

ESHRAQ INVESTMENTS PJSC

**Review report and condensed
consolidated financial information
for the three-month period ended
31 March 2022**

ESHRAQ INVESTMENTS PJSC

Review report and condensed consolidated financial information for the three-month period ended 31 March 2022

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ESHRAQ INVESTMENTS PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Eshraq Investments PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 31 March 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.


Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34 *Interim Financial Reporting*.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No.717
12 May 2022
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
at 31 March 2022**

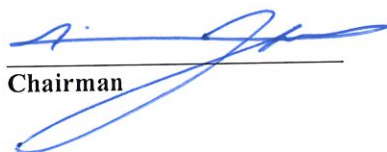
		31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
	Notes		
ASSETS			
Non-current assets			
Property and equipment	5	97,407	97,253
Investment properties	6	1,006,352	1,006,352
Financial assets at fair value through other comprehensive income	8	83,514	73,469
Investment in an associate	14	8,505	8,285
Debt investment at amortised cost	9	18,274	18,274
Wakala investments	13	85,000	85,000
Other receivables		544	544
Total non-current assets		1,299,596	1,289,177
Current assets			
Inventories		78	75
Trade and other receivables	11	10,723	18,700
Financial assets at fair value through profit or loss	10	276,275	268,472
Financial assets at fair value through other comprehensive income	8	20,542	20,542
Debt investment at amortised cost	9	36,725	-
Due from a related party	22	10,442	19,816
Cash and bank balances	12	45,005	72,037
Total current assets		399,790	399,642
Total assets		1,699,386	1,688,819
EQUITY AND LIABILITIES			
Equity			
Share capital	15	2,325,000	2,325,000
Treasury shares	15	(15,609)	(15,609)
Statutory reserve	16	141,125	141,125
Accumulated losses		(1,024,951)	(1,039,304)
Investment revaluation reserve	17	(47,912)	(47,957)
Total equity		1,377,653	1,363,255

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

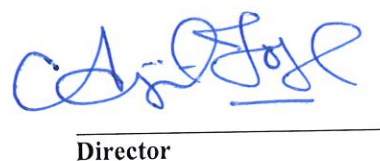
**Condensed consolidated statement of financial position
at 31 March 2022 (continued)**

	Notes	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	18	1,195	1,151
Bank borrowings	20	246,165	250,079
Total non-current liabilities		<u>247,360</u>	<u>251,230</u>
Current liabilities			
Trade and other payables	21	30,738	30,818
Bank borrowings	20	43,635	43,516
Total current liabilities		<u>74,373</u>	<u>74,334</u>
Total liabilities		<u>321,733</u>	<u>325,564</u>
Total equity and liabilities		<u>1,699,386</u>	<u>1,688,819</u>

To the best of our knowledge, the condensed 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.



Chairman



Director

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

**Condensed consolidated statement of profit or loss
for the three-month period ended 31 March 2022**

	Notes	Three-month ended 31 March	
		2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
Revenue from commercial operations		11,518	5,306
Direct operating expenses		(3,606)	(2,660)
		<hr/>	<hr/>
Gross profit from commercial operations		7,912	2,646
		<hr/>	<hr/>
Finance income		3,732	3,785
Finance costs		(2,177)	(1,302)
		<hr/>	<hr/>
Net finance income		1,555	2,483
		<hr/>	<hr/>
Net changes in fair value of financial assets at FVTPL	10	7,803	7,624
Share of profits from an associate	14	220	220
Dividend income		1	-
		<hr/>	<hr/>
Net gain from investments		8,024	7,844
		<hr/>	<hr/>
Total operating income		17,491	12,973
		<hr/>	<hr/>
General and administrative expenses		(3,000)	(2,674)
Selling and marketing expenses		(142)	(152)
Other income		4	111
		<hr/>	<hr/>
Profit for the period		14,353	10,258
		<hr/> <hr/>	<hr/>
Basic and diluted earnings per share (AED)	23	0.0063	0.0045
		<hr/> <hr/>	<hr/>

