

Al Mal Real Estate Fund

**Consolidated financial statements
for the year ended 31 March 2024**

Al Mal Real Estate Fund

Consolidated financial statements for the year ended 31 March 2024

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Independent auditor's report to the unit holders of Al Mal Real Estate Fund

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Mal Real Estate Fund (the "Fund") and its subsidiaries (together the "Group") as at 31 March 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in net assets attributable to unit holders for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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



Independent auditor's report to the unit holders of Al Mal Real Estate Fund (continued)

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 scepticism 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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.



Independent auditor's report to the unit holders of Al Mal Real Estate Fund (continued)

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

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

PricewaterhouseCoopers Limited Partnership Dubai Branch
31 July 2024

A handwritten signature in blue ink, appearing to read 'S. Scoular', is written over the printed name.

Stuart Alexander Scoular
Registered Auditor Number 5563
Place: Dubai, United Arab Emirates

Al Mal Real Estate Fund

Consolidated statement of financial position

	Notes	As at 31 March	
		2024	2023
		AED'000	AED'000
ASSETS			
Current assets			
Cash and cash equivalents	6	2,541	1,436
Other receivables		3	-
Investments in equity accounted investees	7	24,744	18,501
Total assets		<u>27,288</u>	<u>19,937</u>
LIABILITIES AND UNIT HOLDERS' CAPITAL			
LIABILITIES			
Current liabilities			
Due to related parties	8	2	1
Other liabilities		44	44
Total liabilities		<u>46</u>	<u>45</u>
Unit holders' capital	10	<u>27,242</u>	<u>19,892</u>
Total liabilities and unit holders' capital		<u>27,288</u>	<u>19,937</u>

These consolidated financial statements were authorized for issue by the Fund Manager on 30 July 2024 and signed on its behalf by:


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Naser Nabulsi
Director

Al Mal Real Estate Fund

Consolidated statement of profit or loss and other comprehensive income

	Notes	Year ended 31 March	
		2024 AED'000	2023 AED'000
Revenue			
Interest income		60	9
Expenses			
Other operating expenses		(108)	(69)
Loss before share of profit from equity accounted investees		<u>(48)</u>	<u>(60)</u>
Share of profit from equity accounted investees	7	7,398	1,433
Profit for the year		<u>7,350</u>	<u>1,373</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>7,350</u></u>	<u><u>1,373</u></u>
Attributable to:			
Unit holders		7,350	1,373
Non-controlling interest		-	-
		<u><u>7,350</u></u>	<u><u>1,373</u></u>

Al Mal Real Estate Fund

Consolidated statement of changes in net assets attributable to unit holders

	Unit holders' contribution	Accumulated losses	Unit holders' capital	Non- controlling interest	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 April 2022	70,116	(50,297)	19,819	-	19,819
Total comprehensive income for the year	-	1,373	1,373	-	1,373
Distribution to unit holders	(1,300)	-	(1,300)	-	(1,300)
At 31 March 2023	68,816	(48,924)	19,892	-	19,892
Total comprehensive income for the year	-	7,350	7,350	-	7,350
At 31 March 2024	<u>68,816</u>	<u>(41,574)</u>	<u>27,242</u>	<u>-</u>	<u>27,242</u>

Al Mal Real Estate Fund

Consolidated statement of cash flows

	Notes	Year ended 31 March	
		2024 AED'000	2023 AED'000
Cash flows from operating activities			
Profit for the year		7,350	1,373
Adjustments for:			
Share of profit from equity accounted investees	7	(7,398)	(1,433)
Operating cash flows before changes in working capital		(48)	(60)
Changes in working capital			
Decrease in due from related parties	8	-	160
Increase in other receivables		(3)	
Increase in due to related parties	8	1	1
Increase in other liabilities		-	4
Net cash (outflow)/inflow from operating activities		(50)	105
Cash flow from investing activity			
Distributions from equity-accounted investees		1,155	-
Cash flow from financing activity			
Distribution to unit holders	10	-	(1,300)
Net increase/(decrease) in cash and cash equivalents		1,105	(1,195)
Cash and cash equivalents at the beginning of the year		1,436	2,631
Cash and cash equivalents at 31 March	6	2,541	1,436
Cash and cash equivalents comprise:			
Cash at bank		133	1,436
Deposits with bank		2,408	-

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024

1 Legal status and principal activities

Al Mal Real Estate Fund (the “Fund”) is a closed-ended investment fund established under the authority of the Central Bank of the United Arab Emirates (“UAE”), reference 13/1155/2006 dated 13 May 2006. The Fund is currently licensed by the Securities and Commodity Authority (“SCA”) of the UAE. The registered office of the Fund is at 48 Burj Gate, Downtown Dubai, Sheikh Zayed Road, P.O. Box 119930, Dubai, United Arab Emirates.

