RAK Properties P.J.S.C.
and its subsidiaries

Interim Condensed Consolidated Financial Statements (Unaudited)

For the period ended 31 March 2024

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF RAK PROPERTIES P.J.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of RAK Properties P.J.S.C. (the "Company") and its subsidiaries (the "Group") as at 31 March 2024 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

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8 May 2024

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RAK Properties P.J.S.C. and its subsidiaries

Interim condensed consolidated statement of financial position
As at 31 March 2024 (Unaudited)

	Notes	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	3	**1,900,021**	1,868,205
Investment properties	4	**1,532,708**	1,532,708
Investment properties under development	5	**31,074**	28,098
Trading properties under development	6	**1,337,748**	1,341,869
Investments	7	**20,270**	20,270
Investment in a joint venture	8	**68,244**	68,069
Trade and other receivables	9	**662,819**	548,900
		5,552,884	5,408,119
Current assets			
Trading properties under development	6	**3,473**	-
Inventories		**3,229**	1,618
Investments	7	**3,249**	3,249
Trading properties	10	**35,920**	38,552
Trade and other receivables	9	**626,606**	549,667
Bank balances and cash	11	**459,479**	457,705
		1,131,956	1,050,791
TOTAL ASSETS		**6,684,840**	6,458,910
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**2,080,000**	2,000,000
Statutory reserve		**1,000,000**	1,000,000
Treasury shares	12	**(20,179)**	-
Retained earnings		**482,257**	589,778
Other reserves	13	**715,548**	714,577
Total equity		**4,257,626**	4,304,355
Non-current liabilities			
Provision for employees' end-of-service benefits		**6,223**	5,635
Borrowings	14	**764,514**	781,042
Deferred government grants		**363,464**	369,662
Trade and other payables	15	**218,756**	154,846
		1,352,957	1,311,185
Current liabilities			
Borrowings	14	**605,781**	452,067
Trade and other payables	15	**468,476**	391,303
		1,074,257	843,370
Total liabilities		**2,427,214**	2,154,555
TOTAL EQUITY AND LIABILITIES		**6,684,840**	6,458,910

Abdul Aziz Abdullah Al Zaabi
Chairman

Sameh Muhtadi
Chief Executive Officer

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated income statement
For the three-month period ended 31 March 2024 (Unaudited)

	Notes	Three-month period ended 31 March 2024 AED '000 (Unaudited)	31March 2023 AED '000 (Unaudited)
Revenue	16	**289,810**	258,582
Cost of revenue	16	**(183,328)**	(175,684)
GROSS PROFIT		**106,482**	82,898
Selling, general and administrative expenses	17	**(49,851)**	(34,266)
Other income		**7,271**	7,254
Share of profit from a joint venture	8	**175**	-
OPERATING PROFIT		**64,077**	55,886
Finance costs		**(23,183)**	(13,728)
Finance income		**4,351**	2,437
Dividend income		**296**	-
NET PROFIT FOR THE PERIOD BEFORE TAX		**45,541**	44,595
Income tax expense	18	**(4,091)**	-
NET PROFIT FOR THE PERIOD		**41,450**	44,595
Earnings per share for the period – basic and diluted (AED)	20	**0.020**	0.021

Interim condensed consolidated statement of comprehensive income
For the three-month period ended 31 March 2024 (Unaudited)

	Three-month period ended	
	31 March 2024 AED '000 (Unaudited)	31 March 2023 AED '000 (Unaudited)
NET PROFIT FOR THE PERIOD	**41,450**	44,595
Other comprehensive income	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**41,450**	44,595

RAK Properties P.J.S.C. and its subsidiaries

Interim condensed consolidated statement of changes in equity
For the three-month period ended 31 March 2024 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	Treasury Shares AED '000	Retained earnings AED '000	Other reserves AED '000	Total equity AED '000
Balance at 1 January 2024 (*Audited*)	2,000,000	1,000,000	-	589,778	714,577	4,304,355
Net profit for the period	-	-	-	41,450	-	41,450
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	41,450	-	41,450
Issuance of stock dividend (Note 12)	80,000	-	-	(80,000)	-	-
Dividend (Note 21)	-	-	-	(60,000)	-	(60,000)
Board of Directors' remuneration	-	-	-	(8,000)	-	(8,000)
Treasury shares (Note 12)	-	-	(20,179)	-	-	(20,179)
Transfer to other reserves	-	-	-	(971)	971	-
Balance at 31 March 2024 *(Unaudited)*	**2,080,000**	**1,000,000**	**(20,179)**	**482,257**	**715,548**	**4,257,626**

