

Mazaya Real Estate Development Q.P.S.C.

Condensed consolidated interim financial statements

For the six month period ended 30 June 2024

Mazaya Real Estate Development Q.P.S.C.

**Condensed consolidated interim financial statements
As at and for the six month period ended 30 June 2024**

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Independent auditors' report on review of condensed consolidated interim financial statements

To the Shareholders of
Mazaya Real Estate Development Q.P.S.C.

Introduction

We have reviewed the accompanying 30 June 2024 condensed consolidated interim financial statements of Mazaya Real Estate Development Q.P.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2024;
- the condensed consolidated statement of profit or loss and other comprehensive income for the six month period ended 30 June 2024;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2024;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2024; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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



Independent auditors' report on review of condensed consolidated interim financial statements (continued)

Mazaya Real Estate Development Q.P.S.C.

Basis for Qualified Conclusion

The Group measures its investment properties at fair value through profit or loss. However, the Group has not performed fair value assessment of a land under investment properties carried at QR 200,370,000 as at 31 December 2022, which constituted a departure from IAS 40, 'Investment Property'. Consequently, we were unable to quantify the financial effects of any possible adjustments to the Group's investment properties and accumulated losses as at 31 December 2022. During 2023, the Group has completed replacing the above-mentioned land with the new land and has performed the fair value assessment of the new land, resulting in no impact on the investment properties and the retained earnings as at reporting date. However, since opening investment properties carried at fair value enter into the determination of the financial performance, we were unable to determine whether any adjustments might have been necessary in respect of the fair value gain or loss reported in the statement of profit or loss for the six month period ended 30 June 2023. Accordingly, our audit opinion on the consolidated financial statements for the year ended 31 December 2023 and review conclusion on the condensed consolidated interim financial statements for the six month period ended 30 June 2023 was also modified in respect of this matter. Our opinion on the current period's condensed consolidated interim financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying 30 June 2024 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

8 August 2024
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
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Mazaya Real Estate Development Q.P.S.C.

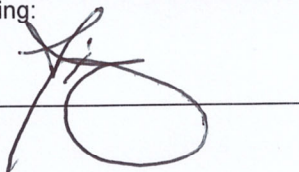
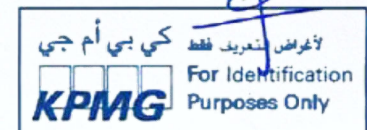
Condensed consolidated statement of financial position
As at 30 June 2024

In Qatari Riyals

	Note	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Assets			
Non-current assets			
Property and equipment	5	1,383,649	1,835,376
Right-of-use assets	6	1,143,145	-
Investment properties	7	1,263,839,970	896,885,003
Equity accounted investee	8	18,822,166	18,743,444
Financial assets	9	23,177,197	24,677,197
Finance lease receivable	10	1,012,877,074	1,031,914,051
Total non-current assets		2,321,243,201	1,974,055,071
Current assets			
Trading properties		28,820,991	22,571,014
Finance lease receivable	10	37,492,709	36,347,961
Trade and other receivables	11	23,313,312	47,957,174
Cash and cash equivalents	12	230,295,113	190,549,738
		319,922,125	297,425,887
Assets held for sale	13	-	134,604,201
Total current assets		319,922,125	432,030,088
Total assets		2,641,165,326	2,406,085,159
Equity			
Share capital	14	1,000,000,000	1,000,000,000
Legal reserve		25,475,761	25,475,761
(Accumulated losses) / retained earnings		(74,461,706)	25,976,332
Total equity		951,014,055	1,051,452,093
Liabilities			
Non-current liabilities			
Lease liabilities	6	884,674	-
Borrowings	15	1,381,291,646	1,157,370,108
Provision for employees' end of service benefits		2,006,810	2,793,420
Total non-current liabilities		1,384,183,130	1,160,163,528
Current liabilities			
Lease liabilities	6	264,121	-
Borrowings	15	79,876,149	72,833,662
Income tax payable		239,499	435,238
Trade and other payables	16	225,588,372	121,200,638
Total current liabilities		305,968,141	194,469,538
Total liabilities		1,690,151,271	1,354,633,066
Total equity and liabilities		2,641,165,326	2,406,085,159