The consolidated financial statements of the Group as at and for the year ended 31 March 2024 comprise the Fund and its subsidiaries (collectively referred to as the “Group”). The details of the Fund’s subsidiaries are disclosed in Note 5.

The purposes and objectives of the Group are to acquire, hold, develop, manage and dispose of real estate related investments in the UAE and the broader Middle East region, and to undertake all other acts incidental or related to such activities.

Under the terms of the prospectus, the Fund’s initial five-year term can be extended for up to 15 consecutive further periods of one year each at the sole discretion of the Fund Manager. The directors of the Fund resolved to extend the term of the Fund until May 2025 in order to facilitate the sale of underlying assets held by the fund at the best available price. Accordingly, the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts that might be necessary should the Fund be unable to continue as a going concern.

The Group’s investment and administration activities are managed by Al Mal Capital PSC (the “Fund Manager”), a UAE based company. The Fund Manager is licensed by SCA of the UAE.

Implementation of corporate tax law & application of IAS 12 income taxes

On 9 December 2022, UAE Federal Decree-Law No. 47 of 2022 was published setting in place a general corporate income tax for the first time. The profit threshold of AED 375,000 at which the 9% tax will apply was set in place by Cabinet Decision No. 116 of 2022 which was published on 16 January 2023 and at this point the tax law was considered enacted and substantively enacted for accounting purposes. While current taxes are not payable on profits generated before the Fund’s financial year commencing on 1 January 2024, the existence of an enacted tax law results in the need to immediately record deferred taxes on assets and liabilities where the carrying amount differs from the tax base.

Based on the assessment, the Fund has noted no potential deferred tax impact for the year ended 31 March 2024. The Fund will continue to assess the expected impact, and continue to evaluate its interpretation in light of the Decisions and related guidance.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group.

(a) *Basis of preparation*

(i) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to groups reporting under IFRS Accounting Standards. The consolidated financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These consolidated financial statements are prepared under the historical cost convention.

(iii) New and revised IFRS Accounting Standards adopted by the Group

The following IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 April 2023, have been adopted in these consolidated financial statements.

New and revised IFRS Accounting Standards adopted by the Group

Effective for annual periods beginning on or after

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

1 January 2023

The IASB amended IAS 1 *Presentation of Financial Statements* to require entities to disclose their *material* rather than their *significant* accounting policies. The amendments define what is ‘material accounting policy information’ (being information that, when considered together with other information included in an entity’s financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 *Making Materiality Judgements* to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies

(a) *Basis of preparation* (continued)

(iii) New and revised IFRS Accounting Standards adopted by the Group (continued)

New and revised IFRS Accounting Standards adopted by the Group

Effective for annual periods beginning on or after

Definition of Accounting Estimates – Amendments to IAS 8

1 January 2023

The amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Other than the above, there are no other significant IFRS Accounting Standards, amendments or interpretations that were effective for the first time for the financial year beginning on or after 1 April 2023.

(iv) New and revised IFRS Accounting Standards issued but not yet effective

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

New and revised IFRS Accounting Standards issued but not yet effective

Effective for annual periods beginning on or after

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 & Non-current Liabilities with Covenants – Amendments to IAS 1

1 January 2024

Amendments made to IAS 1 *Presentation of Financial Statements* in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies

(a) *Basis of preparation* (continued)

(iv) New and revised IFRS Accounting Standards issued but not yet effective

New and revised IFRS Accounting Standards issued but not yet effective	Effective for annual periods beginning on or after
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Classification of Liabilities as Current or Non-current – Amendments to IAS 1 & Non-current Liabilities with Covenants – Amendments to IAS 1 (continued)	1 January 2024
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Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what IAS 1 means when it refers to the ‘settlement’ of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

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Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies

(a) *Basis of preparation* (continued)

(v) New IFRS sustainability disclosure standards effective after 1 April 2024

New IFRS sustainability disclosure standards effective after 1 April 2024

	Effective for annual periods beginning on or after
IFRS S1, ‘General requirements for disclosure of sustainability related financial information’	1 January 2024 (This is subject to endorsement of the standards by local jurisdictions)

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.

