as the Insider Trading Supervision and Follow-up Committee determines have access to Material Non-public Information concerning the Company.
- Administering, monitoring and enforcing compliance with federal and state insider trading laws and regulations.
- Assisting in the preparation and filing of all required SCA reports relating to trading in Company securities.

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- Selecting designated brokers through which Insiders are authorized to trade Company securities.
- Revising the Policy as necessary to reflect changes in federal or state insider trading laws and regulations.
- Maintaining the Company records, including the originals or copies of all documents required by the provisions of this Policy or the procedures set forth herein, and copies of all required SCA reports relating to insider trading.
- Maintaining the accuracy of the list of Insider Employees, and updating such list periodically as necessary to reflect additions or deletions.

The Board of Directors has appointed the following persons as members of the Insider's Trading Follow-Up and Supervision Committee on 03/11/2023:

Name	Job title	Position
Mr. Matar Hamdan Al Ameri	Chairman from 03/11/2023	Board member Non-executive and Independent
Mr. Ajit Joshi	Member	Board member Non-executive and Non-Independent
Mr. Mohammad Al Bazaieh	Member	Corporate / Board Secretary
Mr. Jasim Al Ali	Was Chairman till 18/09/2023	Board member Non-executive and Independent
Mr. Ziad Touma	Was Member till 20/02/2023	General Counsel and Compliance Officer

- Mr. Wafik Ben Mansour has been appointed as committee member a replacement for Mr. Ajit, effective January 15, 2024

7-C Meetings of the Insider's Trading Follow-up and Supervision Committee

Ser	Meetings	Jasim Al Ali (Resigned on 18/09/2023)	Ajit Joshi	Ziad Touma Was Member until 20/02/2023	Matar Alameri	Mohammad Al Bazaieh
1	20/02/2023	✓	✓	✓	Not a member	Not a member
2	6/03/2023	✓	✓	Not a member anymore	Not a member	✓
3	15/08/2023	✓	✓	Not a member anymore	Not a member	✓
	Total	3	3	1	--	2

8- Executive Committee

8-A The Executive Committee Chairman's acknowledgment

I, Ajit Joshi, Chairman of the Executive Committee, acknowledge my responsibility for the Committee's system in the Company, review of its work mechanism and ensuring its effectiveness.

8-B functions and duties of the Executive Committee and name of the members

- Key roles, duties and authorities of the Executive Committee established by the Board of Directors on 02/09/2022 and in which the Real Estate Projects Committee and the Investments and Treasury Committee were incorporated:
- Review the Company's investment policy and guidelines to ensure they are appropriate and recommend it to the Board for approval.
- Oversee the implementation of the Company's investments, ensuring compliance with the investment guidelines, including approval of investment transactions in accordance with these guidelines.
- Annually review the Company's investment performance and strategy used to achieve its objectives and recommend to the Board any appropriate changes.
- Oversee investment-related risks taking into account the Company's strategies and risk appetite;
- Delegate authorities to the management to execute investment transactions on behalf of the Company that are consistent with the investment policy and guidelines, as well as consider for approval any proposed investment transactions on behalf of the Company that exceed such delegated authority;
- Evaluate the performance of those delegated by the Committee to perform the assigned duties;

- Consider investment and project development opportunities and present them to the management to perform the necessary research, feasibility, and required due diligence who will then submit such findings to the Committee and recommend it to the Board for approval;
- Perform any such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board.
- The Committee is vested with the widest powers to decide on all investment and treasury matters. The scope will encompass the investment, the cash and liquidity management and the mitigation of its operational, financial and reputational risk. It also includes the collections, disbursements, trading in bonds, stock and equity, debt, sukuk, deposits with banks and financial institution for short terms, and other matters that comes under the treasury as per the international standards.
- The Committee shall be composed of a minimum of three members. The Committee shall meet either physically or via phone or conference call whenever needed and all decision will be passed by the simple majority of the members of the Committee. The Committee will confirm the resolutions by minutes of meeting signed by all of the attendees.

Name	Job title	Legal capacity
Mr. Ajit Joshi	Was Chairman till 03/11/2023	Non-executive / Non-independent
Mr. Jasim Al Ali	Was Member till 18/09/2023	Non-executive / Independent
Mrs. Maha Al Fahim	Was Member till 03/11/2023	Non-executive / Independent

8-C Meetings of the Executive Committee

Ser	Meetings	Ajit Joshi	Jasim Al Ali (Resigned on 18/09/2023)	Maha Alfahim
1	16/02/2023	Could not vote- Conflicting	✓	✓
2	19/05/2023	✓	✓	✓
3	30/08/2023	✓	✓	☒
	Total	3	3	2

11- Internal Audit/Control System

9-A Undertaking of the Board of Director's responsibility of the Internal Audit Control Chart

- The Board acknowledges its entire responsibility for the Internal Audit/ Control chart, its review and enforceability.
- The Board assumes the overall responsibility for ensuring that senior management develops and implements effective Internal Audit/Control Chart in order to provide reasonable assurances of the effectiveness and efficiency of the operations, and provides precise financial reports and abides by the provisions of the Decree by Federal Law no. (32) of 2021 pertaining to the commercial companies and the SCA's chairman resolution No. (7/R.M.) of 2016 pertaining to the standards of institutional discipline and governance of public joint stock companies.
- The Board assumes the responsibility for setting reporting policy on breaches as and according to the laws and the SCA's chairman of the board of directors' resolution No. (7/R.M.) of 2016 pertaining to the standards of institutional discipline and governance of public joint stock companies.

9-B Internal Audit Officer

Persons assuming the responsibility of Internal Audit/Control department of the Company and his/her qualifications:

Internal control department			
Name	Title	Appointment date	Qualifications and experiences
VACANT	-	-	-

IA / Compliance officer is in the process of being hired*

9-C Compliance Officer

Compliance Officer			
Name	Title	Appointment date	Qualifications and experiences
Ziad Naji Touma	Compliance Officer	01/05/2017 till 25/03/2023	Degree in law

* IA / Compliance officer is in the process of being hired*

9-D How Internal Audit/Control department handles any significant issues and breaches

The Internal Audit department provided periodic assessment in 2022 regarding the adequacy and effectiveness of Eshraq's processes for controlling its activities and managing its risks. The department is accountable for reporting significant issues related to the processes for controlling the activities of Eshraq, including improvements to those processes. The department conducts Internal Audits in line with the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors (IIA). The function also has an unrestricted access to the Audit Committee and any critical / significant audit findings are highlighted to the Department and Audit Committee with the corrective actions, responsibility and implementation timeline based on audit recommendations. The department also monitors the actions to be taken by the Management to correct the audit finding to ensure satisfactory implementation of the actions plans. The follow up audits are also conducted at the appropriate level.

