# Y2

Annual Report + Accounts
2023

Our Second Year of
Consistent Performance

Infracorp

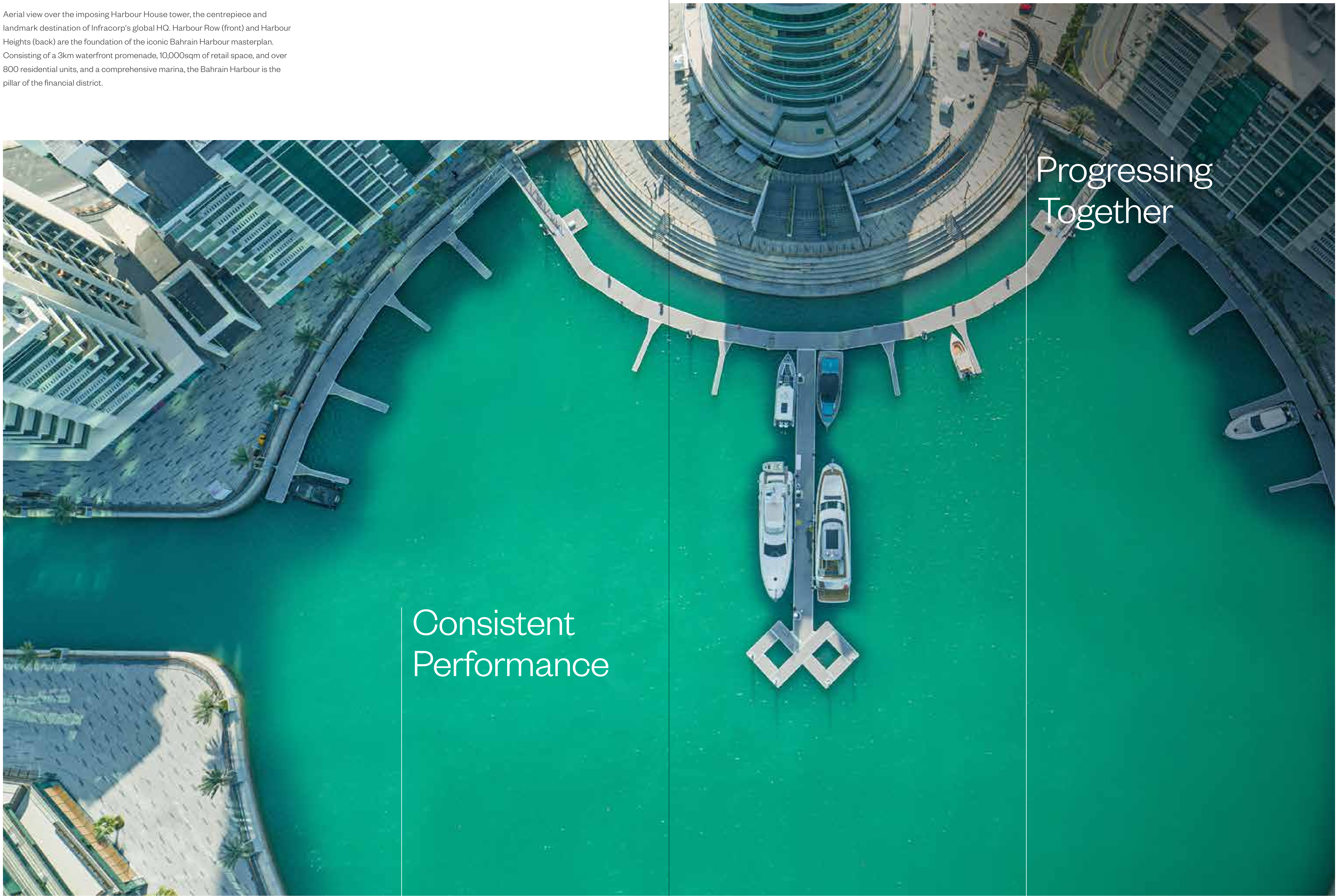
Contents



His Majesty
**King Hamad bin Isa Al Khalifa**
The King of the Kingdom of Bahrain

His Royal Highness
**Prince Salman bin Hamad Al Khalifa**
The Crown Prince, Prime Minister
& Deputy Supreme Commander
of the Kingdom of Bahrain

Aerial view over the imposing Harbour House tower, the centrepiece and landmark destination of Infracorp's global HQ. Harbour Row (front) and Harbour Heights (back) are the foundation of the iconic Bahrain Harbour masterplan. Consisting of a 3km waterfront promenade, 10,000sqm of retail space, and over 800 residential units, and a comprehensive marina, the Bahrain Harbour is the pillar of the financial district.



# Y2

## Y2 has proven to be a year of growth and expansion, in terms of our geographic footprint and our operational capacity

2023 was our Y2, our second year of business as a wholly separate entity. Y2 built upon the achievements of the first year in which Infracorp delivered a number of firsts, including being the first Social Infrastructure Developer established in the GCC to focus on the new concept of Value Investing. The philosophy drives Infracorp to invest in projects that deliver wide-ranging social benefits which our investors wish to see delivered for the communities we serve.

# 01

A Higher Level of Performance Across the Business

**Since its inception in 2021 and through 2023**, Infracorp has successfully established itself as a substantial player in both the real estate and industrial sectors. Y2 sees the ever-growing portfolio diversify even further with a range of new hospitality, leisure and F&B partnerships with leading international brands.



# Company Profile + Review

1.65bn
December 31st. 2023

1.62bn
December 31st. 2022

# +1.56%

Y2 Infracorp grew Total Assets by 1.56%.
From to USD 1.62 bn to USD 1.65bn.




# In Y2, Infracorp continued to prove its capacity for growth whilst maximising shareholder's value

Infracorp is building a legacy as a highly profitable infrastructure investment company, but such reputation and position is not fashioned overnight. From Y1 and continuing through Y2, Infracorp's track record of secure, regional and international investments across in a variety of assets is based on sound investment thesis and strategic placement. Our investment divisions include real estate, private equity and public market investments. With the skill and expertise of our seasoned team, under the guidance of our Board of Directors, Infracorp is faced with an opportunity to not only change the way business is done, but to also dominate the regional market.

Infracorp's portfolio comprises total assets valued at US$1.6bn, spanning three key business competencies.

Billion US Dollars

1.65

Infracorp has multiple footprints including live projects in Bahrain, UAE, India, Morocco and Tunisia.

Countries

05

Infracorp has over two hundred & fifty million square feet of land spread over different locations, in various stages of development.

Square Feet

250

**We are the region's sustainability pioneer**
Infracorp is guided by global Environmental, Social and Governance (ESG) principles and best practices. We are committed to investing responsibly, into projects which accelerate growth, enhance shareholder value and creates a positive impact on the economies and societies in which we operate. Our success is judged across a triple bottom line of our how we are impacting our people, the planet and shareholder profits.

**We are empowering economies**
Infracorp is partner in progress with a proven track record of success. Our robust financial and shareholder base, expert management team and strong network of global private and public sector partners supports our shared purpose; to use sustainable development to empower societal progress across the globe.



With over USD$3b of assets under management, Infracorp's synergistic portfolio of businesses spans social infrastructure, mixed-use developments as well as a range of development solutions. Infracorp's business ultimately brings our communities closer together.

The Marina Bay is ideally located within a short walk of Bahrain's capital city, Manama. The new waterfronted lifestyle district comprises three tiers of modern wharf-side living spaces with stunning views over the soon to be delivered Marina.



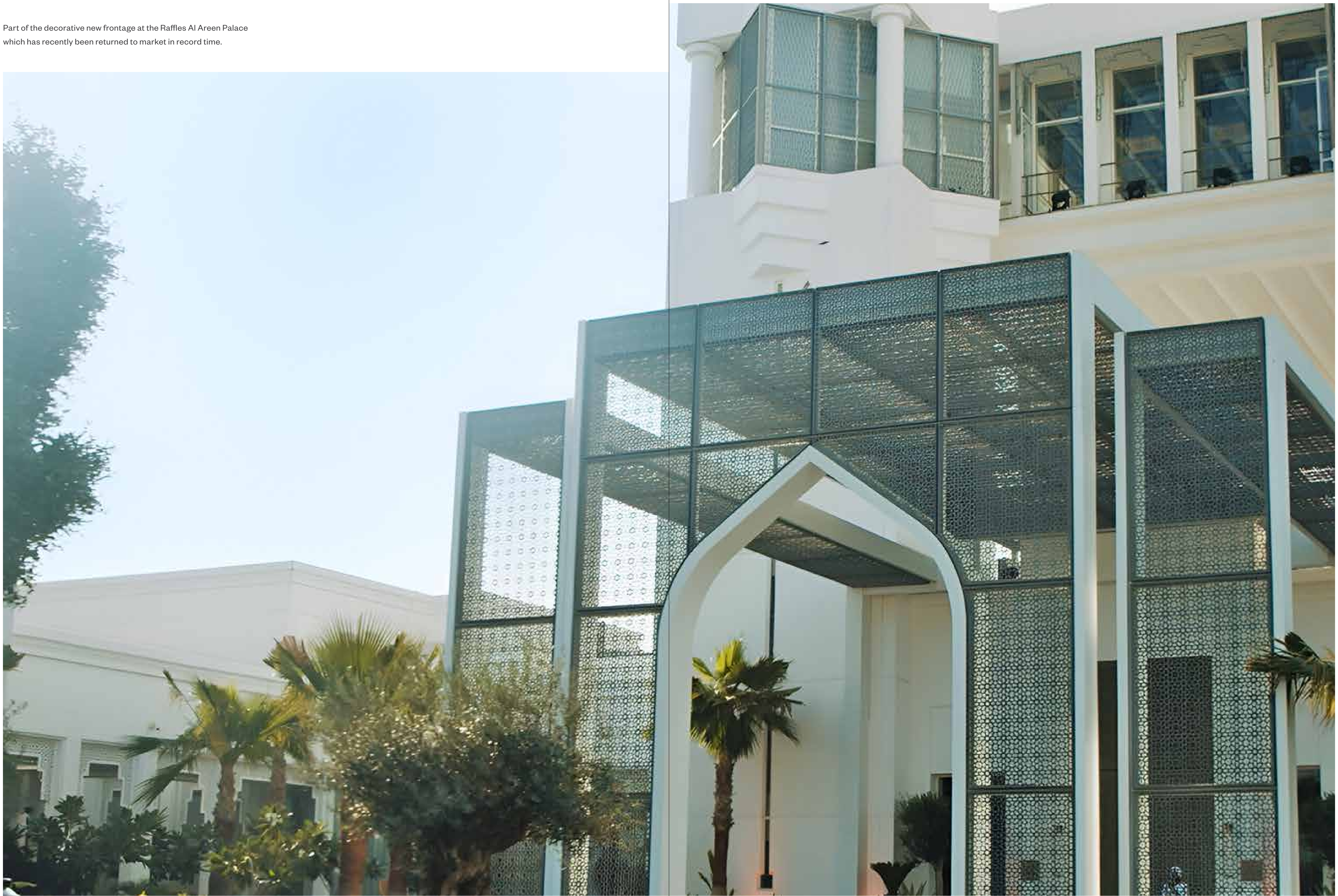
# Sustainable development in Y2 continues along our defined strategic trajectory

We have consistently delivered diversified and differentiated investment opportunities and unique financial solutions that create long-term value for all stakeholders including our shareholders and the economies and communities in which we operate. Providing economic and social value is integral to everything we do, from leveraging technologies for environmental preservation, to engaging communities through healthcare, sports, and education initiatives. Through the establishment of Infracorp, a new Company born at the beginning of 2022, we are building on this foundation, embedding international sustainability standards into our business strategy to positively impact economies and societies across the globe.