IFRS S2, ‘Climate-related disclosures’	1 January 2024 (This is subject to endorsement of the standards by local jurisdictions)
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This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

The Fund Manager anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements in the period of initial application and adoption of these new standards, interpretations and amendments is not expected to have a material impact on the consolidated financial statements of the Group in the period of initial application.

There are no other relevant applicable new standards and amendments to published standards or IFRS IC interpretations that have been issued but are not effective for the first time for the Group’s financial year beginning on 1 April 2023 that would be expected to have a material impact on the consolidated financial statements of the Group.

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Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies (continued)

(a) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirham (“AED” or “UAE Dirhams”), which is the functional currency of the Group, rounded to the nearest thousand.

(b) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The critical areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are described in Note 4.

(c) Investments in equity accounted investees

An associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies (continued)

(d) Investments in equity accounted investees (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in associates and joint ventures is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures. When the Group's share of losses of associates and joint ventures exceeds the Group's interest in those associates and joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates and joint ventures), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates and joint ventures.

An investment in associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of associates and joint ventures recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

The requirements of IFRS Accounting Standards are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates and joint ventures. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains its interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies (continued)

(d) *Investments in equity accounted investees (continued)*

venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, all amounts previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associate. There is no measurement to fair value upon such changes in ownership interests.

Upon disposal of associates and joint ventures that results in the Group losing significant influence over those associates and joint ventures, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS Accounting Standards. The difference between the previous carrying amount of the associates and joint ventures attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associates and joint ventures. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to those associates and joint ventures on the same basis as would be required if those associates and joint ventures had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by those associates and joint ventures would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over those associates and joint ventures.

(d) *Principles of consolidation and equity accounting*

Subsidiaries are entities controlled by the Fund. The Fund ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Fund gains control until the date when the Fund ceases to control the subsidiary.

When the Fund loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies (continued)

(f) Interest income and expense

Interest income and expense are recognised in the consolidated statement of profit or loss and other comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the consolidated statement of profit or loss and other comprehensive income comprise interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

(g) Other operating expenses

Expenses are recognised in the consolidated statement of profit or loss and other comprehensive income on an accrual basis.

(h) Financial assets and liabilities

(i) Classification

The Group classifies its financial assets and financial liabilities in the following measurement categories:

Financial assets and liabilities at fair value through profit or loss (FVTPL)

The Group designates instruments at fair value through profit or loss on initial recognition because it manages these instruments on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these are on a fair value basis. There are no financial assets at FVTPL as at 31 March 2024 and 2023.

Financial assets and liabilities at amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for expected credit loss.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies (continued)

(h) Financial assets and liabilities (continued)

(i) Classification (continued)

Financial assets and liabilities at amortised cost (continued)

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as fair value through other comprehensive income. Financial assets that do not contain cash flows that are SPPI must be measured at FVTPL.

(ii) Recognition and derecognition

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded in the consolidated statement of profit or loss and other comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

Financial assets and financial liabilities are measured initially at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Subsequent measurement of the instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies (continued)

(h) *Financial assets and liabilities* (continued)

(iii) Measurement (continued)

Fair value measurement (continued)

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in the consolidated statement of profit or loss and other comprehensive income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out. The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Financial assets at amortised cost

Financial assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of those financial instruments measured at amortised cost and of allocating income over the relevant period. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss and other comprehensive income and presented in other income/(losses). Expected credit losses are presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk the Group considers available, reasonable and supportive forward-looking information.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies (continued)

(h) *Financial assets and liabilities* (continued)

(iii) Measurement (continued)

Financial assets at amortised cost (continued)

At each reporting date, the Group shall measure the loss allowance on financial assets measured at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, expected credit loss measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate is recognised as lifetime ECL.

A default on a financial asset which results in a significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

All financial assets were considered fully performing and none were assessed to have had a significant increase in credit risk and as such a 12-month expected credit loss would be required. Management has performed a calculation and has determined that the impairment provision against such financial assets is not material. Impairment for the year ended 31 March 2024 amounted to Nil (31 March 2023: Nil).

(i) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions such as in the Group's activities.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies (continued)

(j) Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit or loss and other comprehensive income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(k) Equity instruments

Units issued by the Fund are classified as equity as the units are non-redeemable, non-voting and distributions from the Fund are at the discretion of the Fund Manager. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction from the proceeds, net of tax.