	Share capital AED '000	Statutory reserve AED '000	Treasury Shares AED '000	Retained earnings AED '000	Other reserves AED '000	Total equity AED '000
Balance at 1 January 2023 (*Audited*)	2,000,000	1,000,000	-	409,057	713,112	4,122,169
Net profit for the period	-	-	-	44,595	-	44,595
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	44,595	-	44,595
Transfer to other reserves	-	-	-	(605)	605	-
Utilized reserve during the period	-	-	-	-	(80)	(80)
Balance at 31 March 2023 *(Unaudited)*	2,000,000	1,000,000	-	453,047	713,637	4,166,684

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows
For the three-month period ended 31 March 2024 (Unaudited)

	Notes	Three-month period ended 31 March 2024 AED '000 (Unaudited)	31 March 2023 AED '000 (Unaudited)
OPERATING ACTIVITIES			
Net profit for the period		**41,450**	44,595
Adjustments for:			
Depreciation	3	**16,158**	8,988
Income tax expense	18	**4,091**	-
Provision for employees' end-of-service benefits		**685**	262
Dividend income		**(296)**	-
Government grants		**(6,197)**	(6,060)
Finance costs		**23,183**	13,728
Share of profit in joint venture		**(175)**	-
Finance income		**(4,351)**	(2,437)
Cash from operations before working capital changes		**74,548**	59,076
Trading properties		**2,632**	(73,827)
Trading properties under development		**648**	201,164
Trade and other receivables		**(192,142)**	(70,444)
Trade and other payables		**136,990**	57,536
Inventories		**(1,611)**	(11)
Net cash flows from operations		**21,065**	173,494
Employees' end of service indemnity paid		**(97)**	(30)
Net cash flows generated from operating activities		**20,968**	173,464
INVESTING ACTIVITIES			
Additions to property and equipment		**(47,974)**	(57,746)
Additions to investment properties under development		**(2,976)**	-
Interest received		**5,635**	2,664
Additions to investment properties		**-**	(1,868)
Dividend received		**296**	-
Net cash flows used in investing activities		**(45,019)**	(56,950)
FINANCING ACTIVITIES			
Dividend paid		**(60,000)**	(270)
Board of Directors' remuneration paid		**(8,000)**	-
Acquisition of treasury shares, net		**(20,179)**	-
Loan availed		**6,003**	30,315
Loan repaid		**(22,968)**	(27,990)
Interest paid		**(23,184)**	(13,728)
Net cash flows used in financing activities		**(128,328)**	(11,673)
Net change in cash and cash equivalent		**(152,377)**	104,841
Cash and cash equivalents at the beginning of the period		**102,017**	(1,127)
Cash and cash equivalents at the end of the period	11	**(50,360)**	103,714

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

1 Corporate information

RAK Properties P.J.S.C. (the "Company") is a public joint stock company established under Emiree Decree No. 5 issued by the Ruler of the Emirate of Ras Al Khaimah on 16 February 2005 and commenced its operations on 2 June 2005. The Company is listed in the Abu Dhabi Securities Exchange, United Arab Emirates ("UAE"). The registered office of the Company is P.O. Box 31113, Ras Al Khaimah, UAE.

The interim condensed consolidated financial statements as at and for the three-month period ended 31 March 2024 comprises the Company and its subsidiaries (collectively referred to as "the Group").

The principal activities of the Group are investment in and development of properties, property management, hotel operations, marina management and related services.

The interim condensed consolidated financial statements were authorised for issue on 8 May 2024 by the Board of Directors.

2 Basis of preparation

2.1 Statement of compliance

The interim condensed consolidated financial statements of the Group for the three-month ended 31 March 2024 have been prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting.*

The interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements, except for the new standards and amendments adopted during the current period as explained in Note 2.3.

