FIRST
Real Estate Co. B.S.C.
Acquisition • Development • Management

ANNUAL REPORT
2023

His Majesty
King Hamad Bin Isa Al Khalifa
King of Bahrain

His Highness
Prince Salman Bin Hamad Al Khalifa
Crown Prince & Prime Minister of Bahrain

Mohammed Ibrahim Al Farhan
Chairman

Hamad J. Al-Sadoun
Vice Chairman

Hamad Abdulaziz Al Shaya
Board Member

Abdulghaffar Abdulrahim
Al Kooheji
Board Member

Bader Al Rabiah
Board Member

Gerard Snabian
Board Member

Mohammed Abdullah Alhubail
Board Member

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Chairman’s Message

Chairman's Message

Dear esteemed shareholders of First Real Estate Company

May the peace, mercy, and blessing of Allah be upon you

Dear Shareholders,

It is my privilege, on behalf of the esteemed Board of Directors, to extend a warm welcome and present to you the annual report outlining the performance of First Real Estate Company for the financial year ending 31 December 2023.

The year 2023 was characterized by a sense of anticipation within the real estate sector, primarily due to the movements of central banks, which had a dampening effect on buying and selling activities. The increase in discount rates, unprecedented in the Kingdom of Bahrain for some time, added to this sentiment.

Despite the challenging market conditions, First Real Estate Company exhibited resilience. Leveraging its solid financial standing, the company successfully refinanced its debt, reducing it from approximately BHD 18.5 million to BHD 15 million, thereby lowering financing costs. This strategic move is poised to benefit the company in 2024 and beyond, especially in light of escalating discount rates.

In collaboration with Al Yal Real Estate Company, First Real Estate Company commenced the Catamaran Verandas project towards the end of the year. This residential venture, following the successful Catamaran project, encompasses 169 apartments tailored for modern living. Boasting amenities such as swimming pools, health clubs, and children›s play areas, the project promises a lifestyle of comfort and leisure. Situated in the Al Seef area, adjacent to complexes and the waterfront, the project is scheduled for completion in 2026.

Despite market challenges, First Real Estate Company demonstrated robust financial performance. Total revenues surged to BHD 6.2 million in 2023, marking a 13% increase from the previous year. Concurrently, total expenses rose to BHD 4.0 million, attributed primarily to increased financing costs. Nonetheless, the company recorded profits of BHD 2.1 million for 2023, reflecting a notable 33% increase compared to 2022.

The company's assets amounted to 77.6 million Bahraini dinars at the end of 2023, compared to 81.9 million Bahraini dinars at the end of 2022, representing a decrease of 5.2%. As for the shareholders' equity, it reached 56.1 million Bahraini dinars at the end of 2023, compared to 55.7 million Bahraini dinars at the end of 2022, an increase of 0.4 million Bahraini dinars or approximately 0.7%.

In closing, I extend my gratitude to all stakeholders, including shareholders and the dedicated team at First Real Estate Company, for their invaluable contributions to our success. Your unwavering support and commitment propel us forward as we endeavor to achieve our corporate objectives. Rest assured, the Board of Directors remains steadfast in our commitment to delivering continued success in the years to come, In Sha' Allah.

Peace, blessings and mercy of Allah be upon you.

Mohammed Ibrahim Al-Farhan
Chairman of the Board of Directors

Introduction

Introduction

First Real Estate Company was founded and restructured to achieve sustainable growth strategies and maintaining a prominent reputation within the local real estate market while offering rewarding opportunities for its investors, management and staff. The Company's professional and experienced management team has worked ardently throughout the previous years at procuring a broader field of investments by expanding its focus beyond the residential market to the commercial and warehouse markets.

First Real Estate Company continues to strive to enhance its asset value and meet shareholder expectations through the implementation of planned growth and qualitative diversification initiatives on both the local and regional levels.

Strategy

First Real Estate Company's strategy is based on the following business model:

- Uncover hidden opportunities in the real estate sector
- Acquire new properties with appreciation potential
- Land trading and development
- Increase and enhance profitability of the existing properties
- Have well defined exit strategies for each property

Vision

Through the life cycle of assembling, grooming and monitoring a solid portfolio of real estate assets, the Company seeks to create value at low levels of risk for its shareholders, create opportunities for its customers and experience for its managers and staff.

Mission Statement

To optimize returns by providing high-quality, stable and secure real estate investment opportunities at low levels of risk and to maximize the value of real estate investments and projects that will be undertaken for the benefit of the shareholders, customers and employees by combining the appropriate mix of people along with creative planning and strategy implementation.

Company’s Projects

Company's Projects

The Company aims to achieve added value against minimum risk profile so as to provide maximum protection for the investors' and shareholders' interests and to maintain their value despite the fluctuations in the local market.

First Real Estate Co. B.S.C. (Closed) owns real estate that can be classified into two main categories: (i) income-generating real estate, and (ii) trading and development real estate. The following is a brief description of each category.

I. Income Generating Properties

Kingdom of Bahrain

Juffair Compound 1

The compound is located in Al Juffair area, one of Manama's prime locations. This luxurious fully furnished compound comprises of 32 villas, and each with over 300 square meters, with a private swimming pool. The compound is leased.

Juffair Compound 2

The compound is adjacent to Juffair Compound (1). The compound comprises of 22 fully furnished villas with a total area of approximately 300 square meters. Each villa features an independent external maid's quarter and a private swimming pool. The compound is leased.

Company’s Projects

(G28) Warehouse at the Bahrain Investment Wharf, Al Hidd Area

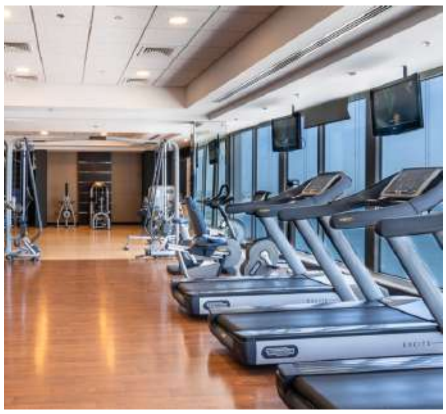
The Company acquired a strategically situated land for investment purposes known as G28, covering a total area of approximately 45,247 square meters at the Bahrain Investment Wharf. The Company signed a 15 year build-to-suit warehouse contract agreement with an investor for developing the land into a warehouse with a total built-up area of 31,000 square meters. The warehouse was completed and handed over to the investor in August 2009. The company signed an extension on the lease with the current tenant, that runs through the year 2030.

(G26) Bahrain Investment Wharf Warehouses, Al Hidd Area

The company owns this strategically located land with an area of 58,222 square meters within Bahrain Investment Wharf project. In alignment with the company’s strategy to maximise income generating assets, four warehouses were developed on this land boasting a total built up area of 29,952 square meters. Each warehouse, consists of units with different sizes, to accommodate the markets needs. The company completed the development of the last warehouse in 2016, and the project is leased at competitive rates.