Where the Fund re-purchases its own units (treasury units), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Fund's unit holders until the units are cancelled, re-issued or disposed of. Where such units are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Fund's unit holders.

Distribution to the Fund's unit holders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved by the Fund Manager. The Fund's distributions are classified as a distribution in the consolidated statement of changes in net assets attributable to unit holders.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

2 Material accounting policies (continued)

(l) Cash and cash equivalents

Cash and cash equivalents include current accounts with banks. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

(m) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

3 Financial risk management

(a) Introduction and overview

The Group has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for managing these risks.

Risk management framework

The Group's Fund Manager has been given discretionary authority to manage assets in line with the Group's investment objectives.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

3 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in a financial loss to the Group. It arises principally from cash at banks and other receivables.

The Group's maximum credit risk exposure at the consolidated statement of financial position date is represented by the respective carrying amounts of the relevant financial assets in the consolidated statement of financial position as follows:

	2024 AED'000	2023 AED'000
Cash and cash equivalents (Note 6)	2,541	1,436
Other receivables	3	-
	<u>2,544</u>	<u>1,436</u>

The Group seeks to manage its credit risks by monitoring credit exposures and assessing the creditworthiness of counterparties.

The risk with respect to other receivables is limited because there is low risk of default in collection. The recoverability of receivables is monitored on a regular basis.

The credit risk with respect to cash and cash equivalents is limited because the Group places funds with banks with good credit ratings. The Group holds cash and cash equivalents with a counterparty which has been rated as A2 by Moody's as at 31 March 2024 (31 March 2023: A2).

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group utilises the credit facilities from the fund manager whenever needed to meet the financial obligations.

The contractual maturity of all financial liabilities carried at amortised cost is less than one year.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

3 Financial risk management (continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group does not have any foreign exchange exposure since the majority of its transactions are denominated in AED or in currencies which are pegged to the AED.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date, the Group is not materially exposed to interest rate risk.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's operations, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

3.1 Capital management

The Central Bank of the United Arab Emirates had initially approved a maximum size for the Group amounting to AED 200 million. The Fund is currently regulated by SCA. The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and increase the return for the unit holders.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

4 Use of estimates and judgments

Critical accounting judgements and estimates made in applying the Group's accounting policies include:

Valuation of underlying properties held by equity accounted investees

In respect of the underlying properties within the associates and joint ventures, the Group has obtained fair values as at 31 December 2023. Management has concluded that there has been no significant change in the valuation of the properties from the date of the valuation reports up to the reporting date. The valuation of the properties was carried out by an independent registered third-party valuer ("the Valuer") in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors ("RICS"). The Valuer used the income approach of valuation for one of the underlying properties and the market approach for the other underlying property. There was no significant change in the valuation techniques compared to the previous period.

The valuation of the property portfolio is inherently subjective due to a number of factors including the nature of the property, its location and the timing of its development. As a result, the valuation placed on a property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions that may prove to be inaccurate particularly in years of volatility or low transaction flow in the market. The estimated market value may differ from the price at which the assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. As a result, if the assumptions prove to be false, actual results of the operations and realisation of net assets could differ from the estimates set forth in these consolidated financial statements, and the difference could be significant.

5 Group entities

Subsidiary	Country of incorporation	Ownership interest	
		2024	2023
		%	%
Mojavi 18 Limited	British Virgin Islands	100	100

The principal activity of the subsidiary is to act as investment holding company for real estate assets.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

6 Cash and cash equivalents

	2024 AED'000	2023 AED'000
Cash with bank	133	1,436
Deposits with bank	2,408	-
	<u>2,541</u>	<u>1,436</u>

The interest rate for deposits with bank is 4.8% (31 March 2023: Nil) per annum. Only deposits with original maturities of three months or less are considered as cash and cash equivalents.