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

**Condensed consolidated statement of comprehensive income
for the three-month period ended 31 March 2022**

	Notes	Three-month ended 31 March	
		2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
Profit for the period		14,353	10,258
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net changes in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI")	8	45	1,689
Total other comprehensive income		45	1,689
Total comprehensive income for the period		14,398	11,947

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

**Condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2022**

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	Accumulated losses AED'000	Investment revaluation reserve AED'000	Total equity AED'000
Balance at 1 January 2021 (audited)	2,325,000	(15,609)	137,283	(1,074,128)	(67,074)	1,305,472
Profit for the period	-	-	-	10,258	-	10,258
Other comprehensive income for the period	-	-	-	-	1,689	1,689
	-----	-----	-----	-----	-----	-----
Total comprehensive income for the period	-	-	-	10,258	1,689	11,947
Transfer to retained earnings on disposal of financial assets at FVTOCI	-	-	-	(136)	136	-
	-----	-----	-----	-----	-----	-----
Balance at 31 March 2021 (unaudited)	2,325,000	(15,609)	137,283	(1,064,006)	(65,249)	1,317,419
	=====	=====	=====	=====	=====	=====
Balance at 1 January 2022 (audited)	2,325,000	(15,609)	141,125	(1,039,304)	(47,957)	1,363,255
Profit for the period	-	-	-	14,353	-	14,353
Other comprehensive income for the period	-	-	-	-	45	45
	-----	-----	-----	-----	-----	-----
Total comprehensive income for the period	-	-	-	14,353	45	14,398
	-----	-----	-----	-----	-----	-----
Balance at 31 March 2022 (unaudited)	2,325,000	(15,609)	141,125	(1,024,951)	(47,912)	1,377,653
	=====	=====	=====	=====	=====	=====

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

**Condensed consolidated statement of cash flows
for the three-month period ended 31 March 2022**

	Notes	Three-month ended 31 March	
		2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
Cash flows from operating activities			
Profit for the period		14,353	10,258
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	873	1,316
Net change in fair value of financial assets at FVTPL	10	(7,803)	(7,624)
Share of profits from an associate	14	(220)	(220)
Amortisation of borrowing cost	20	54	48
Provision for employees' end of service benefits	18	67	52
Dividend income		(1)	-
Finance income		(3,732)	(3,785)
Finance costs		2,078	1,254
Operating cash flows before changes in working capital		5,669	1,299
Decrease/(increase) in trade and other receivables		133	(696)
(Decrease)/increase in trade and other payables		(94)	819
Decrease/(increase) in due from a related party		(626)	4
Increase in inventories		(3)	(4)
Cash generated from operations		5,079	1,422
Employees' end of service benefits paid	18	(23)	-
Net cash generated from operating activities		5,056	1,422
Cash flows from investing activities			
Purchase of debt investments at a mortised cost	9	(36,725)	-
Interest received		8,596	1,181
Dividends received		2,981	-
Payments for property and equipment	5	(1,027)	(13)
Proceeds from sales of financial assets at fair value through profit or loss	10	-	9,133
Payments for investment properties under development	7	-	(5,967)
Proceeds from disposal of financial assets at fair value through other comprehensive income	8	-	1,818
Net cash (used in)/generated from investing activities		(26,175)	6,152

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

**Condensed consolidated statement of cash flows
for the three-month period ended 31 March 2022 (continued)**

	Notes	Three-month ended 31 March	
		2021 AED'000 (unaudited)	2020 AED'000 (unaudited)
Cash flows from financing activities			
Repayment of bank borrowings	20	(3,850)	(11,108)
Proceeds from bank borrowings	20	-	5,460
Finance costs paid		(2,063)	(1,014)
Net cash flows used in financing activities		(5,913)	(6,662)
Net (decrease)/increase in cash and cash equivalents		(27,032)	912
Cash and cash equivalents as at 1 January		61,733	5,819
Cash and cash equivalents as at 31 March	12	34,701	6,731
<u>Non cash transaction</u>			
Settlement of financial assets at FVTOCI against financial assets at FVTPL	8	-	1,791
Settlement of financial assets at FVTOCI against accrued interest receivables		-	84
Acquisition of financial assets at FVTOCI against related party receivables	8	10,000	-