These condensed consolidated interim financial statements were approved by the board of directors and were signed on its behalf by the following:

Ibrahim Jaham Al-Kuwari
Vice Chairman

The notes on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income
For the six month period ended 30 June 2024

In Qatari Riyals

	Note	For the six month period ended 30 June	
		2024 (Reviewed)	2023 (Reviewed)
Finance income		32,457,770	33,533,681
Rental income		35,829,072	29,375,733
Operating expenses		<u>(8,583,500)</u>	<u>(7,326,007)</u>
Gross profit		59,703,342	55,583,407
Other income		6,188,498	10,106,709
Net fair value gain on investment properties	7	-	17,110,013
Share of results of equity accounted investee	8	78,722	640,760
Allowance for impairment of financial assets	9	(1,500,000)	(1,500,000)
General and administrative expenses		(15,717,811)	(15,555,685)
Provision for legal expenses	16	<u>(85,871,006)</u>	<u>(20,638,176)</u>
Operating (loss) / profit		(37,118,255)	45,747,028
Finance cost		<u>(38,076,191)</u>	<u>(30,712,001)</u>
(Loss) / profit before income tax for the period		(75,194,446)	15,035,027
Income tax expense	17	<u>(243,592)</u>	<u>(149,663)</u>
(Loss) / profit for the period		(75,438,038)	14,885,364
Other comprehensive income		-	-
Total comprehensive (loss) / income for the period		<u>(75,438,038)</u>	<u>14,885,364</u>
Basic and diluted earnings per share <i>(attributable to shareholders of the parent expressed in QR per share)</i>	18	<u>(0.075)</u>	<u>0.013</u>



The notes on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.

Mazaya Real Estate Development Q.P.S.C.

**Condensed consolidated statement of changes in equity
For the six month period ended 30 June 2024**

In Qatari Riyals

	Share capital	Legal reserve	Accumulated losses	Total equity
Balance at 1 January 2023 (Audited)	1,157,625,000	62,106,682	(197,224,645)	1,022,507,037
<i>Total comprehensive income for the period</i>				
Profit for the period	-	-	14,885,364	14,885,364
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	14,885,364	14,885,364
Balance at 30 June 2023 (Reviewed)	1,157,625,000	62,106,682	(182,339,281)	1,037,392,401
Balance at 31 December 2023 (Audited)	1,000,000,000	25,475,761	25,976,332	1,051,452,093
<i>Total comprehensive income for the period</i>				
Loss for the period	-	-	(75,438,038)	(75,438,038)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(75,438,038)	(75,438,038)
Dividends (Note 19)			(25,000,000)	(25,000,000)
Balance at 30 June 2024 (Reviewed)	1,000,000,000	25,475,761	(74,461,706)	951,014,055



The notes on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows
For the six month period ended 30 June 2024

In Qatari Riyals

	Note	For the six month period ended 30 June	
		2024 (Reviewed)	2023 (Reviewed)
Cash flows from operating activities			
(Loss) / profit before income tax for the period		(75,194,446)	15,035,027
<i>Adjustments for:</i>			
- Depreciation of property and equipment	5	245,137	131,179
- Amortisation of right-of-use assets	6	39,419	-
- Net fair value gain on investment properties	7	-	(17,110,013)
- Gain on disposal of investment properties	7	(1,686,408)	-
- Share of results of equity accounted investee	8	(78,722)	(640,760)
- Allowance for impairment of financials assets	9	1,500,000	1,500,000
- Provision for legal expenses	16	85,871,006	20,638,176
- Provision for employees' end of service benefits		201,482	253,716
- Profit from deposits with islamic banks		(3,186,901)	(6,986,436)
- Finance income		(32,457,770)	(33,533,681)
- Finance costs		38,076,191	30,712,001
		<u>13,328,988</u>	<u>9,999,209</u>
Changes in:			
- Trading properties		(6,249,977)	-
- Finance lease receivable		50,349,999	50,350,000
- Trade and other receivables		24,643,862	21,258,342
- Trade and other payables		18,516,728	(16,769,974)
Cash generated from operating activities		<u>100,589,600</u>	<u>64,837,577</u>
Income tax expense paid		(439,331)	(350,567)
Employees' end of service benefits paid		(988,092)	(104,541)
Net cash from operating activities		<u>99,162,177</u>	<u>64,382,469</u>
Cash flows from investing activities			
Profit received from deposits with islamic banks		3,186,901	6,986,436
Acquisition of property and equipment	5	(787,205)	(2,199,779)
Proceeds from disposal of property and equipment	5	993,795	-
Acquisition of investment properties	7	(389,597,059)	(74,081,765)
Proceeds from disposal of investment properties	7	24,328,500	-
Proceeds from disposal of assets held for sale	13	134,604,201	-
Net cash used in investing activities		<u>(227,270,867)</u>	<u>(69,295,108)</u>
Cash flows from financing activities			
Repayment of lease liabilities	6	(46,000)	-
Proceeds from borrowings		249,202,668	124,300,003
Repayments of borrowings		(20,972,307)	-
Dividends received	8	-	800,000
Finance costs paid		(35,330,296)	(19,665,260)
Dividends paid		(25,000,000)	-
Net cash from financing activities		<u>167,854,065</u>	<u>105,434,743</u>
Net increase in cash and cash equivalents		<u>39,745,375</u>	<u>100,522,104</u>
Cash and cash equivalents at the beginning of the period		<u>190,549,738</u>	<u>90,647,150</u>
Cash and cash equivalents at the end of the period	12	<u>230,295,113</u>	<u>191,169,254</u>