The interim condensed consolidated financial statements have been prepared in Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment properties, investment properties under development and investments, which are measured at fair value.

The preparation of interim condensed consolidated financial statements on the basis described above requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which for the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Results for the three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

2 Basis of preparation (continued)

2.1 Statement of compliance (continued)

The interim condensed consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company (its subsidiaries) as of 31 March 2024. Control is achieved where all the following criteria are met:

(a) the Company has power over an entity (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
(b) the Company has exposure, or rights, to variable returns from its involvement with the entity; and
(c) the Company has the ability to use its power over the entity to affect the amount of the Company's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Subsidiary
A subsidiary is fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Details of the Company's subsidiaries are as follows:

Subsidiary	Country of incorporation	Ownership %	
		31 March 2024	31 December 2023
RAK Properties International Limited	UAE	**100%**	100%
Intercontinental RAK Mina Al Arab Resorts & Spa L.L.C	UAE	**100%**	100%
Anantara Mina Al Arab Ras Al khaimah Resorts L.L.C*	UAE	**100%**	100%
Lagoon Marina Ship Management & Operation L.L.C	UAE	**100%**	100%
RAK Properties Tanzania Limited	Tanzania	**100%**	100%
Dolphin Marina Limited	Tanzania	**100%**	100%
RAK Properties Gayreimenkul Pazarlama Anonim Sirketi	Turkey	**100%**	100%

* Incorporated on 13 June 2023 and commenced commercial operations from 2 January 2024.

2 Basis of preparation (continued)

2.2 Significant accounting judgments, estimates and assumptions

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the interim condensed consolidated financial statements:

(i) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of revenue recognition on the sale of property
The Group has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract. The Group has concluded that contracts relating to the sale of completed property are recognised at a point in time when control transfers.

For contracts relating to the sale of property under development, the Group recognises the revenue over a period of time as the Group's performance does not create an asset with alternative use. Furthermore, the Group has an enforceable right to payment for performance completed to date. It has considered the factors that indicate that it is restricted (contractually or practically) from readily directing the property under development for another use during its development. In addition, the Group is, at all times, entitled to an amount that at least compensates it for performances completed to date. In making this determination, the Group has carefully considered the contractual terms as well as local legislations.

The Group has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Group and the transfer of goods and services to the customer.

Principal versus agent considerations – services to tenants
The Group arranges for certain services provided to tenants of investment property included in the contract the Group enters into as a lessor. The Group has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints, and it is primarily responsible for the quality or suitability of the services. In addition, the Group has discretion in establishing the price that it charges to the tenants for the specified services.

Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Group has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and, at the same time, consume the benefits from these services.

Consideration of material financing component in a contract
For contracts involving the sale of property, the Group is entitled to receive an initial deposit. The Group concluded that this is not considered a material financing component because it is for reasons other than the provision of financing to the Group. The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history.

2 Basis of preparation (continued)

2.2 Significant accounting judgments, estimates and assumptions (continued)

Judgements (continued)

(i) Revenue from contracts with customers (continued)

Cost to complete the projects
The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include cost of design and consultancy, construction, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

(ii) Leases - Property lease classification – the Group as lessor
The Group has entered into commercial and residential property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

(iii) Classification of properties
In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property and equipment and/or trading property. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment and trading properties. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by the management. Trading properties are grouped under current assets, as intention of the management is to sell it within one year from the end of the reporting date.

Key sources of estimation uncertainty
The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the interim condensed consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment properties and investment properties under development
The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation methods. These methods comprise the sales comparable method and discounted cash flow method. The discounted cash flow method requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period. Under the income capitalisation method, the income receivable under existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation dates. The Group's undiscounted future cash flows analysis and the assessment of expected remaining holding period and income projections on the existing operating assets requires management to make material estimates and judgements related to future rental yields and capitalisation rates.