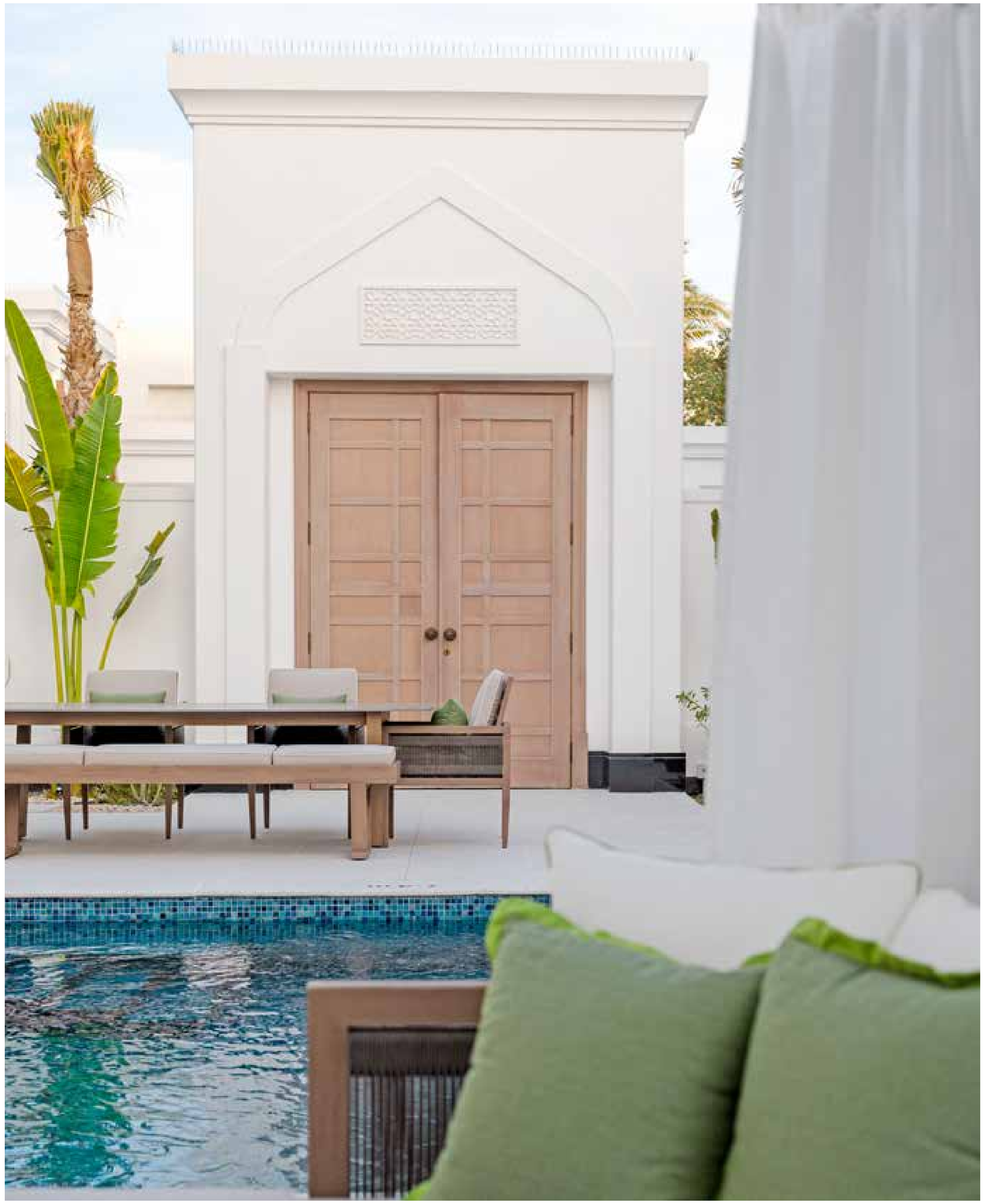
Infracorp is a company dedicated exclusively to sustainability. Through this investment approach, we are unleashing long-term value across the triple bottom line: People, Planet and Prosperity. We are leveraging a synergistic portfolio of real estate, infrastructure and industrial assets to deliver unique social infrastructure solutions that are designed to create both wealth and well-being, while addressing the increasing need for private sector involvement to fast track national infrastructure development.

Through its unwavering commitment to ESG, Infracorp will meet emerging economy demands with an investment strategy that will enhance energy efficiency, localized innovation, and the creation of new jobs, as well as enhance well-being through cohesive communities that offer access to quality healthcare, education and a harmonious lifestyle with nature. We are united by this purpose. These commitments and our efforts to reach them are the core of the following pages, and represent the beating heart of both our Sustainability Report and our Sustainability Plan, developed with and for our stakeholders to nurture transparency and unleash the power of human ingenuity towards a sustainable future.

Part of the decorative new frontage at the Raffles Al Areen Palace which has recently been returned to market in record time.



A view of privacy and tranquillity as seen across one of the pools within a private villa at the Raffles Palace Al Areen.





# Y2 was built upon the success of the first 365 days of achievement

As Y1 proved and Y2 continued, Infracorp has been dedicated to achieving excellence and pushing past barriers to success. Through a highly skilled and capable team, innovative projects and powerful strategies, Infracorp has delivered with consistency in Y2. We have added value to our stakeholders, investors and customers alike, creating tangible and measurable results for all.

Infracorp is based on a philosophical and strategic foundation, one that ensures our international projects and opportunities are attractive to our global development partners. In Y2, Infracorp's project footprint developed into an expansive portfolio spanning West Asia, South East Asia and North Africa, covering a richly diverse land-bank of 250 million square feet.

Infracorp's growth has thrived largely through the delivery of results and clear investor ROI. The result of a business operated with adherence to strict corporate governance guidelines. The achievements of Infracorp's project delivery milestones continue to punctuate the year. The creation of sustainable communities with reduced carbon footprints are achievements that will reverberate through generations. Along with incremental growth in our revenue and profitability, Infracorp have celebrated positive results in every quarter of Y2, and Y1.

While Infracorp takes pride in the many Y2 accomplishments, the greatest has to be the continued strength of our human capital. Infracorp's people have proven that handover and completion is not the end of their commitment to a project. Once these finish lines have been crossed, our unique and exceptional support of the end products begins. With a pledge to meet Infracorp's stated ESG goals, the intentions echo through our team's daily commitment to growth and exceeding expectation. It is this commitment that cultivates Infracorp's environment of celebration for achievement.

As Infracorp reviews Y2's achievements, we use the successful strategies which eventuated in our greatest accomplishments to create Y3's road map. Now unfazed by regular business challenges and dedicated to creating a greater impact that continues to elevate the Infracorp brand and its team, we push forward to Y3.

02

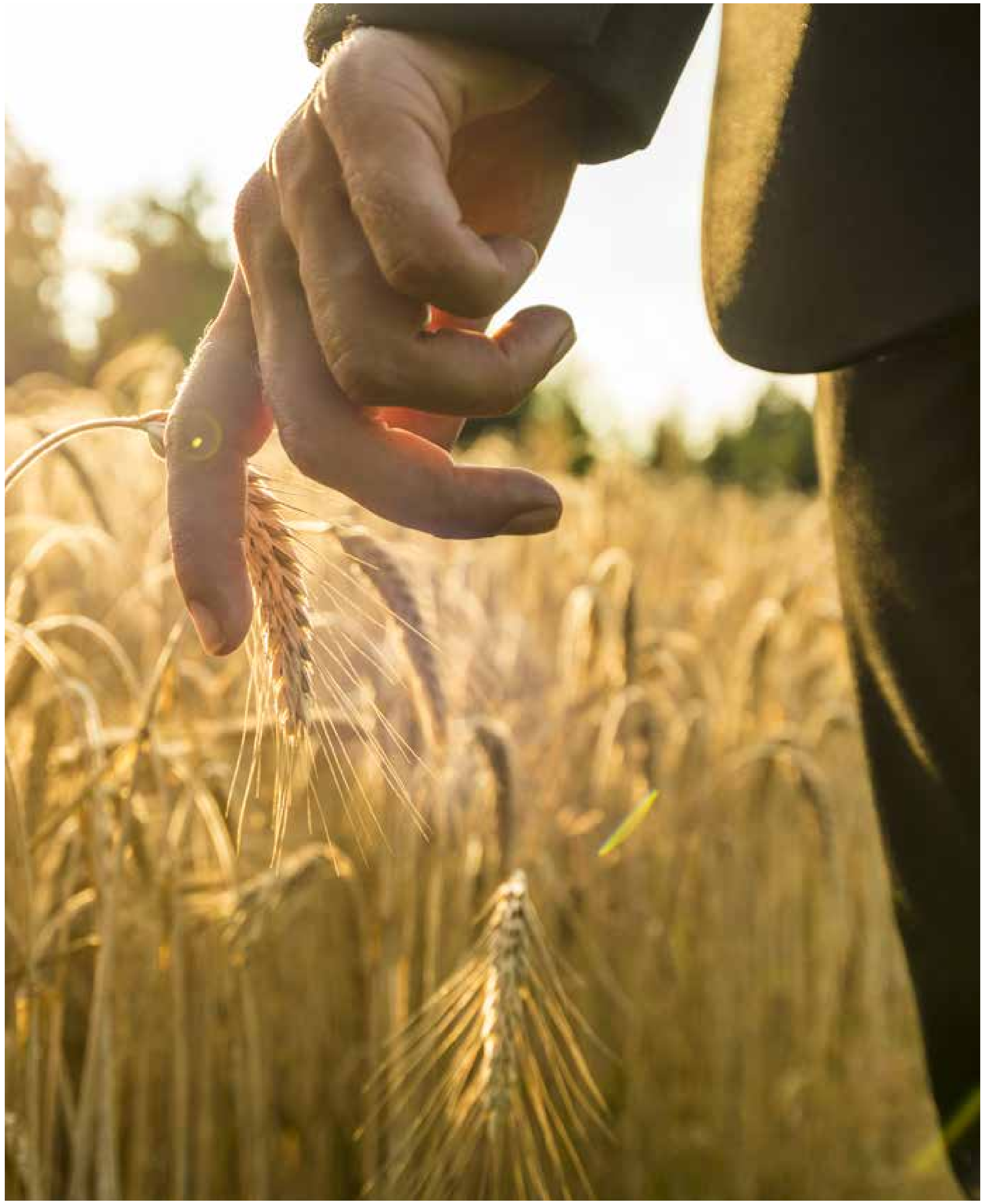
Y2's Performance across our key ESG metrics



**ESG issues are a key investment consideration for Infracorp**, and we are increasingly applying these factors as part of the underwriting and investment decision-making processes specifically as they relate to sustainability. Globally, we are at a crossroads to address environmental and societal issues such as climate change, poverty, and biodiversity loss as we collectively have to act in the next decades to minimise massive potential negative impacts on communities and natural life.

# Environmental Social + Governance Philosophy

Infracorp understand its responsibility to the sustainable goals of the global environmental movement





# As part of its 360° review, Infracorp is proud to present its ESG in Action

At Infracorp, we firmly believe that sustainable development and business success are inherently interconnected. Our dedication to sustainability is embedded in our core business strategy, which extends beyond mere compliance with regulations.

**Our Approach to**

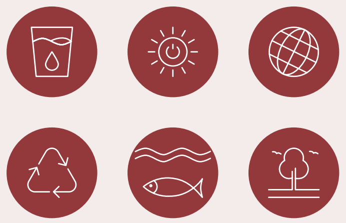
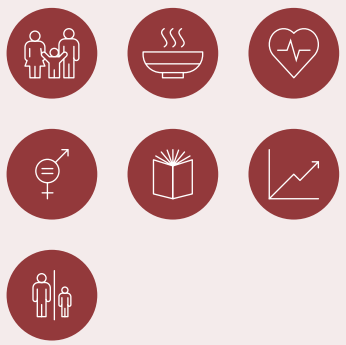
We strive to foster a broader vision of prosperity within our core business while maximizing value for all our stakeholders and ensuring a positive environmental and social impact by upholding sustainability as a fundamental principle. Recognizing the pivotal role of the social infrastructure sector in shaping the future, we embrace our responsibility to lead the way in fostering innovation, sustainability, and resilience. This forms the foundation for Infracorp's Sustainability Framework which serves as a guiding compass, aligning our actions with our commitment to Environmental, Social, and Governance (ESG) principles.

Through implementing rigorous environmental management systems, promoting social equity and inclusion, and maintaining robust governance practices, we establish a strong foundation for sustainable growth. We hold ourselves accountable to the highest standards of ethics, transparency, and responsible business conduct, ensuring that our operations positively contribute to the communities where we operate.

**Our Sustainability Framework and Pillars**

In line with the Bahrain Vision 2030, we have integrated the United Nations' Sustainable Development Goals (UN SDGs) into our business model through our comprehensive sustainability framework and ESG strategy. By aligning our efforts with these goals, we are actively contributing to the global sustainability goals while addressing the unique challenges and opportunities within Bahrain's socio-economic landscape.