The notes on pages 7 to 19 form an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

As at and for the six month period ended 30 June 2024

1. Reporting entity

Mazaya Real Estate Development Q.P.S.C. (the “Company”) is a Qatari Public Shareholding Company, incorporated in Qatar on February 12, 2008. The Company is registered under commercial registration number 38173. The Company’s registered office address is P.O. Box 18132, Doha, State of Qatar.

The Group’s principal activity is the establishment of residential compounds and projects for rental purposes (revenue recognized over the time), investment and real estate development, purchase of land and its development for resale, construction, project feasibility study, project management, real estate marketing and property management, maintenance activities, brokerage activities, investment in properties. In addition, the Group is also involved in the management of residential compounds.

The Company and its subsidiaries are together referred to as “the Group”, throughout these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements as at and for six month period ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as “the Group”). As at the current and comparative reporting date, the Company has the following subsidiaries:

Name of subsidiary	Country of incorporation	Nature of business	Shareholding percentage	
			30 June 2024	31 December 2023
Qortuba Real Estate Investment Company W.L.L.	Qatar	Real estate	100%	100%
Granada Real Estate Investment Company W.L.L.	Qatar	Real estate	100%	100%
Gulf Spring Real Estate Investment and Development Company W.L.L.	Qatar	Real estate	100%	100%
Mazaya Lebanon for Tourism Development and Real Estate S.A.R.L.	Lebanon	Real estate	100%	100%
Facilitx Facility Management W.L.L.	Qatar	Facility management	100%	100%

2. Basis of accounting

These condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2023 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Company’s board of directors on 8 August 2024.

Notes to the condensed consolidated interim financial statements
As at and for the six month period ended 30 June 2024

3. Use of judgement and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

Measurement of fair values

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party statements, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of the standards, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4. Change in accounting policy

Except as described below, the accounting policies applied in these interim condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023.

4. Change in accounting policy (continued)**(i) New standards, amendments and interpretations**

The Group adopted the following new and amended International Accounting Standards / International Financial Reporting Standards as of 1 January 2024: The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

Effective Date	New Accounting Standards or amendments
1 January 2024	Non-current liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non - Current - Amendments to IAS 1
	Lease Liability in a sale and Leaseback - Amendments to IFRS 16
	Supplier Finance Arrangements – Amendments to IAS 7 IFRS 7.

(ii) New amended standards and an interpretation to a standard not yet effective, but available for early adoption.

The below new and amended International Financial Reporting Standards (“IFRS” or “standards”) that are available for early adoption for financial years beginning after 1 January 2024 have not been applied in preparing these condensed consolidated interim financial statements.

Effective Date	New Accounting Standards or amendments
1 January 2025	Lack of Exchangeability – Amendments to IAS 21
1 January 2026	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
1 January 2027	IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>
<i>Effective date deferred indefinitely / available for optional adoption</i>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

Management does not expect that the adoption of the above new and amended standards and interpretation to a standard will have a significant impact on the Group’s condensed consolidated interim financial statements.