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

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2022

1 General information

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

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

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

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

<u>Name of the subsidiary</u>	<u>Country of incorporation</u>	<u>Percentage of holding</u>	<u>Principal activities</u>	<u>Classification</u>
Nuran Marina Serviced Residence LLC*	UAE	100	Hotel apartments	Subsidiary
Eshraq International Company LLC	Cayman Islands	100	Real estate	Subsidiary
Eshraq Management Ltd**	UAE	100	Asset management	Subsidiary
Alkonost Investment Ltd***	Cayman Islands	40	Asset management	Associate

* 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.

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

*** Eshraq International Company LLC owns 40% ownership in Alkonost Investment Ltd.

2 Application of new and revised International Financial Reporting Standards (“IFRSs”)

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022****2 Application of new and revised International Financial Reporting Standards (“IFRSs”)
(continued)****2.1 New and revised IFRSs applied with no material effect on the condensed consolidated
financial statements (continued)**

- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework.
- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract.
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts (effective from January 1, 2023).
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from January 1, 2023).
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) (effective from 1 April 2022)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective from 1 January 2023).
- Definition of Accounting Estimates (Amendments to IAS 8) (effective from 1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective from 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2 related to Disclosure of Accounting Policies (effective from January 1, 2023).

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

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on these condensed consolidated financial statements of the Group.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)****3 Summary of significant accounting policies****Statement of compliance**

The condensed consolidated financial statements are prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2021. In addition, results for three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

Basis of preparation

These condensed consolidated financial statements are presented in UAE Dirhams (AED) which is the functional and presentational currency of the Group and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

These condensed 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.

4 Accounting estimates and judgements

The accounting policies, significant judgements, estimates and assumptions applied by the Group in these condensed consolidated financial statements are consistent with those in the audited annual consolidated financial statements of the Group as at and for the year ended 31 December 2021, except for the adoption of new standards and interpretations effective 1 January 2022 as stated in Note 2 above.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

5 Property and equipment

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Carrying amount at the beginning of the period/year	97,253	101,479
Additions during the period/year	1,027	2,759
Depreciation charge for the period/year	(873)	(4,676)
Transfer from investment properties under development (Note 7)	-	3,000
Derecognition of right of use asset upon termination of lease contract (Note 19)	-	(3,958)
Disposals during the period/year	-	(1,351)
	<hr/>	<hr/>
Carrying amount at the end of the period/year	97,407	97,253
	<hr/>	<hr/>

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

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

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

Included in property and equipment, a building used by Nuran Marina Serviced Residences LLC is mortgaged as a security for a loan obtained by the Group from a local bank (Note 20).

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

	Three-month ended 31 March	
	2022	2021
	AED'000	AED'000
	(unaudited)	(unaudited)
Direct operating expenses	867	792
General and administrative expenses	6	524
	<hr/>	<hr/>
	873	1,316
	<hr/>	<hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

6 Investment properties

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

Movement in investment properties is as follows:

	31 March 2022 AED’000 (unaudited)	31 December 2021 AED’000 (audited)
Balance at the beginning of the period/year	1,006,352	826,681
Additions	-	2,440
Transfer from investment properties under development (Note 7)	-	186,341
Decrease in fair value	-	(9,110)
	<hr/>	<hr/>
Balance at the end of the period/year	1,006,352	1,006,352
	<hr/>	<hr/>

Investment properties are carried at fair value. As of 31 December 2021, the fair value of the investment properties has arrived at on the basis of valuations carried out by accredited independent valuers not related to the Group. 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 properties were considered, and comparable and income capitalisation valuation approaches were used. Based on the internal assessment performed, management believes that there is no significant change in the fair value of investment properties during the three-month period ended 31 March 2022.