We have refined our sustainability strategy to enhance our focus areas and commitments. As part of this evolution, we are proud to present our updated sustainability framework, structured around four core pillars that will guide our actions.

| Our Pillars | Our Commitments | Our Material Topics | SDGS Alignment |
|---|---|---|---|
| **Economic Development** | We are dedicated to fostering economic diversification and growth, driving sustainable development and economic progress. We prioritize creating long-lasting value for our stakeholders, including local communities, by generating employment opportunities, promoting economic resilience, and cultivating inclusive growth. | • Economic Diversification & Growth<br>• Responsible Investment<br>• Innovation |  |
| **Environmental Stewardship** | Committed to mitigating our environmental impact and preserving natural resources, we prioritize implementing sustainable practices across our business operations. These include reducing carbon emissions, promoting renewable energy sources, and integrating eco-friendly design principles into our projects. We aim to protect and enhance the environment for current and future generations. | • Renewable Energy & Energy Efficiency<br>• Sustainable Design & Resilience<br>• Climate Change<br>• Waste Management<br>• Water Management<br>• Sustainable & Efficient Resource Use<br>• Biodiversity Conservation |  |
| **Social Impact** | We are deeply committed to fostering social impact throughout our entire value chain. Our foremost priority is the well-being of our employees, customers, and communities. Through our initiatives, we ensure that our actions meet their needs and positively contribute to society as a whole. | • Life balance and well-being<br>• Occupational Health & Safety<br>• Talent Attraction & Retention<br>• Training & Development<br>• Customer Engagement & Welfare<br>• Sustainable Supply Chain Management<br>• Diversity, Equity & Inclusion<br>• Community Engagement |  |
| **Ethical & Responsible Governance** | Infracorp upholds the highest standards of ethical conduct and responsible governance practices. We are dedicated to transparency, accountability, and integrity in all our business model. | • Governance & ESG Oversight<br>• Business ethics<br>• Data Privacy & Security |  |

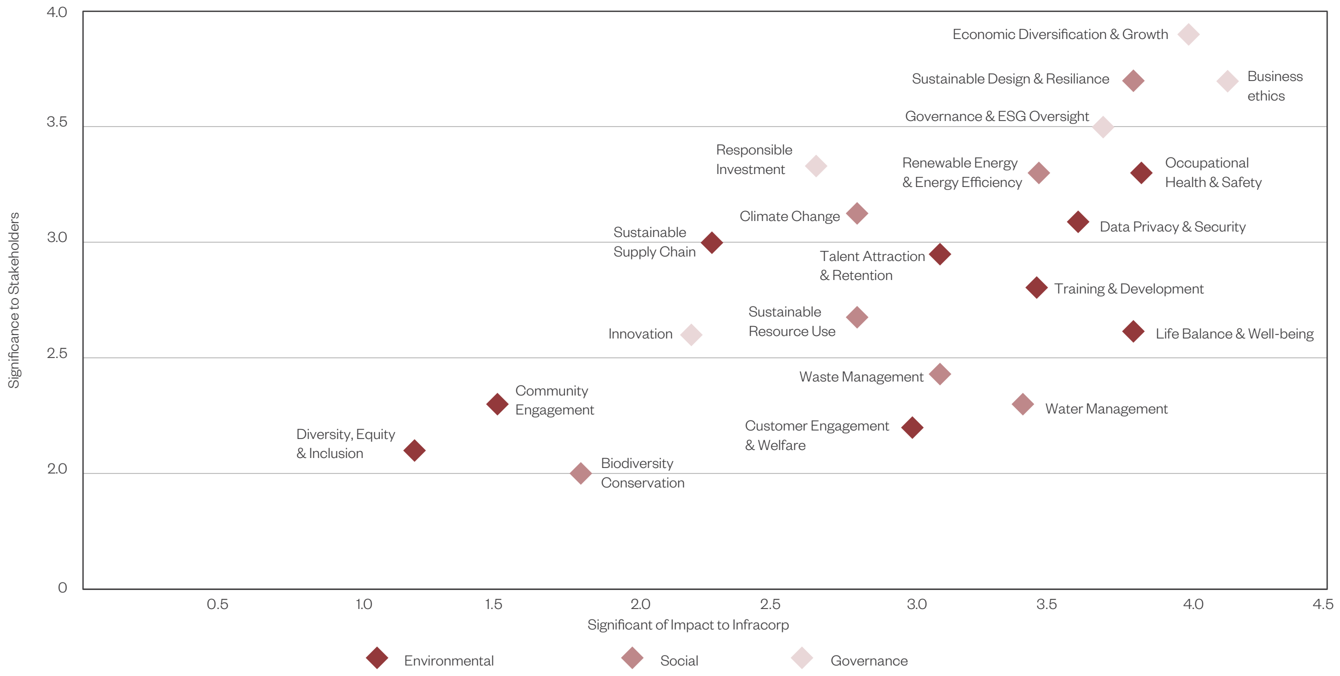


### Our Materiality Assessment

In 2023, Infracorp undertook a comprehensive materiality assessment, reaffirming our commitment to sustainability and aligning our business strategy with the most significant ESG pillars. Through this assessment, we conducted a thorough analysis to identify the actual and potential risks, opportunities, and stakeholder concerns that are of the utmost importance to Infracorp and our stakeholders.

To accurately capture these key aspects, we utilize a materiality matrix that reflects our sustainability framework and its pillars. This matrix serves as a guide, highlighting the material topics that are central to our sustainability strategy. We understand the dynamic nature of sustainability, and thus, we recognize the need for regular review and updating of our material topics. This ensures that we remain responsive to evolving sustainability challenges and stakeholder expectations, keeping our sustainability strategy relevant and effective in driving positive change.

### Infracorp Materiality Matrix




### Identification of Material Topics

Infracorp employs a comprehensive double-materiality approach to assess material topics. This approach encompasses an evaluation of the impacts of our business operations on the economy, environment, and society and how these external factors reciprocally influence our business. This approach ensures a holistic understanding of our sustainability impact and aligns with our commitment to responsible business practices.

Our materiality assessment process is a systematic process that considers various stakeholder perspectives, including those of customers, employees, shareholders, and other relevant parties. Moreover, we integrate national strategic frameworks such as Bahrain Vision 2030 and Bahrain Bourse ESG Guidelines to ensure alignment with broader societal objectives and expectations.

Furthermore, our assessment incorporates a rigorous review of criteria outlined in internationally recognized standards and frameworks pertinent to the real estate industry. These include the UN Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI), and the Sustainability Accounting Standards Board (SASB). By examining the intersection between these standards and the impacts that bear significant implications for our stakeholders, we have identified 21 material topics critical to Infracorp, which shall serve as the foundation for shaping our sustainability strategy, comprising a robust framework and roadmap.

Our Sustainability Framework in Action

# Economic Development

### Social Infrastructure Development

Our commitment to community service is at the heart of our business model, forming the foundation of our sustainability strategy. In line with this ethos, addressing social infrastructure gaps is a key focus area within our comprehensive Sustainability Framework. This guiding principle directs our decision-making process, urging us to recognize the inherent value that lies in the broader impact on society, extending beyond physical structures.

Industry, Innovation & Infrastructure | Sustainable Cities & Communities | Responsible Consumption & Production | Climate Action

### Strategic Resource Allocation

To effectively address social infrastructure gaps, we employ a methodical and systematic approach to sourcing new projects. Our team conducts in-depth analyses to identify regions that exhibit geographical targets with significant gaps in social infrastructure. By meticulously assessing the needs of communities, we ensure that our projects are purposefully designed to address these gaps, providing essential services and amenities that enhance quality of life.

### Pivotal Social Infrastructure Sectors

Infracorp channels its efforts towards crucial social infrastructure sectors, including transportation, green mobility, digital infrastructure, food, agriculture, and environmental adaptation and mitigation. These sectors are prioritized for their significant impact on society and their potential to address social infrastructure gaps effectively.

### Cultural Preservation & Community Identity

Infracorp advocates for cultural preservation and integrates community identity into its approach. Recognizing the value of cultural heritage, we strive to incorporate local traditions, practices, and architectural styles into our projects. This approach fosters a sense of community pride and belonging while preserving their unique cultural identities.

### Resource-Efficient Circular Economy

We collaborate with our real estate and industrial subsidiaries to promote waste reduction, recycling, water management, and eco-design innovations. By implementing circular economy principles, we minimize resource consumption and waste generation while maximizing resource efficiency and environmental sustainability.

### Environmental Consciousness

Infracorp extends its commitment to environmentally conscious practices to its social infrastructure development projects. We emphasize the importance of incorporating eco-friendly design principles, renewable energy sources, and sustainable materials in the construction and operation of social infrastructure projects.



# Environmental Stewardship

### Leveraging Renewable Energy Sources

Infracorp is dedicated to harnessing the power of renewable energy to reduce our carbon footprint and foster a sustainable future. By investing in solar, wind, and other clean energy projects, we contribute to the transition towards a low-carbon economy. We actively explore innovative technologies and collaborate with industry leaders to maximize the use of renewable energy sources across our portfolio.

Affordable & Clean Energy | Climate Action

### Implementing Green Building Standards

Infracorp places a strong emphasis on implementing green building standards. We recognize that the built environment has a significant environmental impact, and sustainable design and construction practices are crucial for minimizing resource consumption and promoting environmental stewardship. Infracorp integrates energy-efficient systems, sustainable materials, and waste-reduction strategies into our building projects.

Industry, Innovation & Infrastructure | Sustainable Cities & Communities | Responsible Consumption & Production

### Sustainable & Green Investment

Infracorp is the first Bahraini-based company to issue $900 million in Green Sukuk, listed on the London Stock Exchange. This significant achievement underscores our commitment to financing sustainable projects that directly target social infrastructure gaps and align with our sustainability objectives.

Affordable & Clean Energy | Industry, Innovation & Infrastructure | Sustainable Cities & Communities | Climate Action

### Innovation & Digital Transformation

Innovation lies at the heart of Infracorp's commitment to sustainable development. We recognize that by embracing cutting-edge technology such as smart infrastructure solutions, data analytics, and artificial intelligence, we can revolutionize the infrastructure sector and drive positive environmental and social change.

Industry, Innovation & Infrastructure | Sustainable Cities & Communities | Climate Action

# Social Impact

Good Health & Well-Being

Quality Education

Gender Equality

Decent Work & Economic Growth

Reduced Inequalities

## Employee Well-being & Development

### Diversity, Equity & Inclusion

Recognizing the immense value of diverse perspectives in driving innovation and effective decision-making, we are committed to fostering a culture of inclusivity throughout our workforce. We are proud to have achieved nearly equal gender representation within our workforce, with a commendable percentage of women holding leadership positions. This commitment to diversity extends to our strategic decision-making, where we consider a wide ranging viewpoints.

By setting ambitious targets for diversity, gender equality, and inclusion, Infracorp aims to maintain a significant presence of women in senior management roles and on board committees. We are dedicated to ensuring gender pay equality at all levels of our organization, promoting equal opportunities for career growth and leadership regardless of gender.

### Life Balance & Well-being

We understand the impact of staff well-being on organizational success. We prioritize promoting employee satisfaction and well-being as vital elements of our work culture. We actively monitor employee satisfaction and well-being, regularly seeking feedback and conducting assessments to identify areas for improvement. By doing so, we strive to enhance work-life balance and overall satisfaction within our workforce.

Infracorp takes proactive measures to address any identified issues, implementing targeted actions and initiatives to nurture our employees' well-being. From flexible work arrangements to wellness programs, we are committed to creating a supportive environment where our employees can flourish both personally and professionally.

### Learning & Development

We firmly believe in the power of continuous learning and development to unlock our employees' full potential and drive our organizational objectives. Investing in our workforce's professional growth and skill development enhances individual capabilities and contributes to our overall success and competitiveness.

Infracorp provides a range of opportunities for professional growth to facilitate ongoing learning. Our comprehensive training programs focus on enhancing technical skills, leadership capabilities, and industry knowledge. Moreover, we offer study leave options, enabling employees to pursue further education or certifications relevant to their roles and aspirations.

### Occupational Health & Safety

The health and safety of our workers and the communities we operate in are of paramount importance. We maintain rigorous occupational health and safety standards to protect our workforce, minimize risks, and safeguard the well-being of local communities.