5. Property and equipment

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Cost		
Balance at the beginning of the period / year	3,920,785	136,133,365
Additions during the period / year	787,205	2,391,621
Disposals during the period / year (1)	(1,334,155)	-
Transfer to assets held for sale during the period / year (Note 13)	-	(134,604,201)
Balance at the end of the period / year	<u>3,373,835</u>	<u>3,920,785</u>
Accumulated depreciation		
Balance at the beginning of the period / year	2,085,409	1,714,323
Depreciation for the period / year	245,137	371,086
Disposals during the period / year	(340,360)	-
Balance at the end of the period / year	<u>1,990,186</u>	<u>2,085,409</u>
Carrying amounts at	<u>1,383,649</u>	<u>1,835,376</u>

(1) During the six month period ended 30 June 2024, the group disposed of assets with a carrying value of QR 993,795, at net book value.

6. Right-of-use assets and lease liabilities

During the period, the Group has entered into a lease contract for a showroom used in its operations with a lease term of five years. Following are the carrying amounts of the Group's right-of-use assets and the movements during the period:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Cost		
Balance at the beginning of the period / year	-	-
Additions during the period / year	<u>1,182,564</u>	-
Balance at the end of the period / year	<u>1,182,564</u>	-
Accumulated depreciation		
Balance at the beginning of the period / year	-	-
Depreciation for the period / year	<u>39,419</u>	-
Balance at the end of the period / year	<u>39,419</u>	-
Carrying amounts at	<u><u>1,143,145</u></u>	<u><u>-</u></u>

In relation to above right-of-use assets, the Group has recorded lease liabilities as below:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Balance at the beginning of the period / year	-	-
Additions during the period / year	1,182,564	-
Payment of lease liabilities for the period / year	(46,000)	-
Interest expense for the period / year	<u>12,231</u>	-
Balance at the end of the period / year	<u><u>1,148,795</u></u>	<u><u>-</u></u>

Lease liabilities are presented in condensed consolidated statement of financial position as follows:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Current portion	264,121	-
Non-current portion	<u>884,674</u>	-
	<u><u>1,148,795</u></u>	<u><u>-</u></u>

7. Investment properties**a) Reconciliation of carrying amount**

The movements in the investment properties during the period / year are as follows:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Balance at the beginning of the period / year	896,885,003	674,291,348
Additions during the period / year (1)	389,597,059	458,723,870
Disposals during the period / year (2)	(22,642,092)	(231,623,870)
Transfer to trading properties (3)	-	(22,571,014)
Development cost	-	954,656
Net fair value gain during the period / year (4)	-	17,110,013
Balance at the end of the period / year	<u>1,263,839,970</u>	<u>896,885,003</u>

Investment properties comprises a number of completed commercial and residential properties that are leased to third parties and vacant lands.

- (1) During the period, the Group acquired a plot of land together with a building containing Lusail University property located in Lusail city. The building is leased by the Government Housing Department.
- (2) The movement during the period ended 30 June 2024 represents the disposal of a plot of land in Dubai for net proceeds of QR 24,328,500. The Group recognized a gain of QR 1,686,408 on disposal of this investment property during the period.
- (3) During the year ended 31 December 2023, the Group transferred a plot of land (QAR 22,571,014) to trading properties as the Group is in the process of constructing a residential tower for sale on the land in Lusail city.
- (4) Changes in fair values are recognised as a gain or loss in the condensed consolidated statement of profit or loss. All gains or losses are unrealised.

Investment properties consist of following as of the reporting date:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Completed properties	1,063,359,211	673,762,152
Vacant lands	200,480,759	223,122,851
Balance at the end of the period / year	<u>1,263,839,970</u>	<u>896,885,003</u>

b) Measurement of fair values

The fair value of the Group's investment properties at 31 December 2023 (with no significant change as of 30 June 2024) has been arrived at on the basis of valuation carried out at that date by independent external valuator not related to the Group. The valuations were prepared by certified valuator, specialized in the valuation of real estate and similar activities. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties and discounted cash flows coupled with market and other evidence. In estimating the fair value of the properties, the highest and best use of the properties is considered to be their current use.