The 100 Residence Tower, Juffair Area

The 100 Residence Tower was completed in the first quarter of 2010. It is located in Al Fateh area in Juffair, covering a land area of 2,160 square meters and a total up area of 22,670 square meters. The project consists of 27 floors containing 104 luxurious fully furnished apartments. The facilities and services provided include indoor and outdoor swimming pools, gymnasium, housekeeping, and 24 hours security. The project is leased.

Company’s Projects

Al Yal Real Estate Company

Catamaran Towers

Al Yal Real Estate was established in equal partnership with an associate Company in the Kingdom of Bahrain, to merge and develop three parcels of land owned by the two companies at Al Seef area. The company began developing its largest project (Catamaran) which consists of two residential buildings comprising 583 apartments with a commercial complex in the middle. The project also includes 3 floors that hold up to 600 parking spaces. They contain restaurants and commercial shops. The company successfully sold the units in tower one, and leased the units in tower two at competitive rates.



Catamaran Verandas

The company is embarking on a new project to develop one of its lands, spanning 1,993 square meters, in the Seef area into a luxurious residential building. The tower, with a built-up area of 33,451 square meters, is set to include 32 stories and house a total of 16 9apartments. With plans underway, the company aims to commence the sale of units by the first quarter of 2024.

Company’s Projects

United Arab of Emirates
Labour Accommodation at
Muhaisnah Area – Dubai

In alliance with an associate Company, the Company acquired a labour accommodation building in Muhaisnah area with a total area of 5,287 square meters. The building comprises of two floors containing a total of 401 rooms which were refurbished in 2010. The project is leased.

II. Land Trading and Development

Kingdom of Bahrain

Al Seef Land - Al Seef District

The Company, in equal partnership with Dhow Real Estate Company, acquired ownership in a strategically located land in Al Seef District north of Bahrain City Centre. In 2008, the land was subdivided into 21 plots covering an area of 510,881 square feet. The Company decided to take advantage of the land price appreciation in Al Seef area by selling thirteen of its plots, covering a total area of 336,203 square feet, generating a substantial income to the Company. Meanwhile, the Company decided to keep the remaining eight plots for development or trading purposes.

Hidd Industrial Land - Hidd Area

The Company acquired a plot of land in Al Hidd Industrial area covering a total area of 73,000 square feet. The Company intends to sell this land.

Marsa Al Seef - Al Seef Area

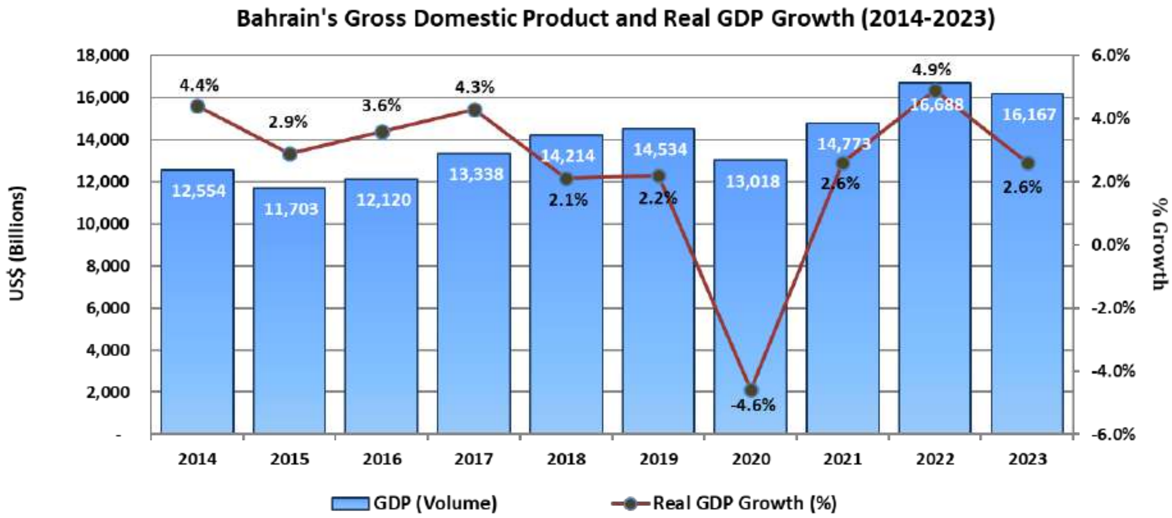
The Company acquired equity shares in Marsa Al Seef Investment Company Limited which was established in 2008 with a paid up capital of US$ 531,000,000. The company is owned by Global Banking Corporation B.S.C., Bahrain. The company has reached an agreement with Marsa Al Seef in the fourth quarter of 2021, resulting in the company receiving plots (in the project) replacing its equity in Marsa Al Seef Company.

Bahraini Economy Performance

Bahraini Economy Performance

First - Bahraini Economy Performance

According to the latest figures available from the Information & eGovernment Authority of the Kingdom of Bahrain for the third quarter of 2023, it is estimated that the non-oil sector's contribution to the Gross Domestic Product (GDP) for 2023 at current prices will be around 89.4%. The non-oil sector is expected to achieve a growth rate of about 4.7% for 2023, after achieving a growth rate of about 9.4% for 2022 and a growth rate of about 8.3% for 2021.



Source:
Central Bank of Bahrain, Economist
Intelligence Unit "EIU" Report (Jan 2024)

It is estimated that Bahrain will achieve a real Gross Domestic Product (GDP) growth rate of around 2.6% in 2023 compared to a real growth of around 4.9% in 2022, according to data from the Economic Intelligence Unit (EIU). The EIU expects the Bahraini economy to achieve growth in 2024 by 3.5%, then decrease to around 3.2% in 2025, and slightly increase again to about 3.3% in 2026. The level of the central government budget deficit was about 1.1% of GDP in 2022, compared to a larger deficit of about 2.6% in 2023 according to estimates from the same source, the EIU. The deficit is expected to turn into a slight surplus of about 0.1% in 2024 and then a small deficit of about 0.2% in 2025. The bulletin expects an increase in the level of public debt as a percentage of GDP from about 117.3% in 2022 to 123.7% in 2023, then it decreases to about 117.5% in 2024 and continues to decline again to about 114.4% by 2025.

The agency estimates that the current account surplus will be about $2.438 billion in 2023 compared to about $6.839 billion in 2022, then it starts to decrease to $2.089 billion in 2024, and then to a surplus of about $1.889 billion in 2025. According to the same source, it is expected that foreign direct investment net inflows will increase to about $1.870 billion in 2023, then decrease to expectations for 2024 to about $1.700 billion, before rising again to about $1.790 billion in 2025. The bulletin also expects a decrease in consumer price inflation to about 0.2% in 2023 compared to 3.6% in 2022, then an increase to about 0.8% in 2024 and then 0.7% in 2025. It expects a decrease in the individual's share of GDP in 2023 by -0.8%, then to a growth of about 0.8% in 2024, while population growth rates remain at about 2.4% during the same period.

In summary, the driver of Bahrain's economic performance remains the non-oil sector, which will achieve good growth rates, with control over inflation, surplus in the current account, continued inflows of foreign direct investment, and stability in public debt ratios to GDP, which is a positive aspect.