We actively seek certifications such as ISO 45001 or SA8000 for our portfolio assets, ensuring compliance with internationally recognized occupational health and safety standards. Additionally, we conduct thorough risk assessments for all projects, identifying potential hazards and implementing measures to mitigate risks and ensure the safety of our workers and the surrounding communities.



### Community Engagement

Infracorp is committed to making a positive impact beyond our core business activities by actively engaging with the communities we serve. We allocate a budget for donations and sponsorships, directing financial resources towards initiatives that address pressing community needs and support social causes. By investing in the well-being of these communities, we demonstrate our commitment to creating a better future together.

No Poverty

Zero Hunger

Good Health & Well-Being

Quality Education

### Prioritizing Local Sourcing

Infracorp is dedicated to enhancing community prosperity by prioritizing local suppliers and creating job opportunities within the communities where we operate.

Decent Work & Economic Growth

Responsible Consumption & Production

Infracorp is committed to fostering a culture of inclusivity throughout our workforce, and we are proud to have achieved nearly equal gender representation.

# 03

Infracorp's key projects are developing strongly over Y2.

These international projects provide a range of offerings which express a contemporary character inspired by the distinctive local aesthetics. Our architecture approach includes distinctive residential facilities, commercial complexes, hotels and cultural and entertainment centers which, in combination, create a unique experience for investors, visitors and owners alike.



## Key projects review from our Asian + African Portfolio

Infracorp's Global Headquarters is located in Harbour House, the centre point of the rapidly growing Bahrain Harbour development.



# Bahrain Harbour has achieved its completion and exit stage with a slew of handover to new owners

**Project Progress**

| | | | | | |
|---|---|---|---|---|---|
| Specification & Planning | Ground Breaking & Utilities | Construction & Site Works | Landscaping & Finishing | Marketing & Sales | Completion |

Bahrain Harbour is set to become the new city centre of Manama. A fast-developing urban community, the project is home to several of Manama's most iconic residential projects as well as a growing commercial and retail presence. Bahrain Harbour is comprised of: The Harbour Row, Harbour Heights, Harbour Views, Charthouse and Pearlhouse Residences.

Bahrain Harbour is setting the standard for the Kingdom's urban waterfront development. Thanks to its central location, the development offers visitors, residents and their guests a comprehensive lifestyle in keeping with their desire for connected modern urban living. Surrounded by the open waters of the Gulf, the complete plot spans over 10 km2 of prime downtown real estate. The project is within close proximity to landmarks of leisure and business and is well connected to local and international transport links. Bahrain Harbour achievements include the hand over of Title Deeds for Harbour Heights Tower B and Infracorp signed over Tower C to the Kempinski Hotel Group.

Infracorp achieved full completion of Pearlhouse and Bahrain Harbour Marina phase 1. Finally, Infracorp completed and handed over operation of Charthouse Residence to its new operator.

California Village phase 2 units were sold out and handed over during 2023 in record time.



# California Village (Phase 2), our flagship UAE project is enjoying a positive market response and robust sales

**Project Progress**

| Specification & Planning | Ground Breaking & Utilities | Construction & Site Works | Landscaping & Finishing | Marketing & Sales | Completion |
|---|---|---|---|---|---|

The California Village master-plan comprises two distinctive residential offerings: California Residences, with their contemporary-styled villas and town-houses and California Heights, a complex of two well appointed apartment buildings featuring community facilities and Amenities, boasting uninterrupted views over the local surrounds.

California Village enjoys a unique location with a high degree of flexible urban accessibility. Located just 10 minutes due east of Dubai's vibrant Business Bay area, the development is set far enough from the city to feel like you're in a retreat yet close enough to the action to be highly convenient.
With Downtown Dubai's global landmarks on the horizon, California Village is situated in the thriving heart of the new Dubai Land development area. With numerous local amenities including the incredible IMG World of Adventure and the out-sized Mall of Arabia, the area is setting the pace and standards for strong capital appreciation. California Village is accessed by a connecting road leading due north to Sheikh Mohammad Bin Zayed Road. Set a short drive from the world famous Palm Jumeirah, the locale is linked well to all the major development centres in the fast developing Emirate of Dubai. The neighbourhood includes a wealth of outdoor and sporting locations with activities to suit all comers.

The pool at the spa and wellness centre in Royal Ranches, close to the city centre of Marrakech, Morocco



# Royal Parks Marrakech is primed and ready to enter the penultimate marketing and sales phase

**Project Progress**

| | | | | | |
|---|---|---|---|---|---|
| Specification & Planning | Ground Breaking & Utilities | Construction & Site Works | Landscaping & Finishing | Marketing & Sales | Completion |

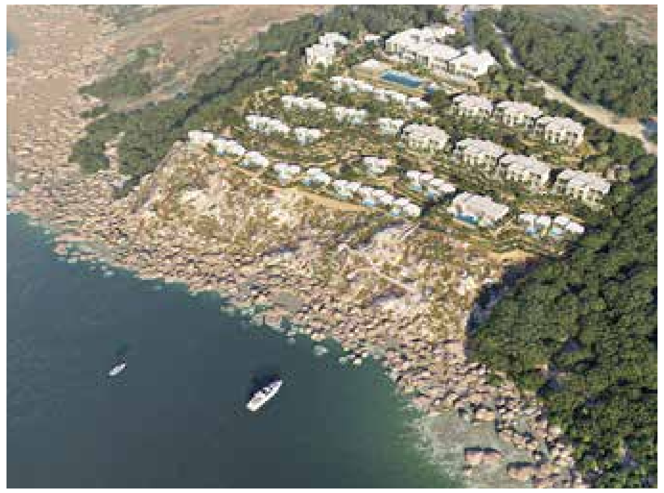
Royal Parks is one of the most significant developments in Marrakech. The project is located close to Amizmiz road with views across to the Atlas mountains. Situated along the Amzmiz Road, within close proximity to the city centre and its historic Medina. A short 10km drive from the centre, Royal Parks is strategically located close to key city landmarks.

The development's community focused master plan reflects Infracorp's clear purpose and progressive vision that integrates entertainment with quiet domestic living surrounded by distinct recreational, hotel with religious and cultural facilities.

Regarding the significant progress on location, the revised project master-plan was fully completed and approved by Infracorp's board . The revised plan was positively received by the Investment Authority in Morocco. Concurrently, the Phase 1 construction works of the 5 Star international brand hotel have been completed and we are currently on boarding the operator.

Final finishing touches are being completed on the hotel approach and arrival experience including the drop of area and main lobby. Also close to completion are the two mock-up villas (comprising a 1 and a 2 bedroom unit)

# Project Summaries (1.2)



## Royal Resort

Location
Tangier, Africa

Project Value
USD 5.3b

The project proceeded past the Phase 1 Shell & Core works, which were completed recently. The project is now in the landscape and finishing phase with a focus on interior works which commenced. We have started to onboard the international 5* hotel operator and the revised masterplan was completed, approved by Infracorp's board and positively received by the Investment Authority in Morocco.

| Specification & Planning | Ground Breaking & Utilities | Construction & Site Works | Landscaping & Finishing | Marketing & Sales | Completion |
|---|---|---|---|---|---|

## Tunis Bay

Location
Tunisia, North Africa

Project Value
USD 6.5b

An international consultant was appointed to the development of a revised masterplan and Government approvals were received for external access and key infrastructure connections. Ongoing infra-structure works has now achieved our objective of 75% completion. An international architect has commenced work on the 5* hotel.

| Specification & Planning | Ground Breaking & Utilities | Construction & Site Works | Landscaping & Finishing | Marketing & Sales | Completion |
|---|---|---|---|---|---|



# Project Summaries (2.2)

## Wadhwa Wise City

Location
Mumbai, India

Project Value
USD 5.9b

Phase 1's (Tulip) Occupancy Certificate for 9 residential towers received, 9 towers under construction. ≥ 63% of total carpet area now sold and core infrastructure finished. Phase 2's (Magnolia) Completion Certificate received for 208 Bungalows. ≥ 55% of Bungalows are sold and main infrastructure (inc public areas & amenities) completed. Phase 3 Reserves (Plot Sales) received Master Plan approval, Infrastructure works, boundary walls, fencing and public areas are 73% complete. ≥ 50% of plots are sold.

| Specification & Planning | Ground Breaking & Utilities | Construction & Site Works | Landscaping & Finishing | Marketing & Sales | Completion |
|---|---|---|---|---|---|

## Shantigram Panvel

Location
Mumbai, India

Project Value
USD 6.4b

The Master Plan of Mumbai's of Shantigram Panvel has received approval and the new sales centre has already started its construction phase. Added to these achievements are the improvements to the main access road. Construction of this vital transportation connection has already commenced.

| Specification & Planning | Ground Breaking & Utilities | Construction & Site Works | Landscaping & Finishing | Marketing & Sales | Completion |
|---|---|---|---|---|---|

# Partnership Summaries (1.2)

## Kempinski Hotel & Residences

In December 2023, Bahrain Harbour signed with Europe's oldest hotel brand Kempinski, to operate a new venture within the signature Harbour Heights development. The return on the world famous 5 star international hospitality brand to Bahrain is another great component in Infracorp's ever expanding hospitality portfolio. Kempinski expects to reopen its Bahrain doors by the end of 2025.

## Avli by Tashas

Infracorp has added another great strategic partnership to its burgeoning F&B portfolio with Tashas, a leading F&B brand from Dubai. The new Athenian concept titled 'Avli by Tashas is set to open in 2024 in a commanding position within Bahrain Harbour, Infracorp's signature master-plan development.



# Partnership Summaries (2.2)

## Twiggy Beach Club & Lagoon Villas

This March, Infracorp partnered with Rikas Group on the development of a wholly new beach-side leisure destination and lagoon resort named after Twiggy, the famous British 60's personality. The Twiggy brand is expanding Infracorp's growing hospitality portfolio with and exciting mix of casual dining and beach club activities in a wholly new development in Bahrain's up and coming Zallaq district.

## Roka

In Q1 of Y2, Infracorp launched its first ever international F&B partnership with London's Azumi Limited. The partnership has opened the Bahrain branch of ROKA, Azumi's renowned Japanese restaurant and dining experience. The venue opened its doors in Bahrain Harbour in April, Y2.

# 04

Flexible, dynamic + responsive to the needs of the business

**Y1 proved the potential for** Infracorp while creating the perception of a well managed firm with a vision for the future and a strategic pathway forward. Y2 cements this perception by building on Infracorp's notable achievements. Our Management Review provides our investors with the detail of our Y2 review and an overview of our strategic plan for Y3.



# Management Review

# Infracorp's Board of Directors

The Board of Directors at Infracorp is chaired by Hisham Alrayes. Hisham is a strategic business leader with exemplary credentials across a wide cross section of business sectors.

Hisham Alrayes is leading Infracorp towards its vision of becoming a global market leader in providing sustainable infrastructure solutions to the cities of the future. Presiding as Chairman of the Board concurrently with his role as Chief Executive Officer at GFH Financial Group, Mr. Alrayes' 23 years of expertise in wealth management, real estate, commercial banking and asset management has led to GFH becoming one of the region's most prominent, diversified financial Group, resulting in the Group's $15bn of AUM as of 2021.