9-E Number of Reports issued by the Internal Control Department to the Board of Directors

The Internal Audit department did not perform any control during the Year 2023 because of the vacancy of the position of Internal Controller. During the years 2020 and 2021, KPMG has performed the Internal Control role and executed a full in-depth review of the Company and issued reports that the management has implemented during 2022 and 2023. The Company is currently seeking to recruit a full-time head of Internal Control.

And the audit committee has been following on the status of prior years internal control recommendations and that management engaged an independent consultant to update the company's policies and procedures while a head of IA is in the process of being hired.

10- Details of the violations committed during 2023, demonstrating their causes and the manner of their resolution and avoiding repetition in future

No violations were detected or reported during 2023.

11- Cash and in-kind contributions made during 2023 toward the local community Development and environmental conservation

During the year 2023, the Company did not contribute to any monetary and/or in-kind contributions for the development of the local communities and environmental conservation.

12- General information

13-A Company share price in the market (closing price, highest price, lowest price) for each month end during the fiscal year 2023

Month	OPEN (AED)	CLOSE (AED)	HIGH (AED)	LOW (AED)	Value (AED)	No. of shares (Volume)
January 2023	0.492	0.479	0.541	0.466	227,766,376.52	446,136,366
February 2023	0.478	0.483	0.514	0.466	196,267,410.41	400,639,252
March 2023	0.486	0.457	0.486	0.416	118,428,843.89	257,818,400
April 2023	0.463	0.508	0.516	0.450	116,217,639.52	235,790,185
May 2023	0.505	0.562	0.620	0.494	446,952,185.65	804,389,880
June 2023	0.557	0.560	0.589	0.540	130,034,429.02	231,424,071
July 2023	0.565	0.583	0.599	0.550	340,244,147.69	589,233,594
August 2023	0.589	0.525	0.595	0.524	282,802,536.59	503,713,153
September 2023	0.525	0.508	0.546	0.505	128,361,097.07	243,813,220
October 2023	0.510	0.435	0.516	0.422	74,582,938.85	164,438,417
November 2023	0.442	0.440	0.471	0.436	75,345,263.86	166,931,198
December 2023	0.440	0.438	0.446	0.403	58,761,312.90	140,806,324

13-B Share comparative performance to market index and Company's related sector index to which the Company belongs during year 2023

13-C Statement of the shareholders ownership distribution as on 31/12/2023 (individuals, companies, governments) classified as follows: local, Gulf, Arab and foreign

Ser.	Shareholders classification	Percentage of owned shares								
		Individuals		Companies		Government		Total		
		Total Shares	Total Investor	Total Shares	Total Investor	Total Shares	Total Investor	Total Shares	Total Investor	Shares Percentage
1	Local	896,295,862	1,943	1,392,126,080	39	300,000	1	2,288,721,942	1,983	81.1479
2	GCC	109,424,924	97	89,218,957	22	-	-	198,643,881	119	7.0430
3	Arab	141,510,688	784	4,322,889	10	-	-	145,833,577	794	5.1706
4	Foreign	53,630,159	426	133,603,538	40	-	-	187,233,697	466	6.6385
Total		1,200,861,633	3,250	1,619,271,464	111	300,000	1	2,820,433,097	3,362	100.0000

13-D Statement of shareholders owning 5% or more of the Company's capital as of 31/12/2023

Ser.	Investor	Number of owned shares	Ratio
1	Abu Dhabi Financial Group (ADFG)	493,514,353	17.4978%
2	Ajman Bank PJSC	276,018,577	9.7864%

13-E Distribution of shareholders by size of equity as of 31/12/2023

Ser.	Share (s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares of the capital
1	Less than 50,000	1,625	23,654,677	0.8387
2	From 50,000 to less than 500,000	1,289	212,846,793	7.5466
3	From 500,000 to less than 5,000,000	379	478,953,319	16.9816
4	More than 5,000,000	69	2,104,978,308	74.6332
Total		3,362	2,820,433,097	100.0000

13-F Procedures taken pertaining to investors relations controls

Investors' relations officer name	Mohammad Al Bazaieh
Tel:	02/6354854
Mobile:	054/7929157
Fax:	02/6354864
Email address :	IR@eshraquae.com
Investors relations link on Company website	https://eshraquae.com/contact-IR/

13-G Special resolutions presented to the General Assembly held in 2023 and the procedures taken thereon

On 28/04/2023 (adjourned meeting), the Company's General Assembly approved by special resolution, among others, the following:

- Approve the donation of the plots owned by the Company, and namely RT2-C1, RT2-C2, RT2-C3 (built), RT2-C15, RT2-C15a and RT2-C16 all in Al reem island, and Plot no. C2- Sas Al Nakhl (Umm Al Nar) District, each to a special purpose vehicle fully owned by the Company to facilitate the development of such plots.

- On 31/10/2023 (adjourned meeting), the Company's General Assembly approved by special resolution, among others, the following:

- Approve, by way of a Special Resolution to amend article 19 (a) of the articles of association of the Company, as follows:

Article 19 (a) before Amendment

The Company shall be managed by a Board of Directors consisting of seven (7) to be elected by the Shareholders' General Assembly by secret cumulative voting.

Article 19 (a) after Amendment

The Company shall be managed by a Board of Directors consisting of five (5) to be elected by the Shareholders' General Assembly by secret cumulative voting.

- Discuss and approve to propose to the voting of the General Assembly the cross listing of the shares of the Company on Saudi exchange Tadawul-KSA and grant powers.
  - Elections of the Board of Directors of the Company replacing the resigned members of the Board of Directors.

The following individuals were elected as new Board members of the Company:

Mr. Fahad Abdulqader Alqassim

Mr. Jacques Elias Fakhouri

- Discharge the resigned members of the Board of Directors.

The MOA was amended accordingly following the certificate issued by the Securities and Commodities Authority, No other special resolutions were presented to the General Assembly during the year 2023.