2 Basis of preparation (continued)

2.2 Significant accounting judgments, estimates and assumptions (continued)

Estimation of net realisable value for trading properties and trading properties under development
The Group's management reviews the trading properties and trading properties under development to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in the profit or loss, the management assesses the current selling prices of the property units and the anticipated costs for completion of such property units for properties which remain unsold at the reporting date. If the current selling prices are lower than the anticipated total cost at completion, an impairment provision is recognised for the identified loss event or condition to reduce the cost of development properties to its net realisable value.

Calculation of expected credit loss allowance
The Group assesses the impairment of its financial assets based on the 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. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Impairment of property and equipment and capital work in progress
The Group reviews its property and equipment and capital work in progress to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a reduction in the carrying value of property and equipment or capital work in progress. Accordingly, provision for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property and equipment or capital work in progress.

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

Valuation of unquoted investments
Valuation of unquoted investments is normally based on one of the following:

- Recent arm's length market transactions;
- The expected cash flows discounted at current rates applicable for the items and with similar terms and risk characteristics; or
- Other valuation models

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data.

2 Basis of preparation (continued)

2.3 New or revised standards and interpretations

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

- Non-current liabilities with covenants (Amendments to ISA 1)
- Lease liability in a sale and leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

This amendment did not have a significant impact on these interim condensed consolidated financial statements. and therefore, the disclosures have not been made.

Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

- IFRS 19 Subsidiaries without Public Accountability: Disclosures *(effective from 1 January 2027)*
- IFRS 18 'Presentation and Disclosures in Financial Statements *(effective from 1 January 2027)*
- Amendments to the SASB standards *(effective from 1 January 2025)*
- Lack of Exchangeability *(effective from 1 January 2025)*

These standards, amendments and interpretations are not expected to have a significant impact on the interim condensed consolidated financial statements in the period of initial application and therefore no disclosures have been made.

3 Property and equipment

Additions, disposal and depreciation

During the three-month period ended 31 March 2024, the Group has made additions in its hotel operation assets amounting to AED 47,974 thousand (three-month period ended 31 March 2023: AED 57,746 thousand).

The Group has commenced operations of Anantara Hotel and Resort on 2 January 2024 and accordingly related assets amounting to AED 686,204 thousand have been transferred from capital work in progress to their related class of assets and deprecation has commenced from that date.

Depreciation of property and equipment for the three-month period ended 31 March 2024 amounted to AED 16,158 thousand (three-month period ended 31 March 2023: AED 8,988 thousand).

There was no borrowing costs capitalised during the three-month ended 31 March 2024 (three-month period ended 31 March 2023: AED 5,217 thousand related to construction of hotel properties).

4 Investment properties

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
In UAE	**1,532,708**	1,532,708

Investment property comprises land parcels and number of residential and commercial properties that are leased to third parties.

The Government of Ras Al Khaimah has granted certain plots of land with an aggregate area of 67,977 thousand square feet on the condition that these plots of land undergo development. The Group has accounted for the portion of land granted as deferred government grant. This deferred government grant will be released on the fulfilment of the conditions stipulated by the Government and is based on the progress of development activities. During the current period, management has recognised deferred government grant of AED 6,197 thousand (three-month period ended 31 March 2023: AED 6,060 thousand) to the interim condensed consolidated income statement.

The management does not consider the fair value of investment properties for the period ended 31 March 2024 to be significantly different from the fair value as at 31 December 2023. The fair valuation of investment properties was conducted by an independent external valuer as at 31 December 2023. Management intends to appoint independent external valuer to determine the fair value as at 31 December 2024, unless there are indicators which suggest a significant change in the fair value before the reporting period.

Certain items of investment properties are mortgaged against bank borrowing.

5 Investment properties under development

	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Balance at beginning of the period/year	**28,098**	44,299
Cost incurred during the period/year	**2,976**	25,259
Transferred to property and equipment	**-**	(12,928)
Transferred to trading properties under development	**-**	(28,532)
	31,074	28,098

Investment properties under development are located in United Arab Emirates. Refer to Note 23 on fair valuation of investment properties under development.

The management does not consider the fair value of investment properties under development as at 31 March 2024 to be significantly different from the fair value as at 31 December 2023. The fair valuation of investment properties under development was conducted by an independent external valuer as at 31 December 2023. Management intends to appoint independent external valuer to determine the fair value as at 31 December 2024, unless there are indicators which suggest a significant change in the fair value before the reporting period.