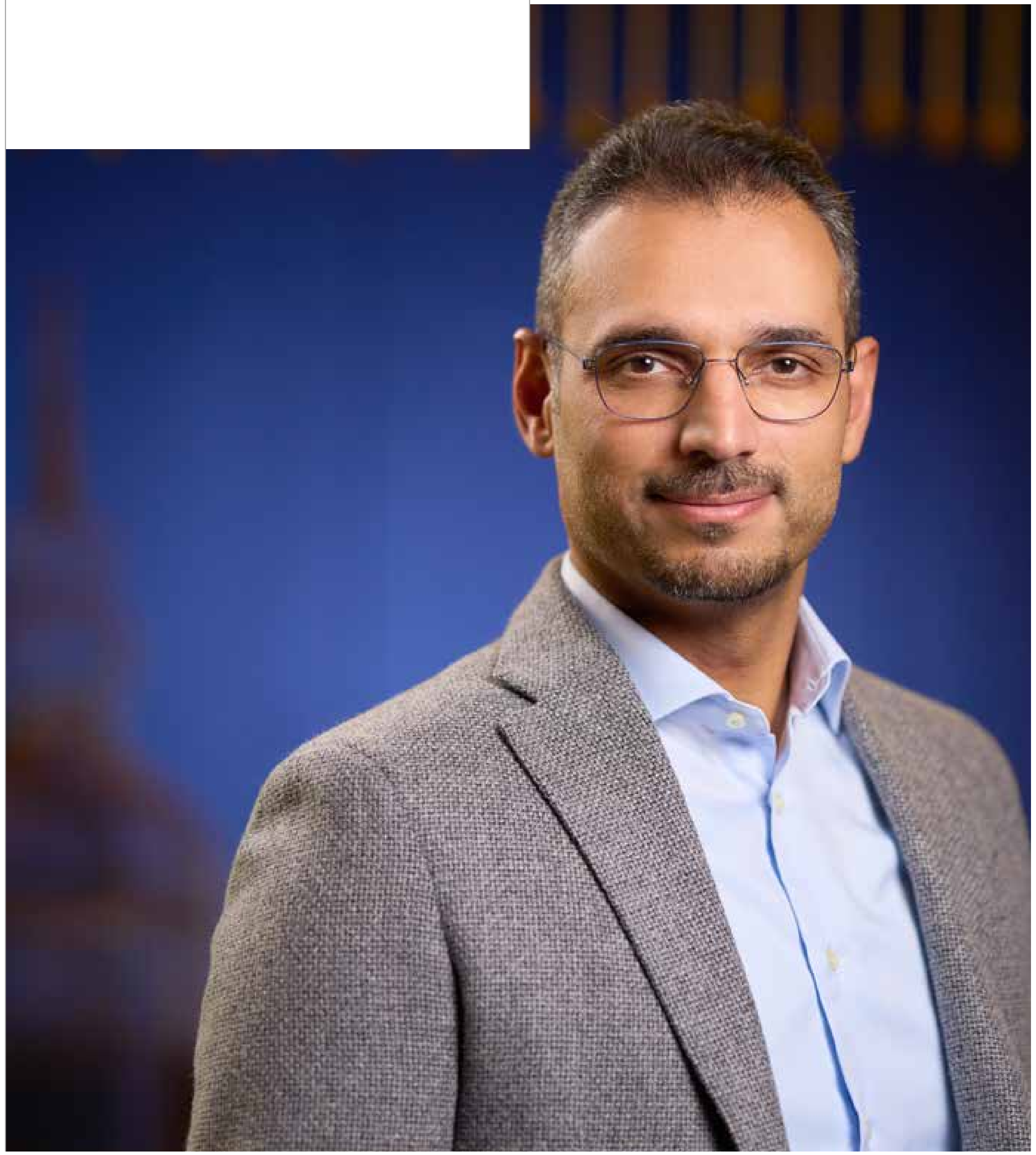
Mr. Alrayes was instrumental in developing and executing the Group's regional and international investment strategy, and he intends to bring to our global efforts at Infracorp the same razor-sharp focus on developing diversified, localised and solutions-driven social infrastructure projects. Mr. Alrayes currently chairs and holds a number of directorships in financial, industrial and real estate companies including GFH Capital, GBCORP, Khaleeji Commercial Bank and Esterad Investment Company.

Mr. Alrayes holds a Master's degree with honors in Business Administration from the University of DePaul, Chicago (USA), and a Bachelor's degree in Engineering with honors from the University of Bahrain. Hisham was awarded 'Banker of the Year' in the MEA Finance Awards 2020 in recognition of his role in steering the Group's diversification strategy which has seen the Group expand its business lines and geographic reach, while remaining resilient in the face of unprecedented market conditions. He was also ranked one of the top CEOs in Financial Services & Investments in 2019, and named 'Investment Bank CEO of the Year' at CEO Middle East 2019.



Hisham Alrayes

Chairman of the Board



# Board of Directors (1.4)

Majed Abdulla Al Khan
Board Member

Majed Al Khan brings more than 23 years of extensive experience in real estate private equity and assets management. He is a recognized financial engineer with more than 1 million square meters of completed flagship developments under his leadership. Majed chairs and holds directorships in Gulf Holding Company (GHC), Falcon Cement B.S.C., Balexco B.S.C., ASK Real Estate W.L.L., Tunis Bay Project Company and Royal Parks Marrakech.

Majed holds a B.A. with honors in International Finance and Accounting from Newcastle's Northumbria University at Newcastle, England and had taken executive roles in HSBC Middle East and Inovest.

Salah Sharif
Board Member

As Infracorp board member and Chief Operating Officer of GFH Financial Group, Salah Sharif brings over 30 years of regional and international experience across commercial and wholesale banking, having held a number of senior roles in leading global financial institutions, including American Express and Standard Chartered Bank. His particular expertise in industrial and infrastructure advisory enables Infracorp to identify and deploy localized innovations that help bring our global solutions over the line from conception to completion.



# Board of Directors (2.4)

Wael Sahawneh
Board Member

Wael's career encompasses senior-level positions in prominent companies, notably serving as the Group CFO at Al Hamad Group of Companies.

Concurrently, he serves pivotal roles, including Director of Solid Holding LLC (Hospitality Industry), Director at Al Murjan FZ, General Manager of Stallion Properties FZC, and Board Member of Philadelphia Private School. With an extensive 24 year professional journey, Wael brings his wealth of experience and a robust educational foundation in Accountancy to the table.

Osama Muein
Board Member

Experienced owner with a demonstrated history of working in the management consulting industry, Osama is skilled in negotiation, business planning, analytical skills, asset management, and mergers and acquisitions (M&A). He is a strong business development professional with a diploma focused in marketing and marketing management from London Business School.

# Board of Directors
(3.4)

Ahmed Al-Ebrahim
Board Member

Ahmed is the Chief Executive Officer (CEO) of GCC Interconnection Authority (GCCIA), in charge of the 400kV super-grid backbone. He has been with GCCIA for 15 years and has over 34 years of experience in power systems, electric grids and infrastructure operation and planning, previously working as CEO of Sintegro International, and earlier as Manager of Operations in the Ministry of Electricity Bahrain.

Zeeba Askar
Board Member

Zeeba is the President of CFA Society Bahrain, a board member and treasurer at the Bahrain Association of Banks. Previously, she served as Head of Banking and Finance at BIBF, and prior to that, held various senior positions in numerous financial institutions, including conventional and Islamic banks.

Zeeba's qualifications include a Certified Public Accountant (CPA) qualification from Delaware, USA; an Executive MBA from the University of Bahrain; a CFA Charterholder; a Certificate in ESG Investing from the CFA Institute; and has been awarded the Certified GRI Sustainability Professional status.



# Board of Directors
(4.4)

Walid Al Hindi
Board Member

Walid is a senior executive with over 26 years of experience. As a partner in Blue Gate, he leads the Real Estate advisory vertical. In his earlier position as the Group CEO of Northacre and CEO of Real Estate for Shuaa Capital, Walid managed circa USD 14 Billion of Real Estate Assets under management in the UK, UAE and Saudi Arabia. He also established IMKAN Properties and is responsible for a portfolio of 30 million sqm of land which spans 26 projects across 6 countries.

In addition to his roles as CEO, Walid held the position of board member with Northacre London, Astrea Asset management, IMKAN Misr, HHRM, an international hotel management company as well as being on the Investment management committee for Shuaa Capital.

Abdulla Nooruddin
Board Member

With a Bachelors of Arts in Economics, Abdulla graduated from Clark University with a Masters Degree of Science in Business Information Technology from Northumbria University. Abdulla boasts an expansive career in the investment field. He began in the Treasury Department of Gulf International Bank, moving to Venture Capital Bank as Principal of the Investments Division, switching fields to Bahrain Real Estate Investment Company (Edamah), Bahrain Mumtalakat Holding Company (Mumtalakat), Amlak SIO Organization Development Company, and Esterad Investment Company BSC (Esterad) respectively.

He is a CFA Level 1,2, and 3 Charterholder and a member of Board of Directors at Nass Corporation B.S.C.

# Infracorp's
# Executive Management

Executive Management at Infracorp is directed by our CEO, Majed Abdulla Al Khan. Majed is an experienced executive team leader with broad experience in the fields of real estate & private equity.

Majed AlKhan is a renowned businessman who brings more than 23 years of extensive experience in real estate private equity and assets management to Infracorp. He is a recognized financial engineer with more than 1 million square meters of completed flagship developments under his leadership.

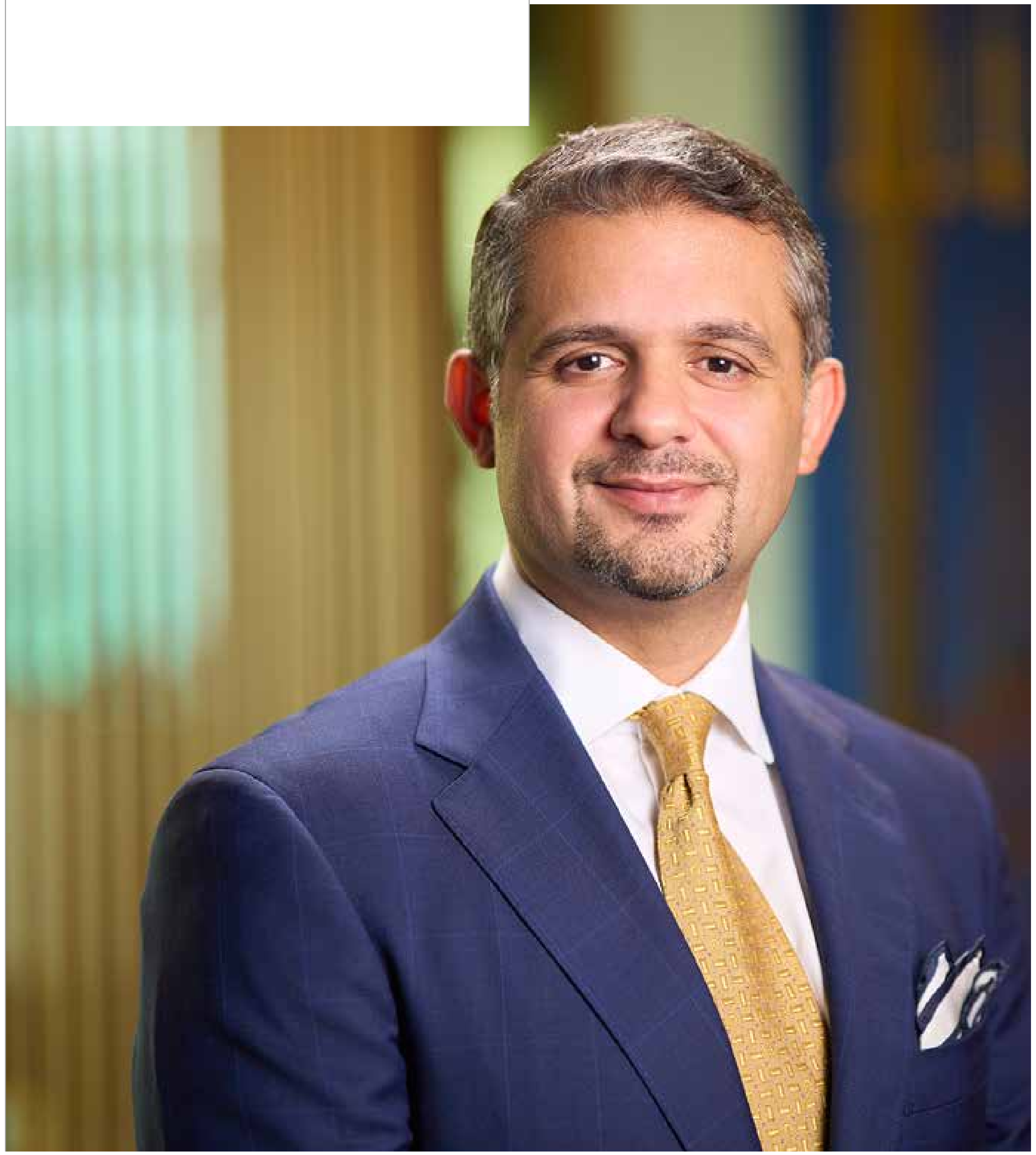
Majed's objective is to lead Infracorp to be recognized as one of the key international groups specializing in developing and investing in sustainable social infrastructure projects through creating a platform whereby stakeholders can achieve wealth optimization. Majed chairs and holds a number of directorships including Chairman of Gulf Holding Company (GHC), Chairman of ASK Real Estate W.L.L., board member of Balexco B.S.C, Falcon Cement B.S.C., Tunis Bay Project Company and Royal Parks Marrakech.