13-H Board Secretary/Rapporteur

Board Secretary/Rapporteur			
Name	Title	Appointment date	Qualifications & experiences
Mohammad Al Bazaieh	Corporate / Board Secretary	01/02/2023	Bachelor of Business Administration, and master's degree in political science and international Comparative Studies

During the year 2023, the Board Secretary organized the Board and committee meetings, arranged for the convocation and distribution of Board materials, communicated with the Board Members, arranged the agenda of such meetings. Similarly, the Board Secretary arranged for the General Assembly meetings. On April 28, 2023, and October 31,2023

13-I Statement of significant events that occurred during the year 2023

The Company did not encounter any significant events during the year 2023 that would affect its operation other than what has been disclosed in the present document such as the acquisition of the Goldilocks Investment Company Ltd fund, the cancellation of all accumulated losses and the increase of the capital.

13-J Emiratization ratios

During the year 2023, the company appointed a CEO, a UAE National, and looks forward to further increasing the Emiratization ratio in the future.

13-K Innovations

The Company did not develop any Innovation during the year 2023.

Conclusion

Chairman of the Nomination and Remuneration Committee Maha Al Fahim DocuSigned by: Maha Al Fahim DB2BC07F0BAB47A...	Chairman of the Audit Committee Jacques Elias Fakhouri DocuSigned by: Jacques Elias Fakhouri 37416D49A0E6423...
March 29 2024	March 29 2024

Chairman of the Board of Directors Fahad Abdelqader Al Qassim DocuSigned by: Fahad Abdelqader Al Qassim 340BA7BF0789434...
March 29 2024

اشراق للاستثمار ش.م.ع. P.O.Box : 108737 Abu Dhabi U.A.E 1 ESHRAQ INVESTMENTS P.J.S.C.

3- Sustainability Report for the year 2023

ESHRAQ

Sustainability Report 2023

Contents

Message from the CEO

We are proud to present our Sustainability Report for 2023, which reflects our continued commitment to incorporating sustainability into our business practices as the Company enters a new phase of expansion and development.

At Eshraq, sustainability has become a core business principle as we continue to develop our environmental, social, and governance strategy, which aligns with the United Arab Emirates (UAE)'s national roadmap.

We recognize that we have an important role to play in protecting our environment and combatting climate change which is why we are dedicated to implementing sustainable practices and reducing our use of natural resources. We also recognize that our people are our greatest asset and that we have a responsibility to provide a safe and positive work environment, where our employees can continue to grow and thrive. Last but not least, we recognize the importance of local communities to the success of our business and are proud to contribute to building vibrant and prosperous communities.

This report outlines the progress we have made along our sustainability journey. It details the efforts we have made to reduce our environmental impact while also outlining the steps we have taken to safeguard our employees' well-being and the initiatives we have supported in the communities in which we operate.

On behalf of all at Eshraq Investments, I would like to extend my deepest gratitude to the visionary leaders of the UAE who have provided exceptional guidance along this journey, and who have shown unwavering commitment to the growth and prosperity of all in the UAE. I would also like to express my sincere thanks to the entire Eshraq family, partners, communities, and stakeholders for their continued support and trust in our operations and we look forward to continuing to strengthen these relationships in the years ahead.

Mohamed Al Sayed Al Hashimi

Chief Executive Officer

About this Report

REPORTING SCOPE

Welcome to Eshraq Investments PJSC's (hereafter Eshraq) sustainability report, which in addition to Eshraq's HQ accounts for the following portfolio companies: Nuran Marina Serviced Residences (Nuran Marina), Marina Rise Tower, Beans & Pages, and Burj Daman 58 Units. It is worth noting that Nuran Marina and Burj Daman's 58 Units were sold in 2023. However, Eshraq continues to run Nuran Marina's operation as a management company. Accordingly, the presented data includes the aforementioned scope unless stated otherwise (Burj Daman and Nuran Marina's data is included up until April and October 2023 respectively).

Our sustainability approach is aligned with internationally accepted best practice standards to measure and report on our environmental, social and governance activities. This report demonstrates our actions to deliver Eshraq's sustainability vision to our stakeholders.

REPORTING PERIOD

This report presents Eshraq's approach and commitment towards sustainable development in the UAE and covers environmental, social, economic, and governance performance and activities from 1st January 2023 to 31st December 2023.

REPORTING STANDARDS

This report has been prepared using guidance from the Abu Dhabi Securities Exchange (ADX) ESG Reporting Guide for listed companies, including making reference to the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals (SDGs).

INQUIRIES AND FEEDBACK

Eshraq would be happy to receive feedback or inquiries related to this report on the following email:

INFO@ESHRAQUAE.COM

Eshraq at a Glance

ABOUT US

Translated as 'sunrise' in Arabic, Eshraq is a public shareholding company built on the values of trust and stability. The Company is primarily engaged in commercial enterprise investment and real estate business and is listed on the ADX. Eshraq was first registered as a private joint stock company on the 24 December 2006 in the Emirate of Abu Dhabi, before converting to a public joint stock company in 2011.

Eshraq Investments is currently entering a new phase of expansion and development. This is supported by its ongoing portfolio diversification strategy which aims to continue to grow its investment portfolio from mostly real estate towards a more diversified multi-asset class investment fund. By doing so, the Company will be able to offer highly competitive long-term returns while also improving its resilience to market volatility.

Nuran Marina Serviced Residences (Nuran Marina) draws its inspiration from its Arabic name meaning 'two lights', or more specifically the sun and the moon and reflects its commitment to providing exemplary service to its residents both day and night. Located in Dubai Marina, these residences are equipped with home comforts, ample leisure facilities, and a conference venue. In addition, our friendly and competent staff ensure that Nuran Marina Serviced Residences (Nuran Marina) are the preferred choice for business and leisure travellers alike.

OUR VISION

Eshraq envisions a future where the Company stands as a symbol of excellence. To this end, the Company strives to be a pioneering force in the global real estate and investment landscape. Eshraq is working to redefine industry standards using innovative and sustainable strategies while keeping our commitment to creating long-term value for our stakeholders at the forefront of our operations.

OUR MISSION

To create enduring value for our shareholders, clients, and the communities we serve.

OUR VALUES

Integrity
Upholding the highest ethical standards in all business dealings

Community Engagement
Actively contributing to improving the communities where we operate

Innovation
Embracing innovation to derive sustainable growth and enhance the performance of assets

Sustainability
Prioritizing environmental responsibility across development projects and investment decisions

CHAPTER 1

OPERATIONS AT ESHRAQ

Since beginning our operation in 2006, we have continued to evolve by diversifying our investment portfolio from primarily real estate assets towards a diversified multi-asset class investment fund, with allocation across multiple sectors.