6 Trading properties under development

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Inside UAE	**1,327,406**	1,328,054
Outside UAE	**13,815**	13,815
	1,341,221	1,341,869
Less: Classified as current assets	**(3,473)**	-
Classified as non-current assets	**1,337,748**	1,341,869

7 Investments

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Non-current investments		
At fair value through other comprehensive income		
Investments within UAE		
Unquoted equity investments	**1,898**	1,898
Investments outside UAE		
Unquoted real estate funds	**3,320**	3,320
Unquoted equity investments	**15,052**	15,052
	20,270	20,270
Current investments		
At fair value through profit and loss		
Unquoted equity investments	**3,249**	3,249
	3,249	3,249
Total investments	**23,519**	23,519

During the period, dividend income of AED 296 thousand were received on these investments (2023: AED Nil).

The details of valuation techniques and assumptions applied for the measurement of fair value of financial instruments are mentioned in Note 23 of the interim condensed consolidated financial statements.

8 Investment in a joint venture

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Ellington Development FZ – LLC	**68,244**	68,069

During the year ended 31 December 2023, the Group entered into a joint venture agreement ("JVA") and a Development Management Agreement ("DMA"), collectively referred to as "the Agreements", with Ellington Properties Development LLC ("Ellington"). Whereby, the Group intends to develop a plot of land situated on Hayat Island, Ras Al Khaimah into a premium development (the "Project") and granted a power of attorney in favour of Ellington, appointing it to manage the development of Porto Playa project.

Under the agreements, the Group's contribution in the Project shall be the land with initial value of AED 68 million. Ellington shall, without any set-off, counterclaim or deduction, contribute the development funding for the Project in an amount equal to the Land Value, such contribution shall include the Development Manager Fee during the project development duration. To facilitate this arrangement, Ellington incorporated a development company called "Ellington Development FZ-LLC", of which Ellington owns 100% of the share capital, however, under the Agreements both control and profit shall be on an equal 50:50 basis between the Group and Ellington.

Movement in the investment in a joint venture during the period/year is as follow:

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
At 1 January	**68,069**	-
Transfer from investment properties	**-**	33,592
Transfer from trading properties under development	**-**	34,408
Initial investment to the joint venture	**-**	68,000
Share of profit during the period/year	**175**	69
At 31 March/ 31 December	**68,244**	68,069

9 Trade and other receivables

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Trade receivables	**501,447**	533,096
Contract assets	**468,027**	326,831
Trade receivables and contract assets, gross	**969,474**	859,927
Less: Provision for expected credit losses	**(25,236)**	(25,236)
Trade receivables and contract assets, net	**944,238**	834,691
Other receivables*	**190,481**	142,893
	1,134,719	977,584
Advances to suppliers and contractors	**145,429**	111,572
VAT receivables	**7,366**	7,452
Prepayments	**1,911**	1,959
	154,706	120,983
	1,289,425	1,098,567
Less: Non-current portion of trade and other receivables	**(662,819)**	(548,900)
	626,606	549,667

9 Trade and other receivables (continued)

* Other receivables include an amount of AED 29,821 thousand paid as advance to licensed liquidity provider (31 December 2023: AED Nil).

Movements in provision for expected credit loss:

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Balance at beginning of the period/year	**25,236**	21,648
Provision for expected credit loss for the period/year	**-**	3,588
Balance at the end of the period/year	**25,236**	25,236

10 Trading properties

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
At 1 January	**38,552**	42,140
Transfer to investment properties	**-**	(6,044)
Transfer from trading properties under development	**-**	182,517
Cost of properties sold – units	**(2,632)**	(179,351)
Impairment	**-**	(710)
Balance at the end of the period/year	**35,920**	38,552
Inside UAE	**22,157**	24,789
Outside UAE	**13,763**	13,763
	35,920	38,552

11 Bank balance and cash

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Cash in hand	**243**	140
Bank balances:		
- Current accounts	**50,177**	48,543
- Call accounts	**3,330**	3,293
- Current accounts – unclaimed dividends	**5,729**	5,729
- Term deposits	**400,000**	400,000
Balance at the end of the period/year	**459,479**	457,705

11 Bank balance and cash (continued)

Current accounts - unclaimed dividends will be utilised only for the payment of dividend and should not be used for any other purposes.