Majed holds a B.A. (with honors) in International Finance and Accounting from Newcastle's Northumbria University at Newcastle, England and had taken executive roles in HSBC Middle East and Inovest Bahrain prior joining Infracorp. He was also named one of Forbes Middle East's Most Impactful Real Estate Leaders of 2024, leading the Bahraini market.



Majed Abdulla Al Khan

Board Member & CEO



# Executive Team (1.5)

Nada Alkoohiji
Chief Financial Officer

Nada is a highly experienced CFO with a 22-year career covering several senior roles and manages fiscal reporting activities for Infracorp. She oversees all major financial transactions and ensures all project companies maintain a high degree of fidelity, from feasibility studies and funding through to project closure and exit.

Nada holds several Directorships including Morocco Gateway Investment Co, Tunis Bay Investment Co & Harbour North Real Estate. Previously, Nada was CFO for Edamah for nearly 10 years, She is Certified Management Accountant (USA, 2013), holds an MBA with Distinction (University of DePaul, Chicago. USA) and a BA with Distinction in Accounting (University of Bahrain).

Hazem Abdulkarim
Chief Administrative Officer

Hazem brings with him nearly 30 years of experience in his field. Prior to his appointment as CAO, he had held several senior management positions within GFH Financial Group and most recently the position of General manager in Gulf Holding Company. Hazem is a member of the board of directors of a numbers of operating companies, special purpose and holding companies.

He graduated with an MBA from University of South Wales, UK and the Investment Representative certification series 7.



# Executive Team (2.5)

Michael Wing
Head of International Development Portfolio

Michael is a Fellow of the Royal Institute of Chartered Surveyors with over 30 years international experience across the real estate development, built environment and construction sectors with more than 20 years' experience across the GCC region.

He has a broad professional background including real estate development, civil engineering design, urban and transport planning, and construction law, with an MBA in Real Estate & Construction Management from Reading University and an LLM in Construction Law & Dispute Resolution from Robert Gordon University and has been a contributing author on number of publications and texts on the subject of real estate development and infrastructure in the GCC region.

Dr. Mohammad Alabed
Head of Project Management

Mohammad manages the delivery of all projects of Infracorp as he brings in more than 35 years of experience in engineering and construction. He worked at top leading development companies as well as contracting companies and delivered high quality, state-of-the-art construction projects and facilities with multi million dollar projects in Bahrain, UAE, Jordan, and Malaysia.

Mohammad holds a PHD in structural Engineering and Master's and bachelor's degrees with honours from The University of Michigan.

# Executive Team (3.5)

Srikanth Sethuraman
Head of Risk Management & Compliance

Srikanth is a Chartered Financial Analyst and a Chartered Accountant with over 28 years of experience in the areas of Risk Management, Compliance, Financial accounting, Audit and Consulting.

Srikanth has held senior leadership roles across various organizations in Bahrain such as Ernst & Young, Investcorp, SICO and GBCORP as well as a brief stint in India with Standard Chartered Bank-Global Financial Services.

Eman Alkhan
Head of Human Resources

Eman Alkhan is an HR executive with more than 16 years' experience in the banking sector. Eman began her career with Ernst & Young and joined GFH Financial Group shortly after. She then worked at the National Bank of Kuwait as Head of Human Resources prior to joining Infracorp in February 2022.

Her role as Head of Human Resources at Infracorp gives her oversight and responsibility for managing all HR systems, procedures and regulations including the attraction, induction, development and retention of company employees.



# Executive Team (4.5)

Alia Al Shamlan
Executive Director of Investments

Alia Al Shamlan is an Executive Director in the Investments Team at Infracorp, she brings to her role 17 years of diversified experience in asset management, investments and real estate transactions. This includes the implementation of transactions from structuring and execution through to placement. Alia began working at GFH Financial Group in 2006 where she has held a number of roles across the Group's asset management and investment business lines.

She holds a Bachelors in Management and Minor in IT from Bentley College and has attended numerous courses at the Bahrain Institute of Banking & Finance including those on Anti-money Laundering, Islamic Banking, and Accounting.

Eman AlMannai
Sales Director

With outstanding success in a number of pioneering real estate projects in the Kingdom, Eman AlMannai brings more than 19 years of experience in the real estate sector to the Infracorp team. In her career she has managed and sold thousands of developments across the region.

Now Eman aims to transform the cityscapes of tomorrow with an emphasis on scaling sustainability, creating positive outcomes that benefit the communities we serve.

# Executive Team
(5.5)

Abdulaziz Tawfeeqi
Director of Project Development

Abdulaziz Tawfeeqi is a Director in Project Development, leading Infracorp›s development innovation team. With a background as the lead designer and project manager for numerous projects in Bahrain, Abdulaziz brings a wealth of experience to his role.

His academic background includes a Master of Architecture and a Bachelor of Fine Arts in Architecture from Savannah College of Art and Design. His commitment to excellence and creative expertise continue to shape Infracorp›s ventures, ensuring a dynamic and innovative approach to every project.

Amani Al Alawi
Director of Leasing & Business Development

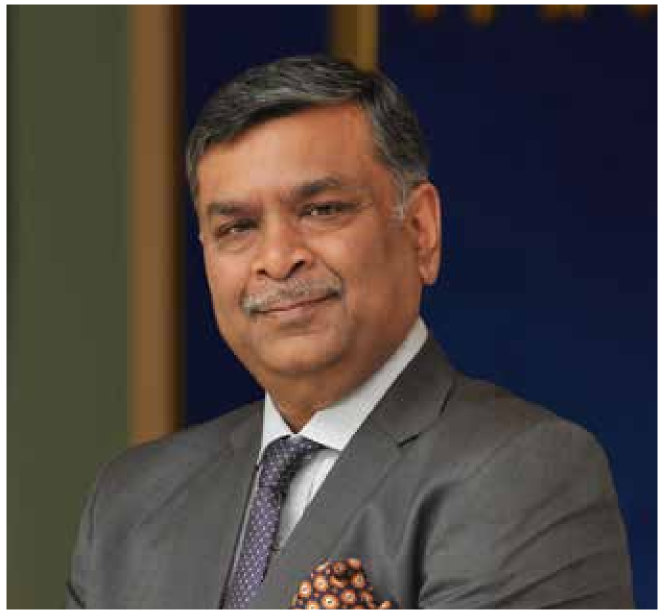
Amani brings over a decade of commercial real estate expertise to her role as Leasing Director at Infracorp. Prior to joining Infracorp, she held Leasing Manager positions at Majid Al Futtaim, Mabanee Bahrain, and Edamah. At Edamah, she played a pivotal role in establishing the Leasing Department from the ground up and successfully leased the company's state-of-the-art development, "The Terminal" as well as other assets classes.

Amani holds a Bachelor of Marketing from Bahrain Polytechnic and a Diploma in Professional Marketing from the Chartered Institution of Marketing.



One of the main door sections in Infracorp's Royal Resort lifestyle destination in Tangiers, Morocco.

# International Team
(1.2)



## Gaurav Jain
Chief Executive Officer, India Projects

Gaurav Jain has more than 30 years experience in real estate projects across all functions in the past 10 years as business head/ CEO responsible for P&L guiding projects from start to finish. He served as CEO of Bombay Realty as well as MD & CEO of Jindal Realty. Prior to this, he has held key management positions in prominent real estate companies as Emaar MGF, M3M, ITC, DLF and Jaypee Group.

He holds an MBA from MDI, Gurgaon, a Masters degree in Planning from SPA, New Delhi and Bachelor of Civil Engineering with Honours from Nagpur University. Gaurav is a MRICS and a visiting faculty in SPA, New Delhi.

## Zied Jouini
Chief Executive Officer, Tunis Project

Zied joined Tunis Bay Project Company in 2009 as Deputy CEO and Head of the Development and Technical Department and was promoted to the head of TBPC in 2018. With 26 years of experience, Zied served as Advisor to the President of the Republic of Tunisia for several mega real estate development projects nationwide, responsible for a portfolio of more than 20 million m² of mixed-use development. His work has included the implementation of projects such as the Mediterranean Gate, Tunis Sports City and the banks of Southern Lake project, and the harbour of Tunis.

He holds a Master of Business Administration (MBA Manager) from the Mediterranean School of Business in 2010, a Master of Engineering (DEA) from the National Engineering School of Tunis in 2003, and a Civil Engineering Degree from the National Engineering School of Tunis in 1998.



# International Team
(2.2)

## Abdul Wahed Al Kooheji
Chief Executive Officer of Royal Parks Marrakech and Royal Resorts Tangier

Abdul Wahed brings over 35 years of dynamic leadership as CEO of an International Business group, driving success across diverse sectors including retail, franchise, and construction throughout the MENA region. Renowned for spearheading operations for top-tier international brands across the Middle East and Europe, he boasts a proven track record in strategic planning, franchise development, and effective management.

Notably, Abdul has served as Chairman of an international sports company and held the CEO position at Century 21 Middle East, showcasing his versatility and acumen in various industries. With extensive expertise in finance and banking.

# Our Chairman's Report by Hisham Alrayes

On behalf of the Board of Directors of Infracorp B.S.C. (c) (the Company"), I am pleased to present the Company's financial results for the fiscal year ended 31 December 2023. The year 2023 marked Infracorp's second year of operations further enhancing its reputation as a leading player in the real estate and infrastructure development industry. The company's renewed focus on diversification and strong commitment to Environmental, Social, and Governance ("ESG") principles demonstrated its dedication to sustainable growth and responsible business practices. As a result, Infracorp is well-positioned to seize opportunities in emerging markets and capitalise on the growing demand for innovative and sustainable infrastructure solutions.

Despite ongoing global challenges, impact of the pandemic, the Company was able to achieve exponential growth in profits and revenues. This was driven by a combination of strategic investments, operational efficiencies, and a strong strategy. Infracorp achieved $189 million in revenue for the year 2023 which is a significant accomplishment that showcases the company's commitment to sustainable social infrastructure development and its solid business strategy.

The Company's total consolidated profit was $45 million. Achieving this growth was possible through the continued success attributable to the assets acquired during 2023, and our pursuit of investments and activities that facilitated steady income generation. The sale of real-estate, income from fee-based services, and investment activities recorded positive contributions to Infracorp's revenues. Infracorp manages a portfolio of nearly US $3 billion in infrastructure assets, including a 250 million square feet land bank in the Arabian Gulf, North Africa and South Asia which is earmarked for sustainable economic and social infrastructure.

Infracorp's commitment to providing Environmental, Social & Governance (ESG) high-quality products and investment opportunities ensures we continue realizing value and solid returns for our investors and shareholders while serving the communities in which we are operating. Infracorp remains fully committed towards continually embedding ESG principles into our companies policies and frameworks.