We are making solid progress on our roadmap to selectively extract value from our land portfolio and reinvest the proceeds in assets that present both a capital appreciation and income opportunity.

Our Corporate Governance

Our corporate governance framework outlines the rules, practices, and processes by which Eshraq is directed and managed.

This framework is composed of several policies and guidelines that is built upon four key principles: accountability, transparency, fairness, and responsibility, which enables the Company to create value while providing accountability and ensuring that control systems are in place that are commensurate with the risks involved. This framework also influences how the objectives of the Company are set and achieved, how risk is monitored and assessed and how performance is optimized. Our commitment to transparency and accountability is reflected in the timely issuance of our Corporate Governance Report.

Our success is guided by a team of visionary leaders who steer us towards our mission to create long-term value for our shareholders, clients, and the communities we serve, while also upholding our core values. Our Board of Directors is composed of accomplished and seasoned professionals who bring a wealth of experience and expertise across investments and capital markets and who are committed to the strategic development of policies and ESG initiatives.

Eshraq's Board of Directors comprises five members, one of which is female. Our female board member was appointed in 2021. To maintain board independence and strengthen overall integrity of the organisation, the role of the CEO and Board Chair remain separate.

The Board of Directors is overseen by the Nomination and Remuneration Committees of the Board of Directors, who evaluate and assess the overall performance of each Board member. A codified Terms of Reference outlines details of membership, powers, duties, and responsibilities of the Committee. The Committee meets quarterly and otherwise as required and the Chairman reports formally to the Board on its proceedings after each meeting. At present, Eshraq does not evaluate Board members from an ESG perspective, but this will be considered in the future.

The Board undergoes regular training, with the next training being scheduled for January 2024.

The Board undergoes regular training, with the next training being scheduled for January 2024.

The table below provides information on the composition of the Board of Directors at Eshraq.

Board of Directors	2021	2022	2023
Total number of board members (#)	7	7	5
Total number of independent members (#)	5	5	4
Total number of non-independent members (#)	2	2	1
Total number of executive members (#)	0	0	0
Total number of non-executive members (#)	7	7	5
Total board seats occupied by men (#)	6	6	4
Total board seats occupied by women (#)	1	1	1

Scope: Eshraq Investments PJSC

Financial Performance

Eshraq is a stable and high-growth potential company, offering attractive investment opportunities for investors looking to gain exposure to the Gulf Cooperation Council (GCC)'s most dynamic property market.

Eshraq is working to expand its investment potential through a sustainable and well-devised strategy that will be combined with disciplined execution and oversight.

Finance	2021	2022	2023
Revenues (million AED)	26.2	41.0	31.6
Operating Costs (million AED)	12.8	15.9	11.2
Employee wages and benefits (million AED)	6.0	7.7	7.9
Payments to the government (million AED)	3.4	4.3	3.4
Total tax paid (million AED)	N/A	N/A	3.8

AED 31.6 M
Revenues

AED 7.9 M
Employee wages and benefits

AED 3.4 M
Payments to the government

CHAPTER 2

SUSTAINABILITY AT ESHRAQ

Here at Eshraq, we are taking every step to incorporate sustainability into our operation. The Company recognizes that incorporating sustainability into our business practices is important to ensure that our businesses are future-fit and can learn, grow, and adapt quickly to change. As such, Eshraq aims to adopt sustainable investing strategies that not only provide long-term value for our clients but also for the communities we serve.

To this end, we have undertaken a materiality assessment and incorporated a management framework that is informed by the SDGs insofar as they are relevant to the built environment.

Materiality Assessment

Materiality assessment is an important exercise for identifying, refining, and assessing potential environment, social, and governance issues that could impact our business and is built upon data generated by stakeholder consultations.

In 2021, Eshraq conducted a materiality assessment to identify topics that represent the organization's most significant impacts. In 2022, this assessment was reviewed to ensure that the topics that had been selected continued to be relevant. This review also included a review of international and national standards and priorities including but not limited to Sustainability Accounting Standards Board (SASB), GRI, SDGs, and the Strategic Plan 2021 – 2025.

This process enabled us to identify issues and group them depending on priority, with high priority topics receiving the most attention. The issues we will prioritize for this reporting period include:

- **Energy and climate**
- **Environmental resource management**
- **Employee wellbeing and talent management**
- **Ethics and compliance**
- **Local communities**
- **Customer health and safety**

SUSTAINABILITY FRAMEWORK

Following on from the materiality assessment, Eshraq developed a sustainability framework to help guide its sustainability strategy and define its sustainability goals and objectives, demonstrating how they align with the SDGs and what key performance indicators (KPIs) Eshraq will use to assess them.

The framework is built around three key pillars.

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ESHRAQ

Managing Our Environmental Impact	Taking Care of Our People	Building a Thriving Community
By taking steps to manage our environmental impacts, we will ensure sustainable growth across all our operations. This will not only safeguard our business but, will demonstrate to our stakeholders that we are a committed and responsible business.	Here at Eshraq, our people are our greatest asset and we are committed to providing safe and inclusive working environment where they can thrive and grow.	At Eshraq, we know that building a relationship with the local community is paramount to both the success of our operations and the success of the communities we operate in. As a result, we endeavour to ensure that our activities contribute towards building a strong and vibrant community.
Material Issues Covered		
Energy and climate Environmental resources management	Employee wellbeing and talent management Ethics and compliance	Local communities Customer health and safety
SDG Alignment		
6 Clean Water and Sanitation 12 Responsible Consumption and Production 13 Climate Action	3 Good Health and Well-Being 5 Gender Equality 8 Decent Work and Economic Growth	11 Sustainable Cities and Communities

CHAPTER 3

MANAGING OUR ENVIRONMENTAL IMPACT

Eshraq has taken several steps to better understand the impacts that our operations have on the environment and to look for opportunities and solutions to manage these effectively. To this end, we aim to better understand and monitor both our impact on the climate and resource consumption across all our operations, including but not limited to water, energy, and paper. Eshraq supports internal initiatives and community programs that promote behavioural change around energy and resource consumption.

MATERIAL ISSUES COVERED

- Energy and climate
- Environmental Resources management

SDG ALIGNMENT

Energy and Climate

Eshraq is committed to reducing our energy consumption and has taken several steps to raise awareness of this issue amongst our employees, intending to foster long-term behavioural changes that will help ensure this continues.