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.

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

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

6 Investment properties (continued)

In 2021, the Group completed the development of one of its property located in Abu Dhabi. As a result, the Group transferred an amount of AED 186,341 thousand from investment properties under development (Note 7) to investment properties.

During the three-month period ended 31 March 2022, the Group recognised rental income from letting investment properties of AED 5,151 thousand (31 March 2021: AED 1,914 thousand).

Included in investment properties, 1) a building with a fair value of AED 146,574 thousand (31 December 2021: AED 146,574 thousand); and 2) a building and a land with a fair value of AED 193,300 thousand (31 December 2021: AED 193,300 thousand) are mortgaged as a security for a loan obtained by the Group from a local bank (Note 20).

7 Investment properties under development

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at the beginning of the period/year	-	178,780
Additions	-	10,561
Transfer to investment properties (Note 6)	-	(186,341)
Transfer to property and equipment (Note 5)	-	(3,000)
	<hr/>	<hr/>
Balance at the end of the period/year	-	-
	<hr/>	<hr/>

In 2021, the Group completed the development of one if its property located in Abu Dhabi. As a result, the Group transferred an amount of AED 186,341 thousand to investment properties (Note 6) and AED 3,000 thousand to property and equipment (Note 5).

Investment properties under development were carried at fair value.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

8 Financial assets at fair value through other comprehensive income

The Group's financial assets at fair value through other comprehensive income ("FVOCI") comprise of strategic investments in equity securities that were irrevocably designated as measured at FVOCI.

Financial assets at FVOCI breakdown as at the end of the reporting period comprises the following:

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Unquoted equity securities (i)	63,073	53,115
Unquoted funds (ii)	40,617	40,542
Quoted equity securities	366	354
	<hr/> 104,056 <hr/>	<hr/> 94,011 <hr/>

- (i) Comprised of 1) an investment in an equity stake of an unlisted entity established in Cayman Islands with the objective to acquire, develop, hold, market, lease, operate, dispose of, sub-divide and otherwise deal with a property situated in the UAE; 2) an investment in a financial institution in the UAE that provides Islamic financing, corporate financing and asset management services and 3) an investment in an equity stake on a special-purpose vehicle established to develop a plot of land as a hospitality asset or a luxury branded residence in the UAE. The secondly explained entity is currently under the liquidation where the Group is receiving the recoveries in tranches as per the final settlement plan received from the investee. Accordingly, the remaining balance of this investment has been classified as a current asset in the consolidated statement of financial position;
- (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 FVOCI is as follows:

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at the beginning of the period/year	94,011	88,422
Additions	10,000	-
Disposals	-	(13,765)
Net change in fair value recognised in other comprehensive income	45	19,354
	<hr/> 104,056 <hr/>	<hr/> 94,011 <hr/>
Less: non-current portion	(83,514)	(73,469)
	<hr/> 20,542 <hr/>	<hr/> 20,542 <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

9 Debt investment at amortised cost

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

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at the beginning of the period/year	18,274	18,363
Additions	36,725	-
Allowance for impairment loss	-	(89)
	<hr/>	<hr/>
Balance at the end of the period/year	54,999	18,274
Less: non-current portion	(18,274)	(18,274)
	<hr/>	<hr/>
Current portion	36,725	-
	<hr/>	<hr/>

Debt investment at amortised cost comprised of two term investment certificates issued by an UAE based holding company with investment maturity on 31 December 2024 and 31 January 2023. These are denominated in USD and carried an anticipated interest rate of 10% per annum.

Finance income on debt investment at amortised cost for the period ended 31 March 2022 amounted to AED 1,000 thousand (31 March 2021: AED 459 thousand). Accrued interest on debt investment at amortised cost amounted to AED 1,005 thousand as at 31 March 2022 (31 December 2021: AED 6 thousand).

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.