Real Estate Market Performance Indicators in the Kingdom of Bahrain

Real Estate Market Performance Indicators in the Kingdom of Bahrain

Second - Real Estate Market Performance Indicators in the Kingdom of Bahrain

According to the latest available data from the Information & eGovernment Authority of the Kingdom of Bahrain until the end of the third quarter of 2023, the real estate activities and business services sector grew by approximately 2.3% on an annual basis. The contribution of the real estate activities and business services sector to the components of the Gross Domestic Product was about 4.5% and about 4.7% in the years 2022 and 2023 respectively. Its absolute value has been continuously increasing since 2020, achieving growth in 2021 by about 1.5% and a greater growth of about 4.6% in 2022. It achieved a compound annual growth for the period 2014 - 2023 of about 1.9% compared to a compound annual growth of nominal Gross Domestic Product of 2.9% for the same period.

Graph 1

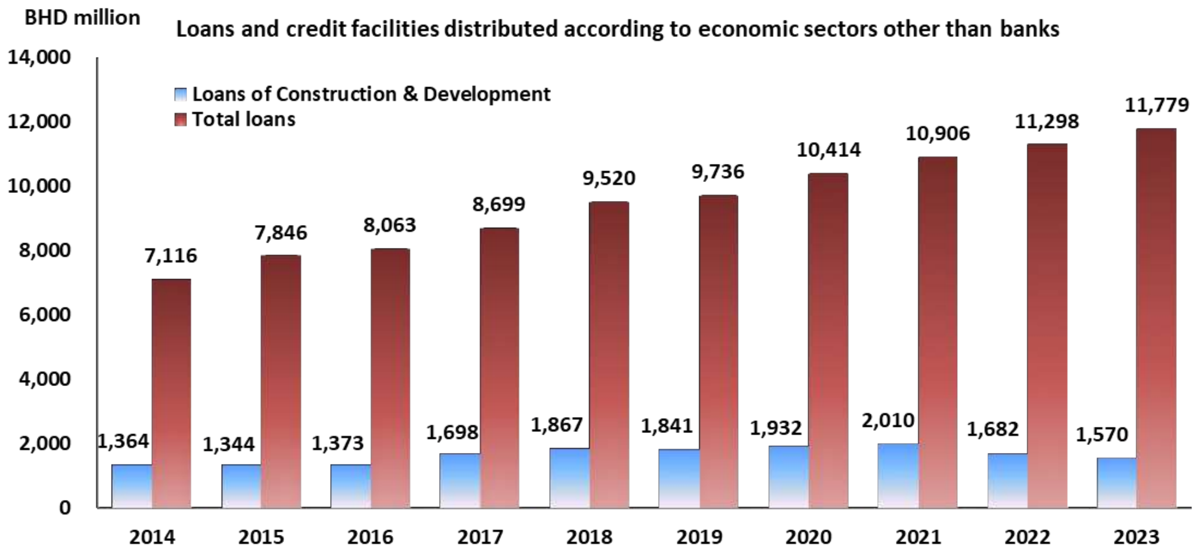
Source:
Information & eGovernment Authority
Economist Intelligence Unit "EIU" Report (Jan 2024)

In December 2023, Bahrain launched the Real Estate Information Platform 'Aqari' to provide economic information and serve the commercial street and investors. This marks a significant leap in providing information to investors in the real estate sector, as the Real Estate Information Bank (Aqari) contains comprehensive information about the sector's reality.

Bank credit growth rates (for both public and private sectors) continued to achieve an annual growth rate of around 4.6%, compared to a decrease in the share of construction and development activity by about 6.7% in 2023. The share of construction and development activity in total bank credit amounted to about 13.3% in 2023. The compound growth rate for total loans for the period 2014-2023 was about 5.8%, and about 1.6% for construction and development activity for the same period.

Real Estate Market Performance Indicators in the Kingdom of Bahrain

According to the latest data from the Survey and Land Registration Bureau in the Kingdom of Bahrain, the liquidity of the real estate sector was estimated at approximately 1.075 billion Bahraini Dinars in 2023, compared to about 1.087 billion Bahraini Dinars in 2022, reflecting a decrease of 1.2%. This decline is attributed to the rise in bank interest rates and its negative impact on most sectors, including the real estate sector. Overall, liquidity in the real estate market achieved a negative compound growth rate over the past ten years (2014-2023) of about 2.0%.



Graph 2

Source: Central Bank of Bahrain

Total value of real estate transactions	2018	of total %	2019	of total %	2020	of total %	2021	of total %	2022	of total %	2023	of total %
Bahrainis	846,671	88.1%	722,264	89.7%	667,216	93.0%	981,289	93.0%	1,010,728	93.0%	998,873	93.0%
GCC Citizens	74,350	7.7%	44,806	5.6%	28,697	4.0%	42,206	4.0%	21,736	2.0%	16,111	1.5%
Foreigners	40,374	4.2%	37,864	4.7%	21,523	3.0%	31,654	3.0%	54,340	5.0%	59,073	5.5%
Total trading	961,394	100%	804,934	100%	717,437	100%	1,055,150	100%	1,086,804	100%	1,074,057	100%

Source: Survey and Land Registration Bureau data - the Kingdom of Bahrain .
* Estimated data for categories by nationality for the years 2022 - 2023.

REPORT OF THE BOARD OF DIRECTORS INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2022

Report of the Board of Directors

The Board of Directors has pleasure in submitting its report and the audited consolidated financial statements of First Real Estate Company B.S.C. (c) (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 December 2023.

Principal activities

The Company and its subsidiaries are engaged in:

- Real estate activities with own or leased property;
- Real estate activities on a fee or contract basis - management of real estate; and
- Real estate activities on a fee or contract basis - brokerage in real estate.

Financial highlights

	2023	2022
	BD	*BD*
Profit for the year	**2,104,170**	1,578,548
Total assets	**77,629,574**	81,886,953
Total equity	**56,144,031**	55,709,361

Disclosure of remuneration of members of Board of Directors and the Executive management

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total			
First: Independent Directors													
1- Hamad Abdulaziz Al Shaya	-	-	-	-	-	10,000	-	-	-	10,000	-	-	-
2- Badr Hamad Al Rabiah	-	-	-	-	-	10,000	-	-	-	10,000	-	-	-
3- Gerard Snabian	-	-	-	-	-	10,000	-	-	-	10,000	-	-	-

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Second: Non-Independent Directors:													
1- Abdulghaffar Abdulrahim Al Koheeji	-	-	-	-	-	10,000	-	-	-	10,000	-	-	-
2- Mohammed Abdullah Al Hubail	-	-	-	-	-	10,000	-	-	-	10,000	-	-	-
Third: Executive Directors:													
1- Mohammed Ibrahim Al Farhan		-	-	-	-	10,000	-	-	-	10,000	-	-	-
1- Hamad Jasim AlSadoun		-	-	-	-	10,000	-	-	-	10,000	-	-	-
Total	-	-	-	-	-	70,000	-	-	-	70,000	-	-	-

Executive management	Total paid salaries and	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	-	-	-	-

The Group did not employ any members of executive management during the year ended 31 December 2023 as the functions of the executive management are managed through Board of Directors.