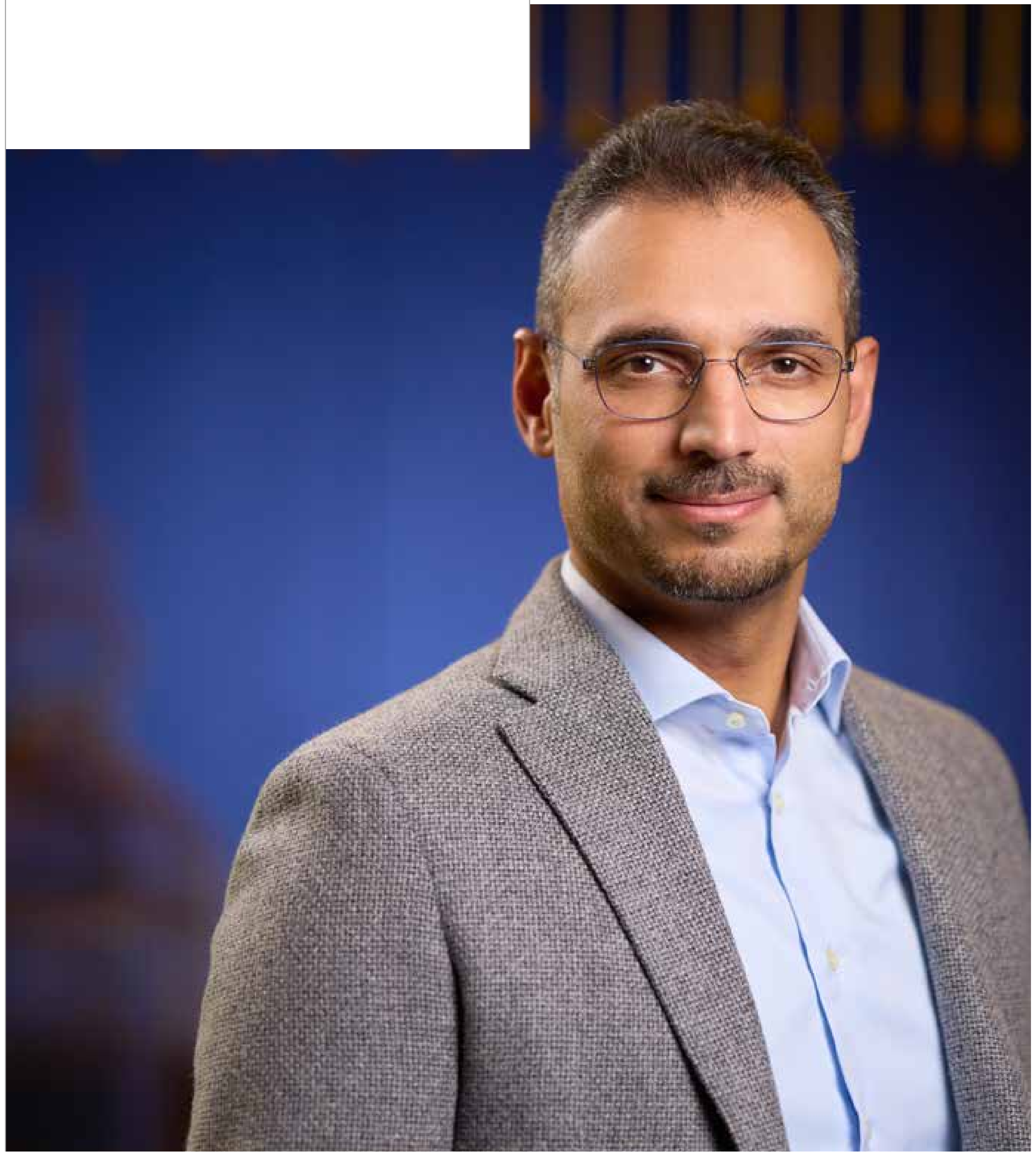
Infracorp specialises in investments that are hyper-focused on accelerating the growth and development of sustainable infrastructure assets across the MENA region and global markets. Infracorp has also assisted with the development of innovative real estate and infrastructure projects across the GCC, MENA and India, including residential and commercial projects such as Bahrain and Tunisia's iconic Harbour projects. Infracorp has also made significant progress on the development of luxury lifestyle developments such as Royal Ranches of Marrakech in Morocco. More recently Infracorp has sold more than 90% of the centrally located waterfront development The Harbour Row. Infracorp marked significant milestones during 2023 which included strategically selling its retail component in the Harbour Row and Harbour Height project to Harbour Walk fund.

Additionally, Infracorp achieved great success through its California Village project and the completion of phase 1 and sale of phase 2 plots. Infracorp proudly achieved the successful operation of Charthouse serviced apartments and launched and initiated a pre-booking phase of the highly anticipated Marina Bay projects. Similarly, Infracorp provided the issuance of title deeds for tower B and signed an operator partnership with the global hotels brand, Kempinski Group.



Hisham Alrayes

Chairman of the Board



As Infracorp heads towards Y3, the business will complete the market launch of Roka, as Infracorp's first F&B venture within the broad-based portfolio. Infracorp will also begin the of construction of Marina Bay's first phase and build out the operations of Pearl-house within the growing Bahrain Harbour development.

Infracorp entered 2023 in a stronger position to execute our strategy to deliver solid returns and sustainable value creation opportunities through continued diversification and operational innovation. The company's strong financial performance is evidence of its commitment to creating value for its customers and stakeholders. By providing innovative solutions to complex social and environmental challenges, Infracorp is helping to build a better world for future generations. With its innovative products and commitment to long-term returns, Infracorp is poised for continued success beyond Y2 and well into the future.

**Financial performance**
The results of the Company for the year ended 31 December 2023 are set summarised below:

USD 000's

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| Profit for the year | 40,144 | 33,172 |
| Profit for the year attributable to equity holders of the Company | 45,466 | 33,004 |
| Total assets | 1,652,448 | 1,626,684 |
| Total equity | 1,242,724 | 1,238,790 |

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

We have maintained proper and complete accounting records which, together with all the information and explanations, have been made freely available to the auditors, KPMG. We know of no other events since 31 December 2023 which would affect the consolidated financial statements.

On behalf of the Board of Directors of Infracorp, we would like to express our gratitude to the Government of the Kingdom of Bahrain and its visionary leadership: His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa the Crown Prince, Deputy Supreme Commander and Prime Minister for their committed leadership and forward-thinking vision that have enabled Bahrain to become a hub for development and innovation in the region.

I would also like to take this opportunity to express our appreciation for our investors' and shareholders' continued trust and confidence in the face of enduring market uncertainties, which have enabled us to persist in our growth throughout the past year. I would like to acknowledge the vigorous efforts, ingenuity and commitment of our management team and employees across Infracorp, which allowed Infracorp to deliver on its promise of value creation through dynamic diversification. I also want to thank our Board of Directors for their ongoing guidance and support in steering Infracorp towards further growth and success. As part of the Company's obligation to maintain utmost transparency with our valued shareholders, we are pleased to attach the table below that shows the remuneration of members of the Board of Directors and the Executive Management for the fiscal year ended 31st December 2023.

**PICTURED RIGHT**
The three towers of the award winning Harbour Heights development punctuates the night sky as seen from Harbour House, in from of Manama's Bab al Bahrain.



1,238,790
December 31st, 2022

1,242,724
December 31st, 2023

Y2 Infracorp grew Total Equity by 0.32%,
from USD 1,238,790 to USD 1,242,724

## Remuneration of the Board of Directors

| Name | Fixed remunerations: Proposed Remunerations of the Chairman and BOD | Fixed remunerations: Total allowance for attending Board and committee | Salaries | Others | Total |
|---|---|---|---|---|---|
| **First: Independent Directors** | | | | | |
| Osama Muein | 10,000 | 3,770 | | - | **13,770** |
| Ahmed Al Ebrahim | 10,000 | 3,393 | | - | **13,393** |
| Walid Al Hindii (from 27 July 2023) | 4,301 | 754 | | - | **5,055** |
| Abdulla Noorudin (from 15 August 2023) | 3,781 | 754 | | - | **4,535** |
| Wael Sahawneh (from 8 November 2023) | 1,452 | 754 | | - | **2,206** |
| Zeeba Askar (from 18 July 2023) | 4,548 | 754 | | 18,850 | **24,152** |
| Salman Ahmed Haider (until 27July 2023) | - | 754 | | - | **754** |
| **Second: Non-Executive Directors** | | | | | |
| Hesham Ahmed Al Rayes | 15,000 | 2,262 | | - | **17,262** |
| Salah Sharif | 10,000 | 1,885 | | - | **11,885** |
| Salem Patel (until 27 July 2023) | - | 2,639 | | - | **2,639** |
| **Third: Executive Directors** | | | | | |
| Majed Al Khan | 10,000 | 2,262 | | - | **12,262** |
| **Total** | **69,082** | **19,981** | | **18,850** | **107,913** |

***Notes:***

1. *All amounts are stated in BHD.*
2. *The Company does not have any variable remuneration payments, end of service benefits, or expense allowances paid to its non-executive and independent directors.*
3. *Salaries paid to chief executive officer who is also on the board of directors are disclosed as part of executive management remuneration details below.*

## Remuneration for the Top Six Executives

| Executive Management | Total paid salaries and allowances | Total paid remuneration (Bonus) | Any other cash/ in kind remuneration for 2021 | Aggregate Amount |
|---|---|---|---|---|
| Remunerations of top 6 executives (including CEO and CFO) | 585,030 | 753,450 | - | 1,338,480 |

***Notes:***

1. *All amounts are stated in BHD.*
2. *Remuneration details exclude any Board remuneration earned by executive management from their role in investee companies.*

**Hesham Ahmed Alrayes**
Chairman



An inside view of the recently launched Raffles Hotel's interiors which have been exquisitely finished and detailed.

# Our CEO's Report by Majed Abdulla Al Khan

During Y2, Infracorp continued on the successful trajectory set forth in our initial year of operation. As we review our challenges and achievements, we tailor Infracorp's response for Y3 and plan the next phase of our business's development.

Infracorp is fast developing into a regional leader in the development of social and energy infrastructure. With a clear vision to transform and redefine its industry, Infracorp is building on its founding principles to deliver products created in support of social development. Infracorp's vision is fully endorsed by our stakeholders and investors and inspires a greater contribution from our esteemed business partners and our dedicated and diverse team.

Infracorp's founding principle of sustainability remains the foundation on which we develop our projects and drives a dedication to eco-conscious practices, renewable energy use and green building standards ensuring our projects deliver value while contributing positively to our shared environment.

Infracorp's strategy is delivered methodically and the internal ambition is aligned to the desire for the business to provide a significant contribution to the attainment of Bahrain's 2030 development goals and national strategy. Y2 builds upon our track record of delivering social and energy infrastructure solutions capable of filling identified gaps in the social fabric. Infracorp's strategic approach eventuates in balanced communities with an inherent sense of well-being within projects that provide lasting value for all stakeholders, be they investors or end-users. Infracorp's developments are integrated into the communities they serve and create a catalytic effect, spawning outwards development and growth.

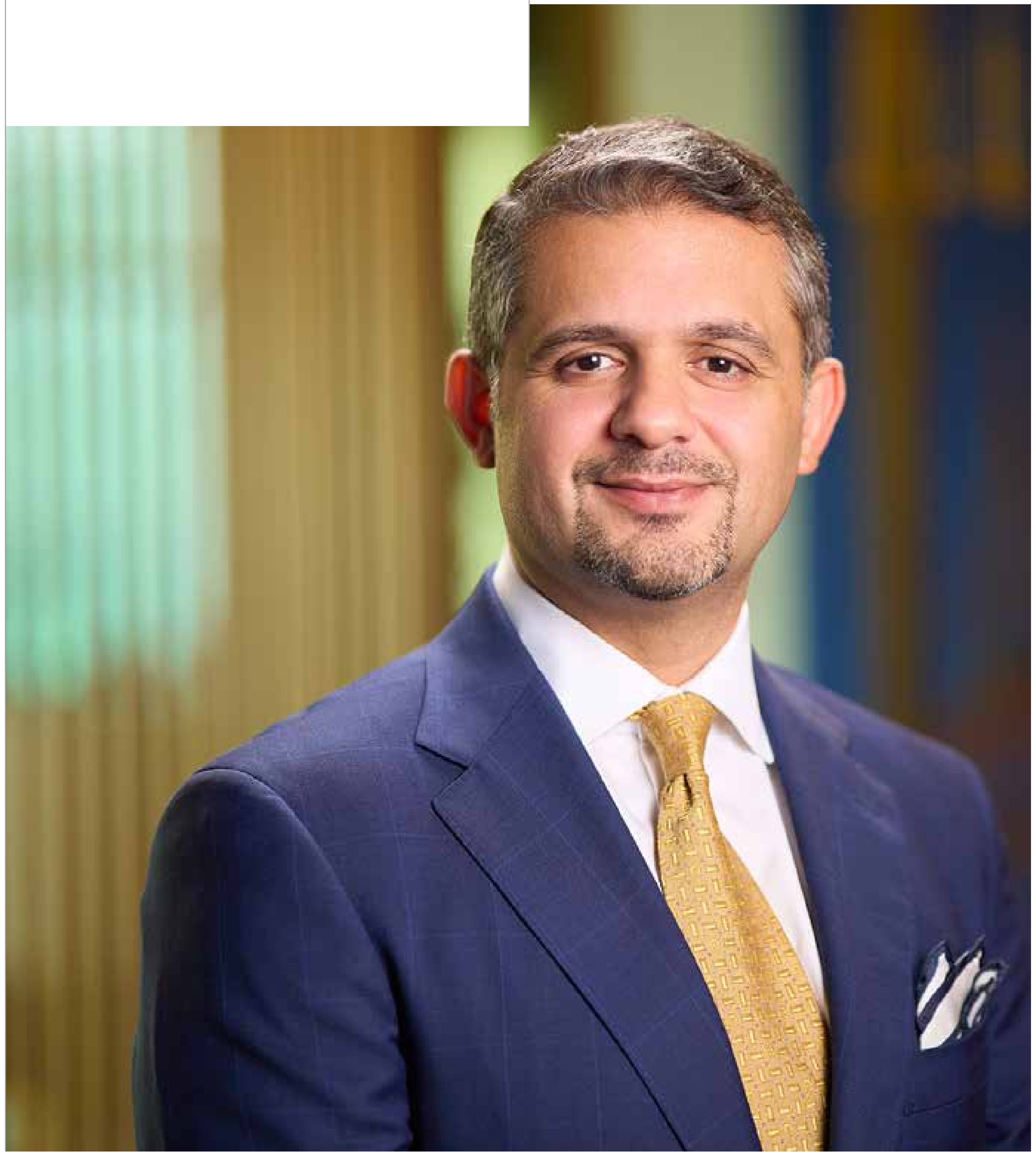
During Y2 the strategic partnerships have continued to form a vital pillar of Infracorp's business and the collaborations with governmental bodies, private enterprises and local communities will continue to foster an inclusive developmental methodology to the benefit of all stakeholders.