The effective average interest rate on deposits is 4.00% to 5.30% per annum (2023: 1.85% to 5% per annum). Term deposits amounting to AED 400,000 thousand are under lien against bank overdraft (Note 14). Bank balances and cash are maintained in United Arab Emirates.

For the purpose of interim condensed consolidated statement of cash flows, cash and cash equivalents comprises of the following amounts:

	31 March 2024 AED '000 (Unaudited)	31 March 2023 AED '000 (Unaudited)
Bank balances and cash	**459,479**	521,394
Less: Current accounts – unclaimed dividends	**(5,729)**	(38,725)
Less: Bank overdraft	**(504,110)**	(378,955)
	(50,360)	103,714

12 Share capital and treasury shares

Share capital

	31 March 2024 Number of shares-thousands (Unaudited)	31 December 2023 Number of shares-thousands (Audited)	**31 March 2024 AED '000 (Unaudited)**	31 December 2023 AED '000 (Audited)
Issued and fully paid shares of par value of AED 1each	**2,080,000**	2,000,000	**2,080,000**	2,000,000

The shareholders in the Annual General Meeting held on 20 March 2024 approved a cash dividend of AED 0.03 per share (2022: AED Nil) amounting to AED 60 million in addition to bonus shares of 4% (2022: Nil) amounting to AED 80 million.

The shareholders at the Annual General Meeting approved to increase the Company's share capital by issuing 920 million shares with a nominal value of 1 AED, with a total value of the issue of AED 920 million for the Government of Ras Al Khaimah as a Strategic Shareholder. This would result in increase of Government of Ras Al Khaimah shareholding in the Company from 5% to about 34% after the issuance of the additional share capital. The matter is subject to approval from Securities and Commodities Authorities (SCA).

Treasury shares

On 10 January 2024, the Company entered into an agreement with a licensed liquidity provider on Abu Dhabi Stock Exchange (ADX), to place buy and sell orders of the Company's shares with the objective to reduce the spread between bid/ask price in trading as well as providing liquidity for the Company's shares. The Company's shares would be held under the legal name of liquidity provider on behalf of the Company. The liquidity provider operates within the pre-determined parameters approved by the Company. The Company monitors the transactions undertaken by the liquidity provider on a daily basis.

13 Other reserves

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
General reserve	**656,708**	656,708
Development reserve	**303,675**	303,675
Fair value reserve	**(247,432)**	(247,432)
Other reserve	**2,597**	1,626
	715,548	714,577

14 Borrowings

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Term loans	**866,185**	883,150
Bank overdrafts	**504,110**	349,959
Total borrowings	**1,370,295**	1,233,109
Less: Current portion	**(605,781)**	(452,067)
Non-current portion	**764,514**	781,042

The Group has obtained an overdraft facility of AED 700,000 thousand (31 December 2023: AED 540,000 thousand) from commercial banks. Interest on the overdrafts is at margin of 0.25% to 0.5% per annum over term deposit rates, which are used as security against the overdraft balance. Further, for unsecured bank overdrafts, interest is computed at a fixed rate + 3 months (EIBOR) per annum.

The overdraft facilities of the Group are secured by:

- Lien over fixed deposit for AED 400,000 thousand (Note 11); and
- To route funds 1.5 times of the net clean limit utilised under the overdraft (31 December 2023: the net clean limit utilized was AED 3,847 thousand).

The details of the long-term bank loans, including terms of repayment, and interest rate are set out in the consolidated financial statements of the Group for the year ended 31 December 2023.

The bank borrowing agreements ("Agreements") contain certain restrictive covenants including maintaining Debt to EBITDA ratio. The Group complied with the annual bank covenants as at 31 December 2023. Accordingly, the borrowings continue to be presented as non-current, based upon the terms of repayment.