Representations and audit

The Group's activities for the year ended 31 December 2023 have been conducted in accordance with the Bahrain Commercial Companies Law 2001 and other relevant statutes of the Kingdom of Bahrain.

Auditors

Ernst & Young have expressed their willingness to continue in office and a resolution proposing their appointment, as auditors of the Company for the year ending 31 December 2024, will be submitted to the approval of the shareholders at the Annual General Meeting.

On behalf of the Board of Directors

Mohammed Ibrahim Al Farhan
Chairman

Hamad Jasim AlSadoun
Vice Chairman

Date: 12th February 2024

Independent auditors' report to the shareholders

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the accompanying consolidated financial statements of First Real Estate Company B.S.C. (c) (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

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

Other information
Other information consists of the information included in the Report of the Board of Directors, set out on page 1 and page 2, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIRST REAL ESTATE COMPANY B.S.C. (c) (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

1) As required by the Bahrain Commercial Companies Law, we report that:

a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;

b) the financial information contained in the report of the Board of Directors is consistent with the consolidated financial statements;

c) we are not aware of any violations of the Bahrain Commercial Companies Law or the terms of the Company's memorandum of association during the year ended 31 December 2023 that might have had a material adverse effect on the business of the Group or on its consolidated financial position; and

d) satisfactory explanations and information have been provided to us by management in response to all our requests.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIRST REAL ESTATE COMPANY B.S.C. (c) (CONTINUED)

Report on Other Legal and Regulatory Requirements (continued)

2) As required by the Article (8) of Section (2) of Chapter (1) of the Bahrain Corporate Governance Code, we report that the Company:

a) has appointed a Corporate Governance Officer; and

b) the Company has a Corporate Governance Code and procedures approved by the Board of Directors.

Ernst + Young

Partner's Registration No. 212
14 February 2024
Manama, Kingdom of Bahrain

Consolidated statement of financial position

At 31 DECEMBER 2023

	Note	2023 BD	2022 BD
ASSETS			
Non-current assets			
Furniture, equipment and vehicles	5	**129,226**	173,322
Investment properties	6	**71,212,272**	72,005,092
Investment in associates	7	**-**	1,119
Investment in securities		**-**	488
Security deposits		**85,639**	85,639
Receivable from buyers	8	**479,197**	243,993
		71,906,334	72,509,653
Current assets			
Accounts receivable and prepayments	8	**806,874**	1,133,219
Bank balances and cash	9	**4,916,366**	8,244,081
		5,723,240	9,377,300
TOTAL ASSETS		**77,629,574**	81,886,953
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**33,390,000**	33,390,000
Share premium	11	**27,241**	27,241
Reserves		**15,935,662**	15,994,330
Equity attributable to owners of the Parent		**49,352,903**	49,411,571
Non-controlling interests	24	**6,791,128**	6,297,790
Total equity		**56,144,031**	55,709,361
Non-current liabilities			
Term loans	15	**15,000,000**	16,293,309
Employees' end of service benefits		**130,642**	114,693
		15,130,642	16,408,002
Current liabilities			
Term loans	15	**-**	2,192,972
Payable to a shareholder	16	**4,476,568**	3,822,670
Accounts payable and accruals	17	**979,224**	2,528,215
Advances from buyers		**723,360**	1,126,209
Contract liabilities - advances		**175,749**	99,524
		6,354,901	9,769,590
Total liabilities		**21,485,543**	26,177,592
TOTAL EQUITY AND LIABILITIES		**77,629,574**	81,886,953

Mohammad Al Farhan
Chairman

Hamad Jasim AlSadoun
Vice Chairman

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements

Consolidated statement of profit or loss

For the year ended 31 DECEMBER 2023

	Note	2023 BD	2022 BD
INCOME			
Rental revenue		**5,168,227**	4,519,169
Property operating expenses		**(1,833,382)**	(1,703,823)
Net rental income		**3,334,845**	2,815,346
Gain on sale of investment properties	6	**478,031**	608,435
Valuation (loss) gain on investment properties	6	**(56,832)**	48,804
Net gain on investment properties		**421,199**	657,239
Management fee		**248,717**	277,067
Interest and other income	19	**266,607**	99,365
Share of results of associates	7	**-**	(397,794)
Impairment of investment in associates	7	**(1,119)**	(54,623)
Net operating income		**4,270,249**	3,396,600
EXPENSES			
Finance costs	20	**(1,439,334)**	(1,136,362)
Staff costs	21	**(360,488)**	(365,348)
Other expenses		**(366,257)**	(316,342)
Total expenses		**(2,166,079)**	(1,818,052)
NET PROFIT FOR THE YEAR		**2,104,170**	1,578,548
Net profit attributable to:			
Owners of the parent		**1,610,832**	1,194,101
Non-controlling interests		**493,338**	384,447
		2,104,170	1,578,548

Mohammad Al Farhan
Chairman

Hamad Jasim AlSadoun
Vice Chairman

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 DECEMBER 2023

	2023 **BD**	2022 BD
PROFIT FOR THE YEAR	**2,104,170**	1,578,548
Other comprehensive income for the year	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,104,170**	1,578,548
Attributable to:		
Owners of the parent	**1,610,832**	1,194,101
Non-controlling interests	**493,338**	384,447
	2,104,170	1,578,548

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements

Consolidated statement of cash flows

For the year ended 31 DECEMBER 2023

	Note	*2023* BD	*2022* BD
OPERATING ACTIVITIES			
Net profit for the year		**2,104,170**	1,578,548
Adjustments for:			
Depreciation of furniture, equipment and vehicles	5	**44,384**	48,324
Loss (gain) on fair value remeasurement	6	**56,832**	(48,804)
Share of loss of associates	7	**-**	452,417
Impairment of investment in associate and securities		**1,607**	-
Gain on sale of furniture, equipment and vehicles		**(400)**	(427)
Interest expense on term loans	20	**1,439,334**	1,136,362
Interest income	19	**(209,101)**	(57,903)
Provision for employees' end of service benefits		**24,170**	24,792
Operating profit before working capital changes		**3,460,996**	3,133,309
Working capital changes:			
Accounts receivable and prepayments		**91,141**	2,654,868
Security deposit		**-**	12,600
Decrease in investment properties	6	**1,601,918**	2,328,190
Payable to a shareholder		**653,898**	(977,932)
Advances from buyers		**(402,849)**	574,860
Accounts payable and accruals		**(710,782)**	134,415
Contract liabilities - advances		**76,225**	31,517
Net cash flows from operations		**4,770,547**	7,891,827
Finance costs paid		**(2,921,123)**	(818,202)
Employees’ end of service benefits paid		**(8,221)**	(5,392)
Dividend paid	14	**(1,669,500)**	(1,669,500)
Net cash flows from operating activities		**171,703**	5,398,733
INVESTING ACTIVITIES			
Purchase of furniture, equipment and vehicles	5	**(288)**	(14,700)
Proceeds from sale of furniture, equipment and vehicles		**400**	8,015
Additions to investment properties*	6	**(222,350)**	(3,259,148)
Interest income received	19	**209,101**	57,903
Net cash flows used in investing activities		**(13,137)**	(3,207,930)
FINANCING ACTIVITIES			
Repayment of borrowings	22	**(18,486,281)**	(1,096,486)
Proceeds from borrowings	22	**15,000,000**	-
Proceeds from restricted bank balance	9	**350,000**	-
Net cash flows used in financing activities		**(3,136,281)**	(1,096,486)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(2,977,715)**	1,094,317
Cash and cash equivalents at 1 January		**7,894,081**	6,799,764
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	9	**4,916,366**	7,894,081

***Non cash item:**

Additions to investment properties exclude BD 643,580 (2022: nil) relating to transfer of land from a related party.