Some examples of these measures include ensuring that all equipment is turned off when not in use, switching off lights, and running air-conditioning on auto mode to ensure a temperature of between 22 °C and 24 °C is maintained. In addition, we have implemented several measures to improve the efficiency of the chilled water systems in all our buildings.

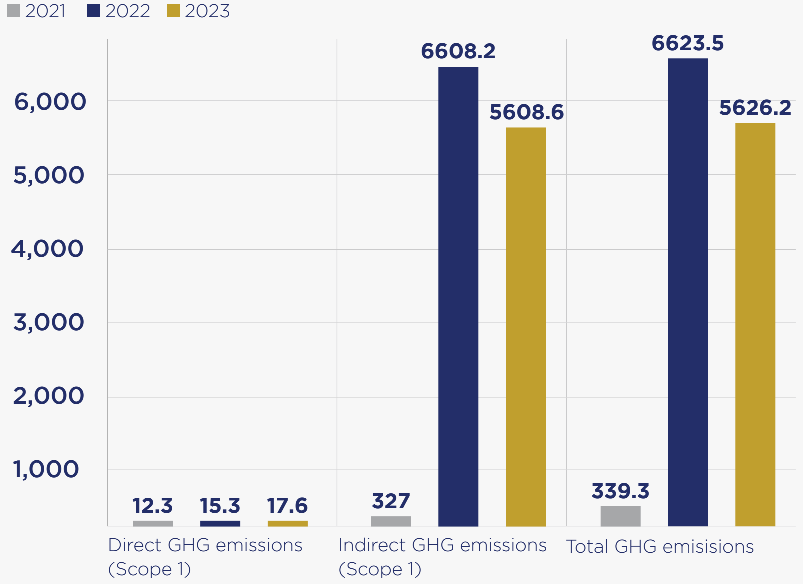
The Development Department at Eshraq HQ has also implemented a number of energy management initiatives to help reduce chilled water consumption and save energy in an Eshraq-owned building. For example, the chilled water system runs on an energy efficient model to reduce energy usage, and is regularly maintained to ensure optimal performance. In addition, the team has initiated a campaign to raise awareness among tenants by pasting posters and messages sharing tips and guidelines that encourage responsible use over the building premises. Smart meters have also been installed to monitor chilled water consumption and help identify ways it can be reduced. The implemented initiatives bore fruit in 2023 with a 15% decrease in electricity consumption.

The table below outline energy consumption data at Eshraq.

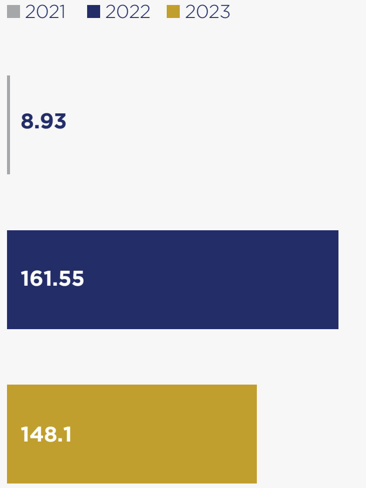
Energy consumption*	2021	2022	2023
Direct energy consumption			
Petrol consumption from operations and vehicles (L)	5,332	6,598	7,599
Indirect energy consumption			
Electricity consumption (office, storage, facilities, etc.) (kWh)	483,684	9,775,307	8,296,741
Total energy consumption			
Total direct and indirect energy consumed (GJ)	1,920.02	35,412.31	30,123.0
Energy intensity (GJ/employee)	50.53	863.71	792.7

The charts below provide an outline of GHG consumption data at Eshraq.

GHG Emissions* (tonnes CO_2eq)



GHG Emissions Intensity* (tonnes CO_2eq/employee)



*2021 Scope: Eshraq Investments PJSC, Nuran Marina and Marina Rise Tower.
2022 Scope Eshraq Investments PJSC, Nuran Marina, Marina Rise Tower, and Beans & Pages'.

Environmental Resource Management

Eshraq is committed to responsibly managing its resource consumption and has implemented many initiatives to ensure that all resources are managed effectively, reducing both consumption and waste.

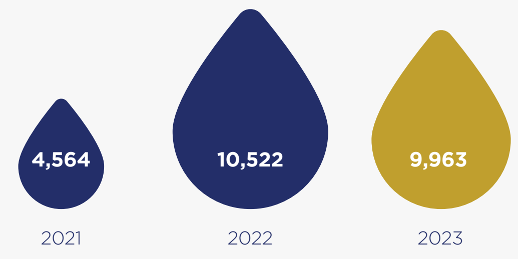
Eshraq has embraced the move towards digitalization and set several goals to become a paperless business. For example, in 2018, we began the use of ACONEX software in our workflows and emails to obtain digital approval/e-signatures on documents rather than paper-based signatures. In addition, all our policy documents are now available on company shared drives and paper records have been converted into digital content to reduce the amount of paper being used. We understand that some printing is necessary so environmentally friendly paper is available in this instance to ensure we are still reducing our environmental impacts. Eshraq also encourages employees to reuse stationary wherever possible.

In 2023, Nuran Marina initiated detailed tracking of its waste. A total non-hazardous waste generation of 239,652 kg was reported. Out of the waste generated, 1,852 kg was successfully recycled.

The Development Department has also worked on raising awareness of recycling amongst our tenants by posting posters and messages all over the building premises. These posters aim to educate tenants on the importance of recycling and how to effectively use the existing waste management including designated bins and the segregation system. The Development Department also ensured that the Marina Rise soft cleaning service provider and car wash company used waterless tools to help reduce the overall consumption of water.

This year marks the initiation of a positive trend in our water consumption with a 5% decrease compared to 2022. The infographic provides an overview of the water consumption* data for Eshraq during the reporting period of 2023.

Total water consumption* (m^3)



Water consumption intensity*
(m^3/ employee)

*Nuran Marina provided data for 2022 and 2023 only.

SPOTLIGHT

Nuran Marina's Environmental Program

Nuran's Building Management System underwent a major environmental improvement program. This program gave a better insight into the building's energy consumption which enabled us to take control of costs. This led to the introduction of several technological enhancements which have made it possible for Nuran to always be proactive, monitoring energy consumption readings and making real-time changes to the units. Nuran Marina also follows Dubai Sustainable Tourism Guidelines by promoting guest education and implementing energy-saving and water-saving prompts for its occupants. Some of these measures include the placement of notices in bathrooms for guests to save water by using specially designed showers that reduce water use and by placing messages by balcony doors to encourage them to keep these closed to save energy. Nuran has also placed messages in apartments outlining the importance of the sustainability actions which it is initiating.