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at the beginning of the period/year	89	-
Net measurement of loss allowance	-	89
	<hr/>	<hr/>
Balance at the end of the period/year	89	89
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

10 Financial assets at fair value through profit or loss

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

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Fixed income securities (i)	35,982	36,520
Quoted equity securities (ii)	116,577	107,815
Unquoted funds (iii)	123,716	124,137
	<hr/> 276,275 <hr/>	<hr/> 268,472 <hr/>

- (i) Comprised of a listed bond and a listed sukuk denominated in US Dollar (USD) and issued by UAE-based issuers. The debt securities carry a coupon rate of 7.50% - 12%.
- (ii) Comprised of sharia compliant equity shares quoted in UAE and denominated in UAE Dirhams (AED). Part of these securities is held as a collateral for a loan obtained from a local bank (Note 20).
- (iii) Comprised of 1) an investment in a closed-ended fund established in the Cayman Islands to generate returns from credit exposures into different commercial sectors; and 2) an investment in an equity stake of an unlisted educational tech entity established in India.

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

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at the beginning of the period/year	268,472	248,135
Additions	-	28,756
Disposals	-	(41,915)
Net change in fair value recognised in profit or loss	7,803	33,496
	<hr/> 276,275 <hr/>	<hr/> 268,472 <hr/>
Balance at the end of the period/year	276,275	268,472

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

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

Finance income on the repurchase agreement for the three-month period ended 31 March 2022 amounted to AED 252 thousand (31 March 2021: AED 161 thousand.) Accrued interest on fixed income on the repurchase agreement amounted to AED 173 thousand as at 31 March 2022 (31 December 2021: AED 178 thousand).

Finance income on fixed income securities for the three-month period ended 31 March 2022 amounted to AED 747 thousand (31 March 2021: AED 1,327 thousand). Accrued interest on fixed income securities amounted to AED 1,327 thousand as at 31 March 2022 (31 December 2021: AED 986 thousand).

Included in the financial assets at FVTPL, quoted securities with a fair value of AED 89,277 thousand is mortgaged as a security for a loan obtained by the Group from a local bank (31 December 2021: AED 83,291 thousand) (Note 20).

11 Trade and other receivables

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Trade receivables	457	853
Accrued interest	1,984	6,850
Prepayments	996	381
Dividend receivable	-	2,980
Other receivables	7,286	7,636
	<hr/> 10,723 <hr/>	<hr/> 18,700 <hr/>

No interest is charged on trade and other receivables. Past due receivables are provided for based on estimated irrecoverable amounts determined by reference to management experience and past default history. In determining the recoverability of a receivable balance, the entities consider any change in the credit quality of the receivable balance from the date credit was initially granted up to the end of the reporting period.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

12 Cash and bank balances

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Cash on hand	25	23
Cash at bank	38,339	65,373
Term deposits	6,641	6,641
	<hr/>	<hr/>
	45,005	72,037
Less: short-term deposits with original maturity of more than three months	(6,641)	(6,641)
Less: restricted cash	(3,663)	(3,663)
	<hr/>	<hr/>
Cash and cash equivalents	34,701	61,733
	<hr/>	<hr/>

Term deposits represents deposits held with financial institutions in the UAE and denominated in AED. These deposits carry an interest rate 0.20% - 0.35% per annum (31 December 2021: 0.20% - 0.45% per annum).

Finance income on term deposits for the three-month ended 31 March 2022 amounted to AED 5 thousand (31 March 2021: AED 6 thousand). Accrued interest on term deposits amounted to AED 7 thousand as at 31 March 2022 (31 December 2021: AED 2 thousand).

Restricted cash includes unclaimed dividends which were declared in 2012 and 2013 collectively amounting to AED 3,635 thousand (31 December 2021: AED 3,635 thousand) and a restricted cash placed in a local bank amounting to AED 28 thousand (31 December 2021: AED 28 thousand)

13 Wakala investment

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Wakala investments	85,000	85,000
	<hr/>	<hr/>

The Group has invested AED 85 million in Wakala deposits held with non-financial institutions in the UAE and denominated in AED. These investments carry interest rates ranging from 8% -9.5% per annum and maturity date of 28 March 2024.