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 DECEMBER 2023

First Real Estate Company B.S.C. (c)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Equity attributable to equity holders of the parent									
	Share capital BD (note 10)	***Share premium BD (note 11)***	***Statutory reserve BD (note 12)***	***General reserve BD (note 13)***	***Foreign Currency translation reserve BD***	***Retained earnings BD (note 14)***	***Total Reserves BD***	***Equity attributable to the owners of the parent BD***	***Non-controlling interest BD***	***Total equity BD***
Balance at 1 January 2023	33,390,000	27,241	6,462,712	2,155,826	(13,064)	7,388,856	15,994,330	49,411,571	6,297,790	55,709,361
Profit for the year	-	-	-	-	-	1,610,832	1,610,832	1,610,832	493,338	2,104,170
Total comprehensive income for the year	-	-	-	-	-	1,610,832	1,610,832	1,610,832	493,338	2,104,170
Transfer to statutory reserve (note 12)	-	-	161,083	-	-	(161,083)	-	-	-	-
Dividend paid for 2022 (note 14)	-	-	-	-	-	(1,669,500)	(1,669,500)	(1,669,500)	-	(1,669,500)
Balance at 31 December 2023	**33,390,000**	**27,241**	**6,623,795**	**2,155,826**	**(13,064)**	**7,169,105**	**15,935,662**	**49,352,903**	**6,791,128**	**56,144,031**

	Equity attributable to equity holders of the parent									
	Share capital BD	*Share premium BD*	*Statutory reserve BD*	*General reserve BD*	*Foreign Currency translation reserve BD*	*Retained earnings BD*	*Total Reserves BD*	*Equity attributable to the owners of the parent BD*	*Non-controlling interest BD*	*Total equity BD*
Balance at 1 January 2022	33,390,000	27,241	6,343,302	2,155,826	(13,064)	7,983,665	16,469,729	49,886,970	5,913,343	55,800,313
Profit for the year	-	-	-	-	-	1,194,101	1,194,101	1,194,101	384,447	1,578,548
Total comprehensive income for the year	-	-	-	-	-	1,194,101	1,194,101	1,194,101	384,447	1,578,548
Transfer to statutory reserve (note 12)	-	-	119,410	-	-	(119,410)	-	-	-	-
Dividend paid for 2021 (note 14)						(1,669,500)	(1,669,500)	(1,669,500)		(1,669,500)
Balance at 31 December 2022	33,390,000	27,241	6,462,712	2,155,826	(13,064)	7,388,856	15,994,330	49,411,571	6,297,790	55,709,361

The accompanying notes 1 to 24 are an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION AND ACTIVITIES

First Real Estate Company B.S.C. (c) (the "Company") was incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 49288 on 10 September 2002. The Company is engaged in buying, selling, managing, developing and leasing of flats, offices and houses. The Company primarily operates in the Kingdom of Bahrain. The address of the Company's registered office is Catamaran Tower, Building 3130, Road 4653, Block 346, Seef District, Kingdom of Bahrain.

The Group comprises of the Company and the following subsidiaries incorporated in the Kingdom of Bahrain and associate companies incorporated in the United Arab Emirates as at 31 December 2023 (2022: same).

Subsidiaries:

Company name	*Shareholding*	*Year of incorporation*	*Activity*
Al Yal Real Estate Company W.L.L	*50%*	*2008*	*Real estate*
Al Yal Seef Residence W.L.L	*50%*	*2013*	*Real estate*
Urban Quarters Co. W.L.L	*50%*	*2017*	*Management of real estate*

The Company is exposed, or has rights, to variable returns from its involvement with the above entities; and has the ability to affect those returns through its power over these companies.

Associates:

Company name	*Shareholding*	*Year of incorporation*	*Activity*
Al-Sanbook R.E. Co. L.L.C.	*25%*	*2006*	*Real estate*
Asdaf Real Estate Company L.L.C.	*50%*	*2009*	*Real estate*

The Company has a significant influence i.e. the power to participate in the financial and operating policies of Asdaf Real Estate Company L.L.C. but does not have control or joint control over those policies. Hence, Asdaf is classified as an associate of the Company.

The consolidated financial statements were approved by the Board of Directors on 12 February 2024 and were authorised for issuance on 14 February 2024.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPERATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in conformity with the Bahrain Commercial Companies Law.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties that have been measured at fair value. The consolidated financial statements are presented in Bahraini Dinars (BD) which is the functional currency of the Company and reporting currency of the Group.

3 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- 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 year are included in the consolidated statement of profit of loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in consolidated statement of profit or loss. Any investment retained is recognised at fair value.

New and amended standards effective as of 1 January 2023
The accounting and reporting policies adopted in the preparation of these Group financial statements are consistent with those used in the previous year, except for certain new standards and interpretations and amendments to standards and interpretations adopted by the Group as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

These new and amended standards did not have any impact on the Group's financial statements for the year ended 31 December 2023:

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New and amended standards effective as of 1 January 2023 (continued)

- *IFRS 17 - Insurance Contracts*
- *Definition of Accounting Estimates – Amendments to IAS 8*
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

Standards and interpretations issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements which are relevant to the Group are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective:

- *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback*
- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*
- *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*

Management is currently assessing the impact of the above standards and interpretations on the financial statements of the Group.

Current vs non-current classification

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

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

The Group classifies all other liabilities as non-current.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement (continued)
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of investment properties. Involvement of external valuers is decided upon annually by management. The selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group’s external valuers, which valuation techniques and inputs to use for each case.

Furniture, equipment and vehicles
Furniture, equipment and vehicles are stated at cost less accumulated depreciation and any impairment in value.

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

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

- Furniture and fixtures	6 years
- Equipment	4 years
- Vehicles	6 years

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Furniture, equipment and vehicles (continued)
The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. An item of furniture, equipment and vehicles is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amounts of the assets) is included in the consolidated statement of profit or loss in the year the asset is derecognised.

Investment in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investment in associate is accounted for using the equity method.

Under the equity method, the investment in associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is not tested for impairment individually.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The consolidated statement of profit or loss reflects the Group’s share of the results of operations of the associate or joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the associate and joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associates.

The aggregate of the Group’s share of profit or loss of associates are shown on the face of the consolidated statement of profit or loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and joint venture and its carrying value, then recognises the loss as ‘Share of loss of associates’ in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment properties
Investment properties comprise completed properties and properties under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a finance lease is classified as an investment property when the definition of an investment property is met.