CHAPTER 4

TAKING CARE OF OUR PEOPLE

Eshraq recognizes that its people are its greatest asset and strives to foster a safe and inclusive working environment throughout the organization. We believe that the well-being and growth of our employees are pivotal to our success. With a commitment to nurturing talent and fostering a harmonious workplace, we continuously develop strategies and programs that prioritize the development of every team member.

MATERIAL ISSUES COVERED

- Employee Wellbeing and Talent Management
- Ethics and Compliance

SDG ALIGNMENT

Employee Wellbeing and Talent Management

Eshraq understands the importance of providing a safe and inclusive working environment and strives to ensure that the work environment at the Company is free of harassment and discrimination. We are committed to ensuring that all employees feel supported, and we do not tolerate the mistreatment of any of our employees.

Eshraq follows all Security and Commodities Authority (SCA) regulations and the laws of the UAE to prevent and address any incidents of workplace discrimination or harassment. Harassment and discrimination include but are not limited to, any undesirable, unreasonable or offensive behaviour that may make employees feel uncomfortable, humiliated, intimidated, or threatened.

Eshraq ensures there remains an open and active dialogue between management and employees to safeguard the physical and mental well-being of its workforce. This ensures that we foster a supportive and understanding work culture which helps our workforce overcome any challenges.

The table below provides an overview of the workforce data at Eshraq.

Workforce size	2021*	2022**	2023
Total number of employees	**55**	**60**	**66**
Full-time employees	38	41	38
Part-time employees	0	0	0
Total number of contractors and/or consultants	17	19	28
Workforce by employment level			
Full time employees in senior management	**7**	**7**	**7**
Female	1	1	1
Male	6	6	6
Full time employees in middle management	**6**	**6**	**3**
Female	3	3	1
Male	3	3	2
Full time employee staff (other levels)	**25**	**28**	**28**
Female	7	7	6
Male	18	21	22
Workforce by gender profile			
Female full-time employees	10	10	8
Male full-time employees	26	29	30

*Scope: Eshraq Investments PJSC, Nuran Marina and Burj Daman Tower.
**Scope: Eshraq Investments PJSC and Nuran Marina, Beans & Pages and Burj Daman Tower

As a company, we are proud to have a highly qualified and diverse team that has included a female Emirati employee at a senior management level since 2021.

In addition, we also hired a full-time male Emirati employee in 2023 to support the UAE's efforts towards nationalization.

Nationalization	2021	2022	2023
Female National full-time employees (#)	1	1	1
Male National full-time employees (#)	0	0	1

Scope: Eshraq Investments PJSC

At Eshraq, we believe that continual learning and development are the cornerstones to a productive and efficient workforce.

Eshraq takes health and safety management very seriously and is proud to report that there were no fatalities, recordable injuries, and lost time injuries reported for employees and contractors during this reporting period. Eshraq also ensures that all of our service providers have a dedicated health and safety policy. At Eshraq, we believe that continual learning and development are the cornerstones to a productive and efficient workforce. As a result, Eshraq provides on the job training or access to virtual courses. For example, all training at Nuran Marina is completed as part of the Department of Tourism and Commerce Marketing (DTCM) and the Security Industry Regulatory Authority (SIRA) guidelines. These courses are comprehensive and cover a range of topics including guest service, UAE tourism targets, as well as hospitality rules and regulations.

Online tests are carried out as part of this training process to help ensure that all of our employees have a solid understanding of the training material. The tests must be taken at the end of each chapter and passed before proceeding to the next chapter. If the test is not passed with a score of at least 80%, employees are encouraged to review the material and retake the test until they achieve a passing grade. This helps ensure that the employees have grasped the concepts presented in the courses.

Ethics and Compliance

Eshraq adheres to the highest ethical and professional standards and takes every necessary step to ensure that we comply with all relevant laws, regulations, and rules across the Company. This includes all applicable laws and regulations under the Ministry of Human Resources & Emiratization.

As such, Eshraq has several policies in place to help guide employees on their conduct and how to manage concerns or conflicts should they arise. These policies include Code of Ethics, Whistleblowing, Conflict of Interest, and Information Security.

We also have an audit committee that reviews the Company's governance, risk management, and internal control practices.

The audit committee performs its role by providing independent oversight to the board which also serves to provide confidence in the integrity of these practices. There were no incidents of corruption involving the organization in 2023.

CODE OF ETHICS

Eshraq's Code of Ethics Policy aims to raise awareness amongst our employees of the laws, policies, and procedures that they must adhere to, and all employees are required to certify their compliance with this policy. In addition, this policy is also applicable to authorities or other entities dealing with the Company.