Finance income on Wakala investment for the three-month ended 31 March 2022 amounted to AED 1,728 thousand (31 March 2021: AED 1,831 thousand). Accrued interest on term deposits amounted to AED 80 thousand as at 31 March 2022 (31 December 2021: AED 5,677 thousand).

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

14 Investment in an associate

The Group made an investment in a Company established in Cayman Island called Alkonost Investment Ltd (hereafter referred to as “the associate”). The Group holds 40% of the voting rights of the associate and has a significant influence over the associate. The associate engaged in the business of asset management.

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

	31 March 2022 AED’000 (unaudited)	31 December 2021 AED’000 (audited)
Balance at the beginning of the period/year	8,285	7,404
Share in profit during the period/year	220	881
	<hr/>	<hr/>
Balance at the end of the period/year	8,505	8,285
	<hr/>	<hr/>

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

	31 March 2022 AED’000 (unaudited)	31 December 2021 AED’000 (audited)
Total assets	21,263	20,713
Total liabilities	-	-
	<hr/>	<hr/>
Net assets	21,263	20,713
	<hr/>	<hr/>
Group’s share in the net assets	8,505	8,285
	<hr/>	<hr/>
Profit for the period/year	551	2,203
	<hr/>	<hr/>
Group’s share in the profit during the period/year	220	881
	<hr/>	<hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

15 Share capital

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
<i>Authorised, issued and paid up capital</i>		
2,325,000,000 ordinary shares of AED 1 each	2,325,000	2,325,000

On 14 October 2018, the Group obtained an approval from SCA to proceed with the buy-back of the Group's shares in accordance with the laws of the UAE and SCA regulations. As at 31 December 2020, the Company purchased additional 17,586 thousand ordinary shares with an aggregate value of AED 6,420 thousand and are held in treasury. Accordingly, total equity was reduced by AED 15,609 thousand being the consideration paid for these treasury shares as of 31 December 2020. There is no such share purchase in three-month period ended 31 March 2022 and year ended 31 December 2021.

16 Statutory reserve

In accordance with the Articles of Association of the Company and in line with the provisions of the UAE Federal Law No. 2 of 2015, the Company is required to transfer annually to a statutory reserve account an amount equal to 10% of its annual profit, until such reserve reaches 50% of the share capital of the Company. This reserve is not available for distribution.

17 Investments revaluation reserve

Investments revaluation reserve represents the net unreleased gains or losses that are recognised on the financial assets at fair value through other comprehensive income.

18 Provision for employees' end of service benefits

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at the beginning of the period/year	1,151	888
Charge for the period/year	67	268
Paid during the period/year	(23)	(5)
Balance at the end of the period/year	1,195	1,151

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

19 Lease liability and right-of-use assets

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

The movement in lease liability is as follows:

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at the beginning of the period/year	-	5,109
Interest expense	-	188
Payments	-	(872)
Modification adjustment	-	(4,425)
 Balance at the end of the period/year	 -	 -
	<hr/>	<hr/>

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

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at the beginning of the period/year	-	5,024
Depreciation expense during the period/year	-	(1,065)
Derecognition upon termination of lease contract	-	(3,959)
 Balance at the end of the period/year	 -	 -
	<hr/>	<hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

20 Bank borrowings

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Term loan 1	127,266	129,282
Term loan 2	25,119	25,119
Term loan 3	137,415	139,194
	<hr/>	<hr/>
	289,800	293,595
Less: Amount due for settlement after 12 months from the end of reporting year (classified under non-current liabilities)	(246,165)	(250,079)
Amount due for settlement within 12 months from the end of reporting year (classified under current liabilities)	43,635	43,516
	<hr/>	<hr/>

The term loans comprise of the following:

Term loan 1

A term loan facility from a local bank amounting of AED 145,000 thousand under the terms and conditions defined in the term loan agreement. The loan is repayable in quarterly instalments 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") (Note 5), 58 apartment units at Burj Daman, Dubai (Note 6), corporate guarantee issued by the Subsidiary in favour 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 last reporting date.