Investment properties are measured initially at cost, including transaction costs. Transaction costs include professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in consolidated statement of profit or loss in the period of derecognition.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property or inventory property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property or inventory property becomes an investment property, the Group accounts for such property in accordance with the policy stated under furniture, equipment and vehicles or inventory property up to the date of change in use.

Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets (continued)

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Financial assets

Initial recognition

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments) (continued)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets include tenant receivables, amount due from related parties, receivables from buyers, bank balances and deposits.

Derecognition of financial assets

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

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

Impairment of financial assets

The Group recognises a provision for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include term loans, amounts due to a related party and payable to a shareholder, which are measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employees' end of service benefits
The Group makes contributions to the Social Insurance Organisation scheme for its national employees calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

The Group also provides for end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salaries and length of service. The expected costs of these benefits are accrued over the period of employment.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks. The following specific recognition criteria as described below, must also be met before revenue is recognised:

Rental revenue
The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Rental income received in advance is recognised as unearned income and released to the consolidated statement of profit or loss over the lease period.

Management fee
Revenue from management of properties is recognised on an accrual basis.

Other income
Other income is recognised on an accrual basis when earned.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract. (i.e., transfers control of the related goods or services to the customer).

Foreign currencies
The Group's consolidated financial statements are presented in Bahraini Dinars ("BD"), which is the Group's functional currency and the currency of the primary economic environment in which the Group operates.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Cash and cash equivalents
For the purpose of statement of cash flows, cash and cash equivalents consist of bank balances, cash and deposits with an original maturity of three months or less.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

In the process of applying the Group's accounting policies, the Board of Directors has made the following judgements, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Judgements
Going concern
At 31 December 2023, the Group's current liabilities exceed current assets by BD 631,661 (2022: BD 392,290). The current liabilities include BD 4,476,568 (2022: BD 3,822,670) payable to a shareholder. Although this amount is payable on demand however, management expects that it will not become due until the Group attains the sufficient surplus liquidity. Further the advances from buyers of BD 723,360 (2022: BD 1,126,209) entails no cash outflows.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements (continued)

Going concern (continued)

Keeping in view the above, Board of Directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast a significant doubt upon the Group's ability to continue as a going concern.

Property lease classification – Group as lessor

The Group has entered into commercial 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 these properties and accounts for the contracts as operating leases.

Estimates and assumptions

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

Estimate of fair value of investment properties

The fair value of investment properties are determined by independent real estate specialists using recognised valuation techniques. The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

a) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

b) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;

c) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Provision for expected credit loss

The Group recognises an allowance for expected credit losses (ECLs) for all its financial assets. There is no history of default and forward looking factors also do not indicate any default. Based on the assessment done by the Board of Directors, no allowance for expected credit losses has been recognised as of 31 December 2023 and as of 31 December 2022.

5 FURNITURE, EQUIPMENT AND VEHICLES

2023	*Vehicles BD*	*Furniture, fixture and equipment BD*	*Total BD*
Cost:			
At 1 January 2023	56,672	347,055	403,727
Additions	-	288	288
Disposal	(8,875)	-	(8,875)
At 31 December 2023	**47,797**	**347,343**	**395,140**
Accumulated depreciation:			
At 1 January 2023	31,975	198,430	230,405
Depreciation charge for the year	5,755	38,629	44,384
Disposal	(8,875)	-	(8,875)
At 31 December 2023	**28,855**	**237,059**	**265,914**
Net carrying amount:			
At 31 December 2023	**18,942**	**110,284**	**129,226**

2022	*Vehicles BD*	*Furniture, fixture and equipment BD*	*Total BD*
Cost:			
At 1 January 2022	55,367	346,555	401,922
Additions	14,200	500	14,700
Disposal	(12,895)	-	(12,895)
At 31 December 2022	56,672	347,055	403,727
Accumulated depreciation:			
At 1 January 2022	31,637	155,751	187,388
Depreciation charge for the year	5,645	42,679	48,324
Disposal	(5,307)	-	(5,307)
At 31 December 2022	31,975	198,430	230,405
Net carrying amount:			
At 31 December 2022	24,697	148,625	173,322

6 INVESTMENT PROPERTIES

	Land BD	*Buildings BD*	*Total BD*
As at 1 January	**7,311,856**	**64,693,236**	**72,005,092**
Additions	**643,580**	**222,350**	**865,930**
Disposal	**-**	**(1,601,918)**	**(1,601,918)**
Fair value changes	**-**	**(56,832)**	**(56,832)**
At 31 December 2023	**7,955,436**	**63,256,836**	**71,212,272**

6 INVESTMENT PROPERTIES (continued)

	Land *BD*	*Buildings* *BD*	*Total* *BD*
As at 1 January	4,091,391	66,933,939	71,025,330
Additions	3,259,148	-	3,259,148
Disposal of investment properties	-	(2,328,190)	(2,328,190)
Fair value changes	(38,683)	87,487	48,804
At 31 December 2022	7,311,856	64,693,236	72,005,092

The Group's investment properties consist of vacant plots of land, residential and commercial properties leased to third parties in the Kingdom of Bahrain and the United Arab Emirates.

At 31 December 2023 and 31 December 2022, the fair values of the properties are based on valuations performed by independent surveyors. The surveyors are industry specialists in valuing these types of investment properties. The valuations undertaken are based on the comparable approach and income method. The fair value measurement has been categorised as Level 3 fair value based on the inputs to the valuation technique of market and cost approach and comparable approach.

Fair value hierarchy disclosures for investment properties are provided in note 23.

Investment properties include one parcel of land under a 50 year lease arrangement. This lease has been fully paid. The properties constructed on this land have been sublet to the tenants and are hence classified as investment properties.

Investment properties include certain plots of land and buildings having carrying value of BD 5,059,250 as of 31 December 2023 (2022: BD 5,759,661) that are registered under the name of a shareholder, AlDhow Real Estate W.L.L. for the joint beneficial interest of the Group to the extent of 50% (2022: 50%).

Included in investment properties are certain plots of land and buildings having carrying value of BD 34,443,772 as at 31 December 2023 (2022: BD 43,900,830) which are mortgaged against the Group's term loan facilities (note 15).

During the year ended 31 December 2023, the Group sold investment properties with a net carrying value of BD 1,601,918 (2022: BD 2,328,190) for a cash consideration of BD 2,079,949 (2022: BD 2,936,625), net of attributable expenses. The resulting gain on disposals of BD 478,031 (2022: BD 608,435) is recognised in the consolidated statement of profit or loss.

The fair value of certain residential properties were previously determined based on the comparable method. The Group believes that the income approach provides better transparency than the comparable method and has, therefore, decided to change the valuation method. This change in valuation method is applied prospectively as it is a change in estimate. Further, it is impracticable to estimate the effect of change in estimate on current and future periods.

Other than as described above, there were no other changes in valuation techniques during the year.

Description of valuation techniques used and key inputs to valuation of investment properties:

6 INVESTMENT PROPERTIES (continued)

	Valuation technique	*Significant unobservable inputs*	***2023***	*2022*
Commercial properties	Comparable method	Rate per sqm (BD)	**300 - 892**	300 - 892
Residential properties	Comparable method	Rate per sqm (BD)	**875 - 886**	817 - 886
Land	Comparable method	Rate per sqm (BD)	**161 - 646**	161 - 646
Residential properties	Income method	Discount rate	**5% and 7%**	5% and 7%

7 INVESTMENTS IN ASSOCIATES

The carrying amounts included in the consolidated statement of financial position represent the Group's share of net assets in associates as at 31 December.