Term loans are secured against the following:

- Legal mortgage of land and buildings of specific properties included in property and equipment, investment properties, investment properties under development, trading properties under development and trading properties.
- Assignment of insurance over the mortgaged properties in favour of the bank.
- Assignment of guarantees from the main contractor/construction contracts under the project duly assigned in favour of the bank.
- Assignment of revenues from the hotel projects financed by the banks.
- Assignment of revenues from sale of apartments and rental revenues from the apartments financed by the bank.
- Pledge of project account opened with the bank for receiving the project receipts from buyers.

15 Trade and other payables

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Trade payables	**102,603**	81,882
Project accruals	**141,868**	114,442
Contract liabilities	**100,055**	48,550
Unclaimed dividends	**5,729**	5,729
Advance connection charges	**122,175**	110,697
Other payables and accruals	**214,802**	184,849
	687,232	546,149
Less: Current portion	**(468,476)**	(391,303)
Non-current portion	**218,756**	154,846

Trade payables include amounts due to a related party of AED 4,836 thousand (31 December 2023: 4,953) (Note 19).

16 Revenue and cost of revenue

	Three-month period ended	
	31 March 2024 AED '000 (Unaudited)	31 March 2023 AED '000 (Unaudited)
Type of revenue from contract with customers		
Sale of properties	**227,888**	214,586
Hotel operations	**47,573**	30,211
Facility management income	**6,558**	6,452
Forfeiture and others income	**86**	68
Total revenue from contract with customers	**282,105**	251,317
Other operating income		
Leasing income	**7,705**	7,265
Total revenue	**289,810**	258,582

	Three-month period ended	
	31 March 2024 AED '000 (Unaudited)	31 March 2023 AED '000 (Unaudited)
Cost of revenue		
Cost of sale of properties	**154,605**	159,719
Hotel operations	**19,997**	10,943
Facility management expenses	**6,805**	4,356
Others	**1,921**	666
	183,328	175,684

The entire revenue earned by the Group is in the United Arab Emirates.

16 Revenue and cost of revenue (continued)

Below is the split of revenue recognised over a period of time and at a point in time:

	Three-month period ended	
	31 March 2024 AED '000 (Unaudited)	31 March 2023 AED '000 (Unaudited)
Recognised over a period of time	**276,983**	89,406
Recognised at a point in time	**5,122**	169,176
Total revenue from contract with customers	**282,105**	251,317
Leasing income – recognised over term of lease	**7,705**	7,265
Total revenue	**289,810**	258,582

17 Selling, general and administrative expenses

	Three-month period ended	
	31 March 2024 AED '000 (Unaudited)	31 March 2023 AED '000 (Unaudited)
Staff costs	**13,862**	7,368
Sales and marketing expenses	**8,465**	11,439
Depreciation	**14,546**	7,376
Other expenses	**12,978**	8,083
	49,851	34,266

18 Income tax expense

The Group has calculated their income tax liability in accordance with Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") with effect from 1 January 2024.

(a) The income tax expense recognised in the interim condensed consolidated income statement and interim condensed consolidated comprehensive income comprises the following:

	Three-month period ended	
	31 March 2024 AED'000 (Unaudited)	31 March 2023 AED'000 (Unaudited)
Income tax		
Current income tax expense	**4,091**	-
Total income tax expense	**4,091**	-

18 Income tax expense (continued)

(b) Reconciliation of income tax expense:

	Three-month period ended	
	31 March 2024 AED'000 (Unaudited)	31 March 2023 AED'000 (Unaudited)
Profit before tax	**45,541**	44,595
Tax at the United Arab Emirates tax rate of 9% effective from January 1, 2024	**4,099**	-
Tax effects of		
Expenses not deductible for tax purposes	**1**	-
Taxable income not exceeding threshold	**(9)**	-
Total income tax expense	**4,091**	-

19 Related party disclosures

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24, "Related Party Disclosures".

a) The following are the significant related party transactions included in the interim condensed consolidated income statement:

	Three-month period ended	
	31 March 2024 AED '000 (Unaudited)	31 March 2023 AED '000 (Unaudited)
Compensation of key management personnel:		
Salaries and benefits	**5,215**	2,352
Accrual of end of service benefits	**111**	211
Directors' remuneration	**8,000**	-
	13,326	2,563

b) Balances with related parties included in the interim condensed consolidated statement of financial position:

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Due to a related party - trade payables (Note 15)	**4,836**	4,953

Outstanding balances at the period end arise in the normal course of business, are unsecured, interest-free and settlement occurs generally in cash.