7. Investment properties (continued)

b) Measurement of fair values (continued)

30 June 2024	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment properties	1,263,839,970	-	-	1,263,839,970
31 December 2023	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment properties	896,885,003	-	-	896,885,003

Fair value of vacant land having a carrying value of QR 200,480,759 are valued using the market comparable approach, due to moderate volume of transactions involving comparable properties in the areas where they are located. Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square feet (square ft).

	<u>Estimated land value per sq ft</u>	
	<u>30 June 2024</u> <u>(Reviewed)</u>	<u>31 December 2023</u> <u>(Audited)</u>
Plots in Dubai	-	212
Plot in Qatar	650	650

The fair value of Tala residence, Al Sadd Building, Muaither Compound, Sidra Village Retail Units, Lusail university and Mesamier property having a carrying value of QR 880,696,209 is determined using income capitalization approach. In applying the income capitalization approach, the net operating income (NOI) of each property is divided by the appropriate capitalization rate. Stabilized NOI is computed at revenue less estimated property operating expenses.

Key unobservable inputs	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Monthly rental income	33-99 sqm	33-99 sqm
All risk yield – current	6.5% - 8.25%	6.5% - 8.25%

The fair value of Gold Plaza with a carrying value of QR 182,663,002 was determined using the Discounted cashflow approach with discount rate being used 7%. The valuation model considers the present value of Occupancy rate expected net cash flows generated from investment property discounted using weighted average cost of the capital of the Group.

During the period ended 30 June 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. There were no movements within Level 3 fair value measurements.

8. Equity accounted investee

The Group as the reporting periods has the following equity accounted investee:

	Country of corporation	Holding	Principal activity
Nishan Investment and Real Estate Development	Qatar	11.43%	Real Estate

Movement in the equity accounted investee is as follows:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Balance at the beginning of the period / year	18,743,444	18,463,709
Share of results for the period / year	78,722	1,079,735
Dividends received during the period / year	-	(800,000)
Balance at the end of the period / year	18,822,166	18,743,444

The summarized financial information of the Group's equity accounted investee are as follows:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Current assets	16,272,368	22,645,009
Non-current assets	29,613,589	23,341,412
Current liabilities	(4,739,301)	(5,309,407)
Non-current liabilities	(22,324,490)	(21,933,570)
Net assets	18,822,166	18,743,444

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Share in the equity accounted investee revenue and results	78,722	251,309
Share of results for the period / year	78,722	1,079,735

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9. Financial assets

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Financial assets	61,354,395	61,354,395
Less: Allowance for impairment of financial assets	<u>(38,177,198)</u>	<u>(36,677,198)</u>
	<u>23,177,197</u>	<u>24,677,197</u>

During 2009, the Group had entered into a Wakala contract (financial asset) amounting to QR 65,000,000 with a GCC Investment Company through an agent. The Investment Company did not settle the amount with its accrued profit on the maturity date.

In 2011, the Group obtained a court ruling in its favor, whereby the outstanding Wakala amount (financial asset), along with related profit, to be settled by the investment Company during the period from June 2013 to June 2017. During 2013, the Group received the first scheduled payment amounting to QR 3,645,605.

In 2019, the Group received another court ruling in their favor for an amount of QR 15,000,000 to be paid to the Group along with the interest due. The Court assigned Central Bank of Kuwait to handle the liquidation process.

During the six month period ended 30 June 2024, the Group recognized an additional allowance amounting to QR 1,500,000 (31 December 2023: QR 1,500,000).

10. Finance lease receivable

The Group entered into finance lease arrangement as a lessor for the construction, maintenance and operation of residential compound with a third party. The compound is specifically constructed by the Group for leasing out to the third party over a term of 21 years and will be transferred to the related party at the end of the lease term.