The following table illustrates the summarised financial information of the Group's major investment in associate as of 31 December on the basis of unaudited financial statements:

	2023 ***BD***	*2022* *BD*
Current assets	-	41,974
Non-current assets	-	5,088,529
Current liabilities	-	(375,638)
Non-current liabilities	-	(4,536,372)
Net assets	-	218,493
Proportion of the Group's ownership	25%	25%
Carrying amount of the investment	-	54,623
Less: Impairment recognised during the year	-	(54,623)
	-	0
Loss for the year	-	(1,591,176)
Group's share of loss for the year	-	(397,794)
Total impairment and share of loss	-	(452,417)

In 2008 the Group had acquired a 25% interest in Al-Sanbook R.E. Co. ("Sanbook"). Sanbook was incorporated in May 2006 and is involved in the acquisition, sale and lease of investment properties in the United Arab Emirates.

Asdaf Real Estate Company LLC ("Asdaf") was incorporated in August 2009. The Group acquired a 50% interest in Asdaf which is involved in the acquisition, sale and lease of investment properties. As of 31 December 2023 carrying value of Group's investment in this associate was nil (2022: BD 1,119). During the year, management has impaired its investment in associates.

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2023	*2022*
	BD	*BD*
Rent receivables	**15,154**	8,954
Amounts due from related parties (note 18)	**269,799**	413,865
Receivable from buyers of properties sold	**855,592**	736,672
Prepayments	**51,259**	86,694
Other receivables	**94,267**	131,027
	1,286,071	1,377,212
Non-current portion of receivable from buyers	**(479,197)**	(243,993)
	806,874	1,133,219

Tenant receivables are non-interest bearing and are normally settled in cash. It is not the practice of the Group to obtain collateral over receivables.

As at 31 December 2023 and 2022 rent receivables were all current.

9 BANK BALANCES AND CASH

	2023	*2022*
	BD	*BD*
Cash in hand	**12,218**	12,137
Bank balances - current accounts	**859,321**	2,181,760
Bank balances - saving accounts*	**194,827**	550,184
Short term deposits**	**3,850,000**	5,500,000
Bank balances and cash	**4,916,366**	8,244,081
Restricted cash	**-**	(350,000)
Cash and cash equivalents	**4,916,366**	7,894,081

* Bank balances are held in commercial banks in the Kingdom of Bahrain. Saving account balances earn interest rate of 1.25% to 1.40% (2022: same).

** Short-term deposits are maintained with a bank in the Kingdom of Bahrain and have maturity of three months and carry profit rate of 5.2% to 5.7% (2022: 4% to 5.2%).

The Group's bank balances and short term deposits are maintained with banks having long term external ratings of A to BBB (2022: A to BBB).

10 SHARE CAPITAL

The Company's authorised, issued and paid-up share capital includes 333,900,000 ordinary shares of 100 fils each (2022: 333,900,000 ordinary shares of 100 fils each).

11 SHARE PREMIUM

This represents the balance transferred after setting off share issuance and restructuring expenses incurred by the Company from the amount of 5 fils received in excess of the face value of shares from the subscribers of share capital. The reserve can be utilised subject to approval of the Shareholders at a general meeting.

12 STATUTORY RESERVE

As required by the Bahrain Commercial Companies Law and the Company's memorandum of association, 10% of the profit for the year is required to be transferred to a statutory reserve until the reserve equals 50% of the paid up capital. During the year ended 31 December 2023, an amount of BD 161,083 (2022: BD 119,410) was transferred to the statutory reserve. The reserve cannot be utilised for the purpose of distribution, except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

13 GENERAL RESERVE

The general reserve, represents a voluntary reserve for the purpose of future capital expenditure and to enhance the capital base of the Group. The reserve is distributable at the discretion of the Group.

14 RETAINED EARNINGS

As of 31 December 2023, the Group's share in the statutory reserves of its subsidiaries that is not available for distribution was BD 125,000 (2022: BD 125,000).

The Board of Directors has proposed dividend of 5 fils per share totaling BD 1,669,500 relating to the year ended 31 December 2023 which is subject to the approval of the shareholders at the Annual General Meeting (2022: BD 1,669,500 dividend was proposed).

During the year the Company paid a dividend of BD 1,669,500 (2022: BD 1,669,500) relating to the year ended 31 December 2022 (2022: related to the year ended 31 December 2021).

15 TERM LOANS

	New maturity	*Original maturity*	***2023 BD***	*2022 BD*
Loan 1	Repaid in full	30 April 2024	-	8,749,481
Loan 2	Repaid in full	7 January 2032	-	9,736,800
Loan 3	9 October 2036	n/a	**7,500,000**	-
Loan 4	9 October 2036	n/a	**7,500,000**	-
			15,000,000	18,486,281
Less: current portion			-	(2,192,972)
Non-current portion			**15,000,000**	16,293,309

During the year, Group repaid the previous loan facilities and availed two new term loans from a financial institution in the Kingdom of Bahrain which is denominated in Bahraini Dinar. These loans carry interest at 3 months BHIBOR plus 1.5% (2022: 5% - 7.7%).

The term loans are secured by the Group's investment properties with carrying value of BD 34,443,772 (2022: BD 43,900,830) (note 6).

The borrowings have the requirement to meet certain financial and non-financial covenants and there was no instance of non-compliance with these covenants at the reporting date.

16 PAYABLE TO A SHAREHOLDER

The balance represents an amount payable to AlDhow Real Estate, a non-controlling interest shareholder. The payable is interest free and repayable on demand.

17 ACCOUNTS PAYABLE AND ACCRUALS

	2023 **BD**	*2022* *BD*
Payable to contractors	**-**	88,188
Amounts due to a related party (note 18)	**286,889**	55,542
Accrued finance costs	**305,250**	1,787,039
Accrued expenses	**192,289**	203,769
Other liabilities	**194,796**	393,677
	979,224	2,528,215

18 RELATED PARTY TRANSACTIONS

Related parties represent associate companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's Board of Directors.

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

Relationship	**Nature**	**2023** **BD**	*2022* *BD*
Shareholder	Property operating expenses	**201,906**	209,673

Balances receivable and payable from and to the related parties are as follows:

	2023		*2022*	
	Receivable **BD**	**Payable** **BD**	*Receivable* *BD*	*Payable* *BD*
Shareholders	**-**	**4,476,568**	-	4,476,568
Related parties	**269,799**	**286,889**	269,799	1,787,039
	270,911	**4,763,915**	271,132	6,263,969

Outstanding receivable from related parties arise in the normal course of business and are interest free and unsecured. As of 31 December 2023 and 31 December 2022, the Group has not recorded any provision for expected credit losses for amounts owed by related parties as the historical and the perceived risk of loss is minimal.