20 Basic and diluted earnings per share

Earnings per share are computed by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three-month period ended	
	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Basic earnings per share		
Net profit for the period (AED'000)	**41,450**	44,595
Weighted average number of shares outstanding at 1 January (in thousands)	**2,000,000**	2,000,000
Effects of treasury shares acquired in 2024 (in thousands)	**(7,548)**	-
Effects of bonus shares issued in 2024 (in thousands)	**80,000**	80,000
Weighted average number of shares outstanding at 31 March (in thousands)*	**2,072,452**	2,080,000
Basic and diluted earnings per share (AED)	**0.020**	0.021

There were no potentially dilutive shares as at 31 March 2024 and 31 March 2023.

* In accordance with IAS 33, *"Earnings per Share"* as the issue of bonus shares is without consideration, the calculation of basic and diluted earnings per share is adjusted retrospectively as if the bonus share issue had occurred at the beginning of the earliest period presented.

21 Dividend

The Company has paid a cash dividend of 3% of share capital, amounting to AED 60,000 thousand (AED 0.03 per share) and bonus share of 4% of share capital, amounting AED 80,000 thousand for the year ended 2023 as approved by the Shareholders of the Company at the Annual General Meeting held on 20 March 2024.

22 Contingent liabilities and commitments

Commitments relating to the property development are as follows:

	31 March 2024 AED '000 (Unaudited)	31 December 2023 AED '000 (Audited)
Approved and contracted	**980,518**	1,144,523

The above commitments represent the value of contracts entered into by the Group including contracts entered for construction of properties, net of invoices received, and accruals made at that date.

23 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost
Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial information approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value.

The fair values of financial and non-financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2023.

Fair value measurements recognised in the interim condensed consolidated statement of financial position.

The following table provides an analysis of financial and non-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 included 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).

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
31 March 2024 (Unaudited)				
Fair value through OCI - unquoted equities and funds	-	-	**20,270**	**20,270**
Financial assets carried at FVTPL	-	-	**3,249**	**3,249**
Investment properties	-	-	**1,532,708**	**1,532,708**
Investment properties under development	-	-	**31,074**	**31,074**
	-	-	**1,587,301**	**1,587,301**
31 December 2023 (Audited)				
Fair value through OCI - Unquoted equities and funds	-	-	20,270	20,270
Financial assets carried at FVTPL	-	-	3,249	3,249
Investment properties	-	-	1,532,708	1,532,708
Investment properties under development	-	-	28,098	28,098
	-	-	1,584,325	1,584,325

During the current and previous years, 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.

24 Segment reporting

Management has determined the operating segments based on segments identified for the purpose of allocating resources and assessing performance. The Group is organised into three major operating segments: property sales, hotel operations, property leasing and others. Information regarding the operations of each separate segment is included below:

	Property sales AED '000	Hotel operations AED '000	Property leasing and others AED '000	Total AED '000
Three-month period ended 31 March 2024 (Unaudited)				
Revenue	**227,888**	**47,573**	**14,349**	**289,810**
Segment profit	**73,283**	**27,576**	**5,623**	**106,482**
			-	
As at 31 March 2024 (Unaudited)			-	
Total assets	**2,500,596**	**1,528,648**	**2,655,596**	**6,684,840**
Total liabilities	**570,383**	**632,913**	**1,223,918**	**2,427,214**
Capital expenditure	**-**	**46,934**	**4,015**	**50,949**

	Property sales AED '000	Hotel operations AED '000	Property leasing and others AED '000	Total AED '000
Three-month period ended 31 March 2023 (Unaudited)				
Revenue	214,586	30,211	13,785	258,582
Segment profit	54,867	19,268	8,763	82,898
As at 31 December 2023 (Audited)				
Total assets	2,397,691	1,533,179	2,528,040	6,458,910
Total liabilities	515,627	624,577	1,014,351	2,154,555
Capital expenditure	-	211,864	57,376	269,240