WHISTLEBLOWING

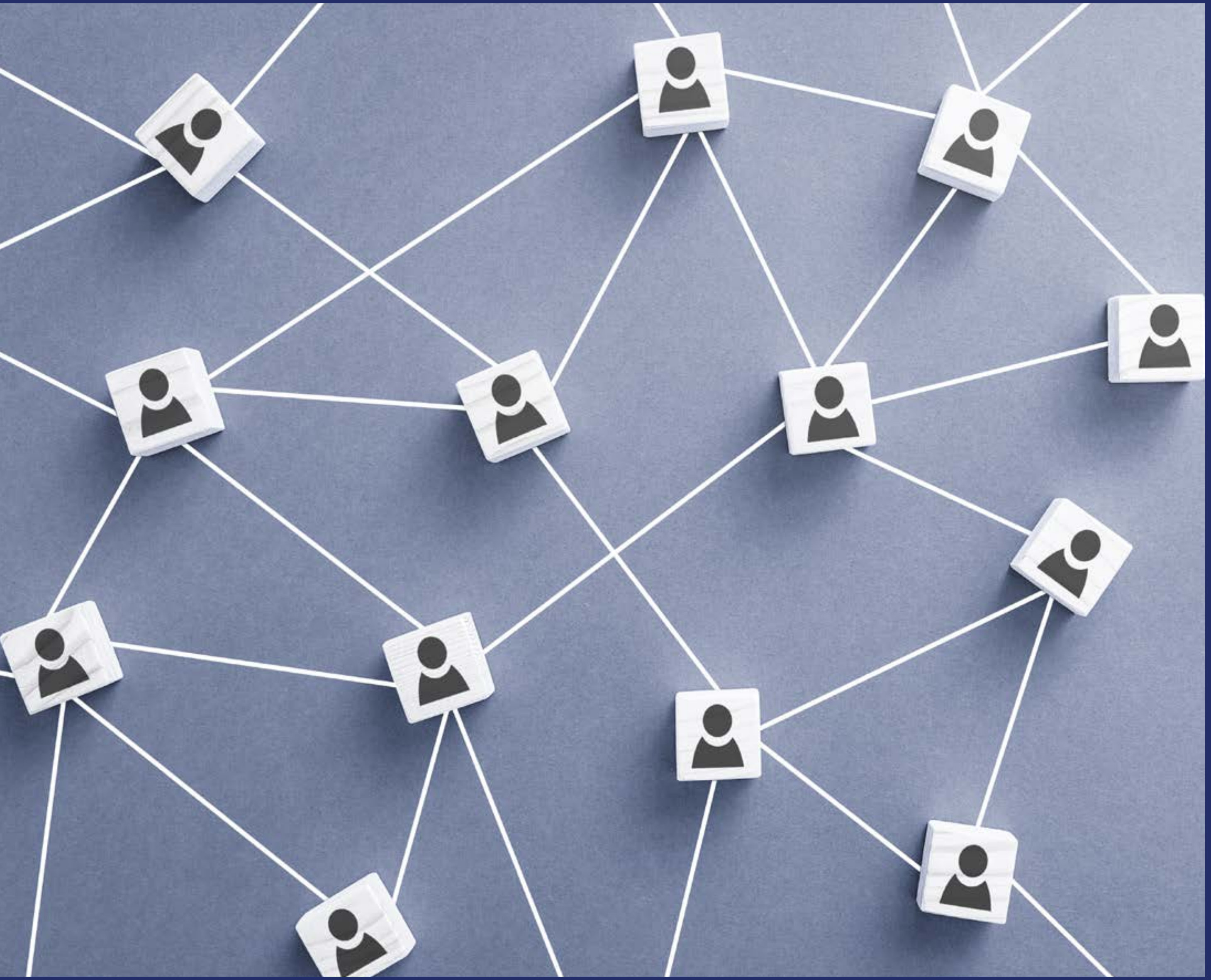
Eshraq is committed to the highest standards of transparency and accountability. The Company's Whistleblowing Policy acts as a guide to voicing concerns. This policy includes examples of concerns that may be raised by an employee, the procedure that should be followed, as well as the safeguards available to employees should they raise a concern.

CONFLICT OF INTEREST

The Company is also committed to maintaining the highest level of ethical standards in the conduct of its business affairs. As a result, we strive to ensure that the actions and conduct of the Company's employees as well as others acting on the Company's behalf align with the Company's core principles. Acting in circumstances where a conflict of interest may have a detrimental impact on the Company is contrary to Eshraq's business principles and puts the business, resources, and reputation of the Company at risk. The Company's Conflict of Interest Policy sets out a framework for identifying, managing, and mitigating potential or actual conflicts of interest inherent within the Company's business and guides how to manage a conflict should it arise.

INFORMATION SECURITY

Safeguarding company information against unauthorized disclosure, modification, and destruction is paramount to protecting the Company's interests and operations and building trust with our stakeholders. Employees are fully responsible for ensuring that they adhere to set guidelines and procedures and are kept up to date on Information Security policies, procedures, and guidelines. It is a fundamental term of every contract of employment that an employee of the Company or any subsidiary or affiliate will not disclose confidential information about the Company's affairs.



CHAPTER 5

BUILDING A THRIVING COMMUNITY

At Eshraq, we take social responsibility seriously and recognize the role that our business can play in building strong and vibrant communities. We believe that the partnership between our business and the local community not only improves the well-being of the communities we operate in but also underpins Eshraq's success.

MATERIAL ISSUES COVERED

- Local Communities
- Customer Health and Safety

SDG ALIGNMENT

11 SUSTAINABLE CITIES AND COMMUNITIES

Local Communities

Eshraq is dedicated to bolstering local communities and takes corporate social responsibility seriously. As part of this commitment, we strive to support initiatives that enrich the communities in which we operate, work with local suppliers wherever possible, and provide educational opportunities to young people.

Eshraq invested AED 2 million in the Beans and Pages Library. This library is in the heart of Al Reem Island and holds 11,000 books which are available for members to loan. To encourage children to read more, we introduced several special offers for children and changed our menu to include children's beverages. We also introduced discounted rates for students to increase the footfall of families and children.

At Eshraq, we recognize the importance of supporting local suppliers to contribute to the growth and development of the communities in which we operate, and we prioritize procurement from these suppliers wherever possible. In 2023, we are proud to report that approximately 97% of our procurement was sourced from local suppliers, accounting for over 90% of our total procurement spending, which amounted to AED 22.5 million. Not only does this support the local communities but also ensures that our projects are delivered on time, within budget, and with the highest quality standards.

We work collaboratively with these suppliers to ensure that our supply chain operations align with the UAE's legal and regulatory frameworks.

The table below outlines procurement data at Eshraq.

Procurement	2021	2022	2023
Total number of supplier (#)	121	168	132
Total number of local suppliers (#)	117	163	129
Procurement spending on local suppliers (million AED)	31*	23*	22.5
Total procurement spending (million AED)	33*	25*	24.5

*Scope: Eshraq Investments PJSC Marina Rise Tower, Nuran Marina, and Beans & Pages

Customer Health and Safety

Eshraq believes that creating meaningful and trusting relationships with our customers is vital for the sustainability of its business and we endeavour to ensure the safety of our customers, including in the digital realm. In addition, we strive to comply with all laws and regulations in operating markets. As a result, there have been no recorded complaints concerning breaches of customer privacy and data losses, and no incidents of non-compliance concerning the customer's health and safety.

The Company also has a dedicated communications charter for stakeholders on our company's website. This enables more effective communication between Eshraq and our stakeholders by providing dedicated access to an Eshraq representative for receiving complaints, recommendations, and suggestions. This feedback mechanism operates via the Investor Relations section of the Company's website where concerns and supporting documents can be submitted. From here, recommendations and suggestions are directed to the board secretary and grievances are sent to Internal Audit.

SPOTLIGHT

Nuran Marina Safety Efforts

Nuran Marina has been working towards achieving an 8+ rating on all online travel agencies. The major challenges Nuran has faced on this mission is related to the return of customers after the Covid-19 pandemic because they are more aware of their basic rights to hygiene, comfort and safety. Nuran has strived to provide high levels of service and quality; to showcase UAE as the safest country to visit after the Covid-19 pandemic. Nuran Marina has partnered with online booking channels that review all its services and facilities regularly and guests also give feedback after each stay. This information is available to all on Nuran Marina web pages.