As at 31 March 2022, the Group has an unamortised loan arrangement fee of AED 1,284 thousand (31 December 2021: AED 1,318 thousand) and recognised finance costs of AED 907 thousand (31 March 2021: 954 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 56,000 thousand. The total drawdown from the facility as at 31 March 2022 is AED 25,119 thousand (31 December 2021: AED 25,119 thousand). The facility is secured by a pledge of quoted shares held in the name of the Group (Note 10). The facility is repayable on demand and carries a variable interest rate. As at 31 March 2022, the Group has an unutilised facility of AED 30,881 thousand (31 December 2021: 43,880 thousand) and recognised finance costs of AED 213 thousand (31 March 2021: 226 thousand).

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

20 Bank borrowings (continued)

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 at 31 March 2022, the Group has an unamortised loan arrangement fee of AED 786 thousand (31 December 2021: AED 806 thousand) and recognised finance costs of AED 958 thousand (31 March 2021: Nil) in relation to this facility.

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

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at the beginning of the period/year	293,595	241,563
<i>Cash flows</i>		
Loan drawdown	-	149,108
Loan repaid	(3,850)	(97,120)
Payment of loan issuance cost	-	(807)
Payment of accrued interest	(212)	(3,441)
<i>Other non-cash items</i>		
Amortisation of transaction cost	54	726
Accrual of interest	213	3,566
	<hr/>	<hr/>
Balance at the ending of the period/year	289,800	293,595
	<hr/>	<hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

21 Trade and other payables

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Trade payables	95	129
Advances from customers	9,780	10,431
Retention payables	7,141	7,041
Unclaimed dividends	3,635	3,635
Accruals	1,566	1,473
Other payables	8,521	8,109
	30,738	30,818

Advances from customers include an amount of AED 4,216 thousand (31 December 2021: AED 4,216 thousand) received as advance rentals against land given under operating leases as per Musataha agreements.

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

22 Related party balances and transactions (continued)

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Cash and bank balances:		
Entities under common directorship	20,259	53,257
Shareholder	21	21
	<hr/>	<hr/>
	20,280	53,278
	<hr/>	<hr/>
Wakala investments:		
Entities under common directorship	85,000	85,000
	<hr/>	<hr/>
Financial assets at FVOCI:		
Entities under common directorship	103,689	93,656
Shareholder	209	215
	<hr/>	<hr/>
	103,898	93,871
	<hr/>	<hr/>
Financial assets at FVTPL:		
Entities under common directorship	129,754	121,072
	<hr/>	<hr/>
Debt investments at amortised cost:		
Entity under common directorship	54,998	18,274
	<hr/>	<hr/>
Due from a related party:		
Entity under common control	10,442	19,816
	<hr/>	<hr/>
Investment in an associate:		
Entity under common directorship	8,505	8,285
	<hr/>	<hr/>
Loan from a bank:		
Entities under common directorship	162,534	164,313
	<hr/>	<hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

22 Related party balances and transactions (continued)

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Interest receivables:		
Entities under common directorship	683	6,032
	_____	_____
Interest payable:		
Entities under common directorship	50	42
	_____	_____
Other payables:		
Entities under common directorship	10	-
	_____	_____
Other receivables:		
Entities under common directorship	95	3,357
	_____	_____

Significant balance sheet transactions with related parties during the period/year were as follows:

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Disposal of financial assets at FVTPL:		
Entities under common directorship	-	41,915
	_____	_____
Purchase of financial assets at FVTOCI:		
Entities under common directorship	10,000	-
	_____	_____
Disposal of financial assets at FVTOCI:		
Entities under common directorship	-	13,765
	_____	_____
Purchase of debt investments at amortised cost:		
Entities under common directorship	36,725	-
	_____	_____
Net term deposits placed:		
Entity under common directorship	-	6
	_____	_____