7 Investments in equity accounted investees

	2024 AED'000	2023 AED'000
Associates		
Mojavi 10 Limited	4,588	4,036
Mojavi 4 Limited	4,506	3,597
Mojavi 16 Limited	2,594	-
Joint ventures		
Mojavi 9 Limited (Mazaya Business Avenue, Jumeirah Lake Towers)	13,056	10,868
	<u>24,744</u>	<u>18,501</u>

Movement in investments in equity accounted investees

	2024 AED'000	2023 AED'000
Opening investments in equity accounted investees as at 1 April	18,501	17,068
Share of profit for the year	7,398	1,433
Distribution for the year	(1,155)	-
Closing investments in equity accounted investees as at 31 March	<u>24,744</u>	<u>18,501</u>

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

7 Investments in equity accounted investees (continued)

	Country of incorporation	Principal place of business	Ownership	Total assets AED'000	Total liabilities AED'000	Net assets AED'000	Net profit/ (loss) AED'000	Group's interest Carrying value AED'000
As at 31 March 2024								
Mojavi 4 Limited (associate)	BVI	Dubai, U.A.E	40%	12,912	1,732	11,180	2,258	4,506
Mojavi 9 Limited (joint venture)*	BVI	Dubai, U.A.E	55%	25,035	1,298	23,737	6,078	13,056
Mojavi 10 Limited (associate)	BVI	Dubai, U.A.E	36%	16,039	3,152	12,887	1,549	4,588
Mojavi 16 Limited (associate)*	BVI	Dubai, U.A.E	87%	3,274	286	2,988	3,146	2,594
Mojavi 20 Limited (associate)	BVI	Dubai, U.A.E	25%	56	292	(236)	(52)	-
				<u>57,316</u>	<u>6,760</u>	<u>50,556</u>	<u>12,979</u>	<u>24,744</u>
As at 31 March 2023								
Mojavi 4 Limited (associate)	BVI	Dubai, U.A.E	40%	12,024	3,102	8,922	430	3,597
Mojavi 9 Limited (joint venture)*	BVI	Dubai, U.A.E	55%	21,331	1,572	19,759	1,806	10,868
Mojavi 10 Limited (associate)	BVI	Dubai, U.A.E	36%	14,438	3,100	11,338	747	4,036
Mojavi 20 Limited (associate)	BVI	Dubai, U.A.E	25%	62	244	(182)	(45)	-
				<u>47,855</u>	<u>8,018</u>	<u>39,837</u>	<u>2,938</u>	<u>18,501</u>

The Group's share of the profit of equity-accounted investees is AED 7.4 million (31 March 2023: share of the profit of equity-accounted investees of AED 1.4 million).

These figures have been extracted from the management accounts maintained by the Group and the carrying values (particularly relating to the investment properties carried at cost) have been adjusted to align with the Group's accounting policies for the purpose of applying the equity method for the years ended 31 March 2024 and 2023. Management does not expect the information to be materially different from the financial statements once audited.

*Although Group's investment in Mojavi 9 & 16 Limited is 55% & 87% respectively, the Group has 33.33% voting rights which does not give the Group power over the investee.

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

8 Related party transactions

The Group, in the normal course of business, enters into transactions with business enterprises that fall within the definition of a 'related party' as contained in the International Accounting Standard 24. The Fund manager is of the opinion that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

Balances with related parties as 31 March are as follows:

	2024 AED'000	2023 AED'000
Due to related parties		
<i>Parent and Fund Manager</i>		
Al Mal Capital PSC	<u>2</u>	<u>1</u>

The above balances are non-interest bearing and are repayable on demand.

9 Financial instruments

(a) *Material accounting policies*

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2 to the consolidated financial statements.

(b) *Categories of financial instruments*

	2024 AED'000	2023 AED'000
Financial assets at amortised cost		
Cash and cash equivalents (Note 6)	2,541	1,436
Other receivables	3	-
	<u>2,544</u>	<u>1,436</u>
Financial liabilities at amortised cost		
Due to related parties	2	1
Other liabilities	44	44
	<u>46</u>	<u>45</u>

Al Mal Real Estate Fund

Notes to the consolidated financial statements for the year ended 31 March 2024 (continued)

10 Unit holder's capital

The issued unit holders' capital as at 31 March 2024 comprises 1,510,000 units having nominal value of AED 100 each (31 March 2023: 1,510,000 units having nominal value of AED 100 each). 98,038 units were bought back by the Fund in 2012 for a consideration of AED 7.2 million and were deducted from the unit holders' capital as treasury units. These treasury units were reissued to the unitholders during 2022.

No distributions to unit holders were made during the year (31 March 2023: AED 1.3 million). Total distributions deducted from Unit holders' capital as at 31 March 2024 amounted to AED 82.7 million (31 March 2023: AED 82.7 million).

11 Commitments and contingent liabilities

As at 31 March 2024 and 2023, the Group had no commitments or contingent liabilities.

12 Subsequent events

There are no events subsequent to the consolidated statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 March 2024.