The total finance lease receivable as at the reporting period is as follows:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Current portion	37,492,709	36,347,961
Non-current portion	<u>1,012,877,074</u>	<u>1,031,914,051</u>
	<u>1,050,369,783</u>	<u>1,068,262,012</u>

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10. Finance lease receivable (continued)

The following table presents the gross and net investment in the lease:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Amount receivable under finance leases:		
Year 1	100,700,000	100,700,000
Year 2	100,700,000	100,700,000
Year 3	100,700,000	100,700,000
Year 4	100,700,000	100,700,000
Year 5	100,700,000	100,700,000
Onwards	<u>1,137,910,000</u>	<u>1,188,260,000</u>
Gross investment in lease	1,641,410,000	1,691,760,000
Less: unearned finance income	<u>(591,040,217)</u>	<u>(623,497,988)</u>
Present value of minimum lease payments schedule	<u>1,050,369,783</u>	<u>1,068,262,012</u>
Net investment in the lease	<u>1,050,369,783</u>	<u>1,068,262,012</u>

The finance lease receivable at the end of the reporting period is neither past due nor impaired.

11. Trade and other receivables

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Trade receivables	12,522,323	5,241,223
Prepayments	9,951,318	41,544,481
Refundable deposits	600,525	600,525
Other receivables	<u>239,146</u>	<u>570,945</u>
	<u>23,313,312</u>	<u>47,957,174</u>

12. Cash and cash equivalents

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Cash in hand	66,720	14,676
Islamic bank balances	<u>230,228,393</u>	<u>190,535,062</u>
	<u>230,295,113</u>	<u>190,549,738</u>

13. Assets held for sale

During the period, the Group has completed the legal proceedings and obtained the necessary regulatory approvals. Accordingly, the sale of the property held for sale as of 31 December 2023 has been finalized and recorded during the period ended 30 June 2024.

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14. Share capital

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
<i>Authorized and Issued:</i>		
1,000,000,000 ordinary shares of QR 1 each (2023: 1,000,000,000 shares) (i) (ii)	<u>1,000,000,000</u>	<u>1,000,000,000</u>

(i) All shares are of same class and carry equal voting rights.

(ii) Based on the extraordinary general assembly meeting of Mazaya Real Estate Development (Q.P.S.C.) held on May 17, 2023, the shareholders have resolved to reduce its paid-up share capital from QR 1,157,625,000 to QR 1,000,000,000 (QR one billion) through the cancellation of 157,625,000 shares equivalent to QR 157,625,000, or 13.61% of the total capital. The extraordinary general assembly also resolved the use of QR 39,599,645 from the legal reserve to cover the remaining losses, which amount to QR 39,599,645. The cancellation of the shares in the amount of QR 157,625,000 together with the use of legal reserve in the amount of QR 39,599,645 absorbed the accumulated losses of the Company outstanding as of 31 December 2022 in the amount of QR 197,224,645. The extraordinary general assembly also resolved in the same meeting that 299,000,000 shares (nominal value of QR 1) equivalent to 29% of the capital are authorized by the board to be issued within one year. The issuance of additional shares has not been done as of the date of the condensed consolidated interim financial statements.

15. Borrowings

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Islamic facility (1)	816,916,451	835,155,094
Islamic facility (2)	440,000,000	440,000,000
Islamic facility (3)	<u>248,987,500</u>	<u>-</u>
	1,505,903,951	1,275,155,094
Deferred financing arrangement cost	<u>(44,736,156)</u>	<u>(44,951,324)</u>
	<u>1,461,167,795</u>	<u>1,230,203,770</u>

Presented in the condensed consolidated statement of financial position as follows:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Current portion	79,876,149	72,833,662
Non-current portion	<u>1,381,291,646</u>	<u>1,157,370,108</u>
	<u>1,461,167,795</u>	<u>1,230,203,770</u>

(1) On 30 January 2023, the Group entered into an agreement with QIB to pay the outstanding balance of Islamic facility with Dukhan Bank through the additional loan facility obtained from QIB for an amount of QR 850 million. It has a grace period till 31 July 2023 and carries profit rate of 3.75% with quarterly instalments of QR 17,000,000 to be paid by the Group. The loan is repayable within 18 years and the last instalment will be on April 2040. Expected receipts from the Sidra real estate project are pledged against the Islamic facility.