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

22 Related party balances and transactions (continued)

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Loan taken from a bank during the year:		
Entity under common directorship	-	149,108
Loan payment during the year:		
Entity under common directorship	2,013	92,501
Borrowing cost during the year:		
Entity under common directorship	958	3,061
Loan arrangement fees paid:		
Entity under common directorship	-	807
Net fund transfer made to related parties:		
Entities under common directorship	35,643	335

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

	Three-month ended 31 March	
	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
Interest expense on loan from a bank/ related party:		
Entities under common directorship	1,171	299
Broker fees paid to related parties:		
Shareholder	236	18
Interest income:		
Entities under common directorship	3,233	3,142
Share of profit from an associate:		
Entities under common directorship	220	220

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

22 Related party balances and transactions (continued)

Key management compensation

	Three-month ended 31 March	
	2022	2021
	AED'000	AED'000
	(unaudited)	(unaudited)
Short term benefits	548	525
Long term end of service benefits	21	18
	<hr/> 569 <hr/>	<hr/> 543 <hr/>

There were no loans provided to directors as of 31 March 2022 and 31 December 2021.

The Group has not recorded any impairment of receivables relating to amounts owed by related parties as at 31 March 2022 and 31 December 2021.

23 Basic and diluted earnings per share

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

Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period, adjusted for the effects of dilutive instruments.

The following reflects the earnings and share data used in the earnings per share calculation:

	Three-month ended 31 March	
	2022	2021
	(unaudited)	(unaudited)
Profit for the period (AED'000)	14,353	10,258
Weighted average number of ordinary shares outstanding (thousand)	2,288,542	2,288,542
Basic and diluted earnings per share (AED)	<hr/> 0.0063 <hr/>	<hr/> 0.0045 <hr/>

Weighted average number of ordinary shares outstanding have been adjusted for treasury shares, which are issued shares but not outstanding (Note 15).

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)****24 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 March 2022 and 2021, the Group is organised into five major segments, as follows:

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

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

Information regarding these segments is presented below.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

25 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.

26 Commitments

	31 March 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Commitments for fixed assets	13,567	14,929
Commitments for investments	27,000	-

27 Fair value of financial instruments

The fair value hierarchy levels have been defined as follows:

- **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 included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – fair value measurement 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			Total AED'000
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	
At 31 March 2022 (unaudited)					
Financial assets at FVTPL	276,275	152,559	-	123,716	276,275
Financial assets at FVOCI	104,056	366	40,617	63,073	104,056
	380,331	152,925	40,617	186,789	380,331
At 31 December 2021 (audited)					
Financial assets at FVTPL	268,472	144,335	-	124,137	268,472
Financial assets at FVOCI	94,011	354	40,542	53,115	94,011
	362,483	144,689	40,542	177,252	362,483

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2022 (continued)**

27 Fair value of financial instruments (continued)

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

	31 March 2022 AED'000	31 December 2021 AED'000
Balance at the beginning of the period/year	177,252	160,701
Additions	10,000	22,455
Disposals	-	(13,765)
Change in fair value	(463)	7,861
	<hr/>	<hr/>
Balance at the ending of the period/year	186,789	177,252
	<hr/>	<hr/>

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

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

28 Subsequent events

During the annual general meeting held on 28 April 2022, the shareholders of the Company have approved the reduction of its share capital. Accordingly, AED 898,179 thousand of share capital (898,179 thousand number of shares with a par value of AED 1) reduction is proposed to be undertaken by offsetting AED 141,125 thousand from the Company's statutory reserves and AED 1,039,304 thousand from the Company's accumulated losses. The transaction will be completed upon the receipt of required regulatory approvals.

Further, during the annual general meeting held on 28 April 2022, the shareholders of the Company have approved the proposed acquisition of open-ended investment fund incorporated in the Abu Dhabi Global Market by way of issuing up to 1,397,173 thousand of new shares of the Company. The transaction will be completed upon the receipt of required regulatory approvals.

29 Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 May 2022.