APPENDIX

Appendix A. ADX ESG Disclosure Guidelines

ENVIRONMENT

Metric	Calculation	Corresponding GRI Standard	Corresponding SDG	Coverage (Page)
E1. GHG Emissions	E1.1) Total amount in CO2 equivalents, for Scope 1	GRI 305: Emissions 2016	13 CLIMATE ACTION	12
	E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable)			12
	E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)			Not Available
E2. Emissions Intensity	E2.1) Total GHG emissions per output scaling factor	GRI 305: Emissions 2016	13 CLIMATE ACTION	12
	E2.2) Total non-GHG emissions per output scaling factor			12
E3. Energy Usage	E3.1) Total amount of energy directly consumed	GRI 302: Energy 2016	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12
	E3.2) Total amount of energy indirectly consumed			12
E4. Energy Intensity	Total direct energy usage per output scaling factor	GRI 302: Energy 2016	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12
E5. Energy Mix	Percentage: Energy usage by generation type	GRI 302: Energy 2016	7 AFFORDABLE AND CLEAN ENERGY	Not Available

Metric	Calculation	Corresponding GRI Standard	Corresponding SDG	Coverage (Page)
E6. Water Usage	E6.1) Total amount of water consumed	GRI 303: Water and Effluents 2018	6 CLEAN WATER AND SANITATION	13
	E6.2) Total amount of water reclaimed			Not Available
E7. Environmental Operations	E7.1) Does your company follow a formal Environmental Policy? Yes/No	GRI 103: Management Approach 2016		No
	E7.2) Does your company follow specific waste, water, energy, and/or recycling polices? Yes/No			No
	E7.3) Does your company use a recognized energy management system?			12
E8. Environmental Oversight	Does your Management Team oversee and/or manage sustainability issues? Yes/No	GRI 102: General Disclosures		12&13
E9. Environmental Oversight	Does your Board oversee and/or manage sustainability issues? Yes/No	GRI 102: General Disclosures 2016		7
E10. Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development		13 CLIMATE ACTION	Not Available

SOCIAL

Metric	Calculation	Corresponding GRI Standard	Corresponding SDG	Coverage (Page)
S1. CEO Pay Ratio	S1.1) Ratio: CEO total compensation to median FTE total compensation	GRI 102: General Disclosures 2016	10 REDUCED INEQUALITIES	Not Available
	S1.2) Does your company report this metric in regulatory filings? Yes/No			No
S2. Gender Pay Ratio	Ratio: Median male compensation to median female compensation	GRI 405: Diversity and Equal Opportunity 2016	5 GENDER EQUALITY	Not Available
S3. Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees	GRI 401: Employment 2016		15
	S3.2) Percentage: Year-over-year change for part-time employees			15
	S3.3) Percentage: Year-over-year change for contractors/consultants			15
S4. Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women	GRI 102: General Disclosures 2016 , GRI 405: Diversity and Equal Opportunity 2016	5 GENDER EQUALITY	15
	S4.2) Percentage: Entry- and mid-level positions held by men and women			15
	S4.3) Percentage: Senior- and executive-level positions held by men and women			15
S5. Temporary Worker Ratio Female full-time employees	S5.1) Percentage: Total enterprise headcount held by part-time employees	GRI 102: General Disclosures 2016		15
	S5.2) Percentage: Total enterprise headcount held by contractors and/or consultants			15

Metric	Calculation	Corresponding GRI Standard	Corresponding SDG	Coverage (Page)
S6. Non-Discrimination	Does your company follow a non-discrimination policy? Yes/No	GRI 103: Management Approach 2016*	10 REDUCED INEQUALITIES	17
S7. Injury Rate	Percentage: Frequency of injury events relative to total workforce time	GRI 403: Occupational Health and Safety 2018	3 GOOD HEALTH AND WELL-BEING	16
S8. Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	GRI 103: Management	3 GOOD HEALTH AND WELL-BEING	No
S9. Child & Forced Labor	S9.1) Does your company follow a child and/or forced labor policy? Yes/No	GRI 103: Management Approach 2016*	8 DECENT WORK AND ECONOMIC GROWTH	No
	S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No			No
S10. Human Rights	S10.1) Does your company follow a human rights policy? Yes/No	GRI 103: Management Approach 2016	10 REDUCED INEQUALITIES	No
	S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No			No
S11. Nationalization	Percentage of national employees		8 DECENT WORK AND ECONOMIC GROWTH	16
S12. Community Investment	Amount invested in the community, as a percentage of company revenues.	GRI 413: Local Communities 2016		19

GOVERNANCE

Metric	Calculation	Corresponding GRI Standard	Corresponding SDG	Coverage (Page)
G1. Board Diversity	G1.1) Percentage: Total board seats occupied by men and women	GRI 405: Diversity and Equal Opportunity 2016	5 GENDER EQUALITY	7
	G1.2) Percentage: Committee chairs occupied by men and women			Not Available
G2. Board Independence	G2.1) Does company prohibit CEO from serving as board chair? Yes/No			Yes
	G2.2) Percentage: Total board seats occupied by independent board members			7
G3. Incentivized Pay	Are executives formally incentivized to perform on sustainability?			No
G4. Supplier Code of Conduct	G4.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No		12 RESPONSIBLE CONSUMPTION AND PRODUCTION	19
	G4.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?			Not Available
G5. Ethics & Prevention of Corruption	G5.1) Does your company follow an Ethics and/or Prevention of Corruption policy? Yes/No		16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17
	G5.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?			17

Metric	Calculation	Corresponding GRI Standard	Corresponding SDG	Coverage (Page)
G6. Data Privacy	G6.1) Does your company follow a Data Privacy policy? Yes/No			No
	G6.2) Has your company taken steps to comply with GDPR rules? Yes/No			No
G7. Sustainability Reporting	Does your company publish a sustainability report? Yes/No			Yes
G8. Disclosure Practices	G8.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No			No
	G8.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No			Yes
	G8.3) Does your company set targets and report progress on the UN SDGs? Yes/No			No
G9. External Assurance	Are your sustainability disclosures assured or validated by a third-party audit firm? Yes/No	*GRI 103: Management Approach 2016 is to be used in combination with the topic specific Standards		No

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Thank you!

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