Compensation of key management personnel

Remuneration of Board of Directors during the year was BD 70,000 (2022: BD 70,000). The Group does not have any other key management personnel during the years ended 31 December 2023 and 31 December 2022. Management fee charged by a related party during the year ended 31 December 2023 amounted to BD 100,000 (2022: BD 100,000) which has been included in other expenses in the consolidated statement of profit or loss.

19 INTEREST AND OTHER INCOME

	2023	*2022*
	BD	*BD*
Interest income	**209,101**	57,903
Miscellaneous	**57,506**	41,462
	266,607	99,365

20 FINANCE COSTS

This represents interest expense on term loans at interest rate of 7.7% - 9.13% (2022: 5% - 7.7%).

21 STAFF COSTS

	2023	*2022*
	BD	*BD*
Wages and salaries	**239,746**	285,091
Employees' end of service benefits	**24,170**	24,792
Other employee benefits	**96,571**	55,465
	360,488	365,348

22 RISK MANAGEMENT

Introduction
The Group manages risks through a process of ongoing identification and monitoring of the risks it faces. The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles. The Group's overall risk management approach is to moderate the effects of such volatility on its financial performance.

Interest rate risk
The interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in the market interest rates. The Group is not subject to significant interest rate risk on its interest bearing term loans as they are availed at fixed interest rates.

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense are denominated in a different currency from the Group's functional currency.

The Group mainly transacts its business in Bahraini Dinars which is its functional and presentation currency. The Group also has transactions in United Arab Emirates Dirhams (AED). However, the Group is not exposed to any significant currency risk.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on its tenant receivables, amount due from related parties, receivables from buyers, bank balances and deposits.

22 RISK MANAGEMENT (continued)

Credit risk (continued)

The Group seeks to limit its credit risk with respect to tenant receivables by determining payment terms and conditions in the lease agreement with the tenants and by monitoring and following up of overdue payments. Further, credit risk is managed by requiring tenants to pay rentals in advance. With regards to amount due from related parties, management believes that they do not represent a significant credit risk. The Company seeks to limit its credit risk related to bank balances by placing funds with reputable financial institutions. As the Group has let out its properties to a large number of tenants, there is no significant concentration of credit risk. The carrying amount of financial assets represent the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group limits its liquidity risk by ensuring bank facilities are available. The table below summarizes the maturities of the Group's undiscounted financial liabilities, based on contractual payment dates and current market's interest rates:

2023	***On demand BD***	***Less than 3 months BD***	***3 to 12 months BD***	***1 to 5 years BD***	***Over 5 years BD***	***Total BD***
Term loans	**-**	**305,250**	**915,750**	**7,634,077**	**17,803,855**	**26,658,932**
Accounts payable	**4,476,568**	**-**	**-**	**-**	**-**	**4,476,568**
Total	**4,476,568**	**592,139**	**915,750**	**7,634,077**	**17,803,855**	**31,422,389**

2022	*On demand BD*	*Less than 3 months BD*	*3 to 12 months BD*	*1 to 5 years BD*	*Over 5 years BD*	*Total BD*
Term loans	-	1,197,260	2,104,235	11,898,006	7,825,698	23,025,199
Payable to shareholders	3,822,670	-	-	-	-	3,822,670
Payable to contractors	-	88,188	-	-	-	88,188
Total	3,822,670	1,285,448	2,104,235	11,898,006	7,825,698	26,936,057

22 RISK MANAGEMENT (continued)

Changes in liabilities arising from financing activities

	As at 1 January 2023	*Cash flows*		*As at 31 December 2023*
		Addition	*Payments*	
	BD	*BD*	*BD*	*BD*
Term loans	**18,486,281**	**15,000,000**	**(18,486,281)**	**15,000,000**

	As at 1 January 2022	*Cash flows*		*As at 31 December 2022*
		Additions	*Payments*	
	BD	*BD*	*BD*	*BD*
Term loans	19,582,767	-	(1,096,486)	18,486,281

Investment property price risk
Investment property price risk is the risk that the fair values of investment properties decrease as a result of the decline in property prices in the real estate market. The investment property price risk exposure arises from the Group's holding of investment properties. Investment property risk is managed by diversification of the portfolio of properties by geography and type.

A favorable movement of 10% in significant observable inputs used in valuation of the investment properties, with all other variables held constant, will result in increase in Group's profit for the year by BD 6,377,169 (2022: BD 6,468,815). An unfavorable movement of 10% in the significant observable inputs is expected to have negative effect of BD 6,069,728 (2022: BD 6,161,376).

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022. Capital comprises equity of the Group and is measured at BD 49,352,903 at 31 December 2023 (31 December 2022: BD 49,411,571).

23 FAIR VALUE MEASUREMENT

Financial assets consist of tenant receivables, amount due from related parties, receivables from buyers, bank balances and deposits. Financial liabilities consist of term loans, amounts due to a related party and payable to shareholder.

The Company's investment properties with a carrying value of BD 71,212,272 (2022: BD 72,005,092) falls within Level 3 of the fair value hierarchy.

During the year ended 31 December 2023 and 31 December 2022, there were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 fair value measurements.

24 NON-CONTROLLING INTERESTS

The following table summarises the information related to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations:

31 December 2023	***Al Yal Seef Residence BD***	***Al Yal Real Estate BD***	***Urban Quarters BD***	***Total BD***
NCI percentage	**50%**	**50%**	**50%**	
Non-current assets	**-**	**26,930,131**	**15,325**	**26,945,456**
Current assets	**387,329**	**3,770,787**	**1,005,018**	**5,163,134**
Non-current liabilities	**-**	**7,526,867**	**17,844**	**7,544,711**
Current liabilities	**3,229**	**9,844,056**	**1,134,338**	**10,981,623**
Net assets (deficiency of assets)	**384,100**	**13,329,995**	**(131,839)**	**13,582,256**
Net assets (deficiency of assets) attributable to NCI	**192,050**	**6,664,998**	**(65,920)**	**6,791,128**
Revenue	**-**	**1,925,198**	**338,966**	**2,264,164**
Profit (loss)	**-**	**992,459**	**(5,784)**	**986,675**
Total comprehensive income (loss)	**-**	**992,459**	**(5,784)**	**986,675**
Profit (loss) allocated to NCI	**-**	**496,230**	**(2,892)**	**493,338**

31 December 2022	*Al Yal Seef Residence BD*	*Al Yal Real Estate BD*	*Urban Quarters BD*	*Total BD*
NCI percentage	50%	50%	50%	
Non-current assets	-	26,867,802	19,679	26,887,481
Current assets	387,329	4,965,283	797,091	6,149,703
Non-current liabilities	-	9,233,364	16,912	9,250,276
Current liabilities	3,229	10,262,185	925,913	11,191,327
Net assets / (deficiency of assets)	384,100	12,337,536	(126,055)	12,595,581
Net assets attributable to NCI	192,050	6,168,768	(63,028)	6,297,790
Revenue	-	1,318,402	353,255	1,671,657
Profit (loss)	-	821,536	(52,642)	768,894
Total comprehensive income (loss)	-	821,536	(52,642)	768,894
Profit (loss) allocated to NCI	-	410,768	(26,321)	384,447

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