15. Borrowings (continued)

- (2) During 2014, the Group entered into an Islamic facility agreement with an Islamic Bank in order to finance a real estate project of the Group for an amount of QR 274 million. The facility is repayable in 9 annual variable instalments from the end of 2014 till the end of 2021 and a final settlement in 2022. The agreement carries profit rate at market rates with minimum profit of 5.25% per annum. The Islamic facility is secured by a pledge on the rental income from the Tala Residence real estate property. During the year 2022, management agreed with the bank to extend the tenor of the liability to a maximum period of 15 years (up to 1 December 2037) with semi-annual instalments of 12,520,000 with a profit rate of 6% to be paid by the Group. Tala Residence and Al Sadd Buildings are pledged against the Islamic facility. On 22 October 2023, the Group entered into an agreement to refinance the outstanding balance of the facility. The loan facility has a grace period till 1 July 2024 and carries profit rate of 6.5% with semi annual instalments of QR 16,800,000 to be paid by the Group. The loan is repayable within 25 years and the last instalment will be on January 2049. The investment properties Gold Plaza and Mueither real estates are added as pledge against the Islamic facility.
- (3) On 12 February 2024, the Group entered into an Islamic facility agreement with an Islamic Bank in order to finance up to 70% of the acquisition Force Sale Value of the building complex (ECQ B01 - B02) located in Lusail (currently used as Lusail University Female Campus), a real estate project of the Group for an amount of QR 250 million. The loan facility has no grace period and is repayable over 25 years with a profit rate of 6.50% and quarterly instalments of QR 5,075,000 to be paid by the Group.

Finance cost for the period amounted to QR 38,063,960 (30 June 2023: QR 30,712,001).

16. Trade and other payables

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Accounts payable	9,810,717	4,595,496
Encashment of bond	59,827,513	59,827,513
Accrued expenses	34,209,157	19,814,305
Provision for legal expenses (1)	106,509,182	20,638,176
Dividends payable	14,544,019	14,906,417
Social and sports activities fund contribution (2)	-	742,181
Refundable deposits	687,784	676,550
	<u>225,588,372</u>	<u>121,200,638</u>

- (1) An expense of QR 85,871,006 has been recorded during the period (2023: QR 20,638,176), in relation to an ongoing legal case. This amount reflects the estimated financial obligation resulting from legal proceedings as per the appeal judgement dated 26 June 2024 and represents an accrued liability on the company's balance sheet. The Group has fully provided for the amount which was determined by the court ruling. Based on the opinion of legal advisor, legal proceedings so far and the merits of the case, no further provision is required to be recorded for any potential loss arising from this case.
- (2) In accordance with Law No. 13 of 2008, the Group is required to make an appropriation of profit equivalent to 2.5% of the consolidated net profit for the year for the support of sports and social activities. The social and sports activities fund contribution will be accounted for at year end.

17. Income tax expense

	For the six month period ended 30 June	
	2024	2023
	(Reviewed)	(Reviewed)
Current income tax:		
Current income tax charge	<u>243,592</u>	<u>149,663</u>

This amount represents the income tax expense incurred by Qortuba Real Estate Investment Company W.L.L. as the subsidiary generated profit during the period.

18. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding during the period as follows:

	For the six month period ended 30 June	
	2024	2023
	(Reviewed)	(Reviewed)
(Loss) / profit attributable to shareholders of the parent	<u>(75,438,038)</u>	<u>14,885,364</u>
Weighted average number of shares outstanding (excluding treasury shares) during the period	<u>1,000,000,000</u>	<u>1,157,625,000</u>
Basic and diluted earnings (loss) per share	<u>(0.075)</u>	<u>0.013</u>

The Group did not issue any bonus shares for the period.

19. Dividends

The board of directors, in its meeting dated 19 February 2024, proposed a cash dividend of 2.5% of the nominal share value amounting to QR 25 million (QR 0.025 per share with nominal value of QR 1 each) relating to the profits of the year 2023. The proposed dividend was subsequently approved by the shareholders during the Annual General Assembly held on 19 March 2024.

20. Related parties

Related parties represent entities where the Group is one of their founders, major shareholders in the Company, 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 management.

Compensation of directors and other key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	For the six month period ended 30 June	
	2024	2023
	(Reviewed)	(Reviewed)
Key management staff benefits	<u>2,433,421</u>	<u>2,207,923</u>

21. Financial instruments and fair values

Fair values

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Islamic bank balances, receivables and payables and other liabilities and borrowings approximate their carrying amounts largely due to the short-term maturities/repricing of these instruments.

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

22. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2023.

23. Segment information

The Group has only one business segment, that is investment, development and operations of real estate properties. The Group operates mainly in the State of Qatar.