Y2 has seen Infracorp's projects connect environmental stewardship, economic viability and community development to ensuring the sum of these parts create a far reaching impact that positively shapes our collective future. Infracorp's commitment to challenging business norms and to redefine our industry's practice, extends beyond our internal strategic ambitions. Infracorp believes our organisation's success in serving the needs of stakeholders emanates outward, sending ripples of positive change to our industry and the communities we serve.



Majed Abdulla Al Khan

Board Member & CEO



Y2's initiatives concentrated on key social infrastructure segments which span transportation, green mobility, digital infrastructure, food production & agribusiness as well as environmental adaptation and energy efficiency. Y2's initiatives also positively impacted social policy, including cultural preservation, community identity, social inclusion. Infracorp also met its goals in regards to diversity and gender balance, ensuring a good cross pollination of ideas and creating the fertile ground for innovation-in-practice. Moreover, we collaborate with our partners across the supply chain to promote sustainability practices such as waste reduction, recycling, water management, and eco-design innovations.

During Y2 Infracorp achieved significant portfolio growth through various ambitious developments. A net profit increase of 38% was achieved growing to US$45.5m while maintaining a solid financial position. These achievements were significant milestones and Y2 witnessed Infracorp capitalising on emerging opportunities in Bahrain and beyond through disciplined capital deployment and the development of innovative real estate concepts.

Infracorp's diverse portfolio of businesses creates synergies across our business group, generating tangible benefits for the local workforce, communities and the social fabric of the communities we serve. The notable highlights of our strategic diversification strategy are summarised below.

Y2 notable achievements in hospitality, including the successful launch of Raffles Al Areen Palace - Bahrain, within record time. Raffles Al Areen Palace exemplifies a strategic commitment to operational excellence and product innovation. Infracorp eagerly anticipates the unveiling of new, upcoming masterpieces in Y3, to include the Royal Parks Marrakech and Royal Resort Tangier. These two projects embody Infracorp's dedication to pushing boundaries and creating timeless, environmentally conscious developments that address identifiable market needs.

Broadening our portfolio spread with new strategic endeavours includes a bold new line of ventures in Bahrain's F&B space. Infracorp proudly announced its partnership on ROKA Bahrain with owners Azumi Limited. This popular Japanese F&B concept is set to open in Q1/Y3 at a new address in Bahrain Harbour, Infracorp's award winning master planned destination brand, which is enlivening the heart of the nations capital, Manama. This new venture direction further demonstrates our commitment to elevating the quality of local F&B experiences and raising the national standards for residents and tourists alike.

Y2 saw the completion of the second phase of Infracorp's Dubai located California Village community. A development that highlights Infracorp's commitment to delivering bespoke residential offerings tailored to considered market opportunities.

Infracorp's dedication to reducing carbon emissions is a core component of our ESG initiative and best-exampled by projects such as the Marina Bay on Reef Island. This high end residential development comprises luxury residences designed with style and engineered using best-practice sustainability approaches.

Looking towards Y3, Infracorp envisions a future defined by innovation, sustainability and resilience in the dynamic infrastructure sector. To navigate the challenging waters of the next era and to ensure we land new opportunities Infracorp will maintain its multifaceted approach. The continued deployment of cutting edge technologies like smart infrastructure, data analytic and AI across the 360° development life-cycle ensure our new developments maintain a premium margin with a sharp competitive edge.

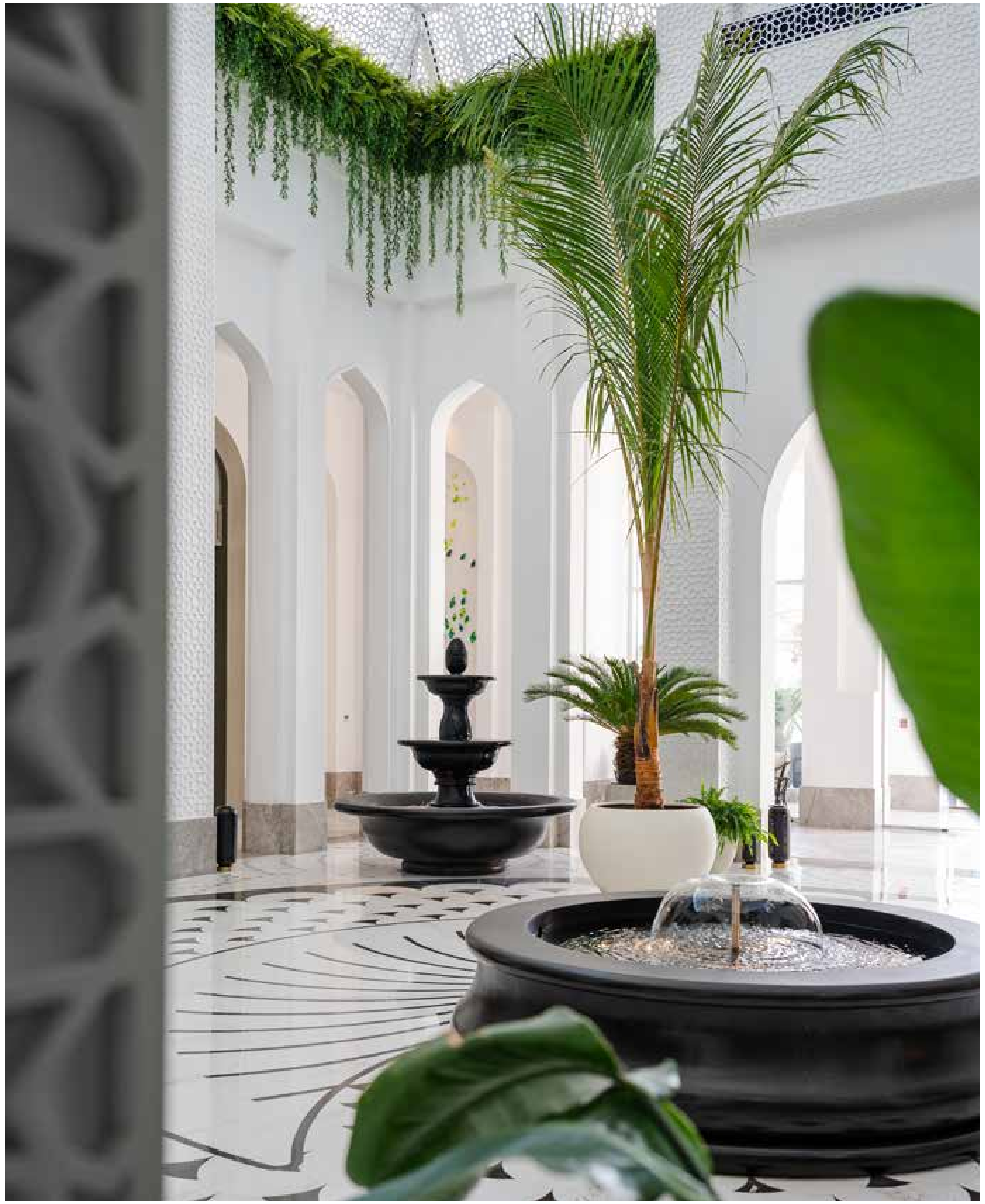
Through out Y2, Infracorp has remained true to its founding vision. The confidence of our continued development is reflected in our continual progress as we deliver sustainable value for our stakeholders. Infracorp's business is growing in strength thanks to our team's spirit and talent, our board's continual oversight and support and our shareholders' unwavering trust.

From Y2 to Y3, Infracorp looks forward to building a better future together.



A view towards one of the recently sold villas on Infracorp's fast -selling California Village development.

The Raffles Hotel has been brought back to market in a remarkably efficient time frame, bringing this world class hospitality brand to the island for the first time.





# Management Review of Operations

With a Net Profit of USD45.5m on total revenues of USD 189m, Y2 was a highly positive year for Infracorp. Y2's result was an impressive 38% better than the USD 33m profit booked in Y1. Leading the way in Y2 was Infracorp's real estate portfolio with the lion's share of revenues. Real estate accounted for USD163m versus USD15m in revenues from Infracorp's industrial portfolio and USD11m returned from the portfolio's investment and financial instruments.

The real estate portion took advantage of the ongoing boom in Dubai with 97% of units of California Village phase 2 already sold. Infracorp also successfully completing the first phase of the Morocco hotels and resorts projects in Marrakech and Tangiers. Infracorp enjoyed similar success in Y2 for its phase 1 launch and operation of the Bahrain Harbour Marina, while handover commenced of all units and title deeds for Harbour Heights Tower B.

# Ongoing Projects

### Harbour Heights

Harbour Heights Podium area has reached a significant milestone with the completion of its retail and apartment units. All state-of-the-art recreational facilities nestled between the towers are now fully operational. Furthermore, Infracorp launched the mock-up villa of the Terrace Villas, introducing a new level of ultra-luxury offering to the Harbour. Tower C, featuring the return of Kempinski Hotel and branded residences to Bahrain, is expected to be launched by Q3/2024, marking Kempinski's highly anticipated return to Bahrain.

The project has achieved remarkable success, with 83% of units already sold. Tower C will house a 74-key hotel component and 186 branded residences, operated by the internationally renowned Kempinski Group. To ensure world-class design, Infracorp has engaged a top London-based interior designer for concept design services. The project's momentum was celebrated with an inaugural signing ceremony in December. Infracorp plans to complete building services and launch sales for the branded units by Q3/2024. Building on the success of Harbour Row retail, which has reached 75% occupancy, Infracorp has begun leasing at Harbour Heights. This includes a significant1,000 sqm lease signed by regional supermarket chain Megamart, further enhancing the development's appeal as a premium mixed-use destination.

### Harbour Row

A Resounding Success Story. Infracorp's Harbour Row has emerged as a beacon of excellence in Bahrain's real estate market. In Year 2, we achieved a remarkable 97% sell-out of our premium inventory, showcasing the project's overwhelming appeal. Inventory has been reduced with an average sales completion across the blocks, ranging from a low of 75% to a high of 95%. Looking ahead to 2024, we're setting ambitious targets to elevate Harbour Row further that includes launching and operate the exclusive Pearlhouse Residences, achieving 100% sell-out of remaining Harbour Row inventory and secure tenants for 70% of our prime retail spaces. While we're poised for success, we remain vigilant. Our focus is on ensuring the timely completion of Pearlhouse and strategically marketing our final units in Harbour Row.

### Harbour North

The Harbour North Project has entered a crucial phase of its development, marked by significant strategic moves. A specialized advisor has been engaged to finalize the master plan and refine the project's feasibility model, ensuring a robust foundation for future growth. This comprehensive approach aims to optimize the project's layout and functionality. Demonstrating strong market confidence, the project has initiated sales of subdivided plots, aligning with the implementation of a carefully crafted investment strategy. Our visionary redesign will elevate and complete Bahrain Harbour, cementing its status as a premier global destination where luxury living and cutting-edge urban planning converge.

### Bahrain Harbour

Expanding the pulse of Bahrain Harbour. Infracorp proudly unveils the vibrant heart of Bahrain Harbour - our bustling retail district. At its core, the Charthouse Residences stand as a testament to luxury living, offering the development's first fully operational serviced apartments. This milestone marks a new era of sophistication and convenience, seamlessly blending upscale retail experiences with premium accommodation. We have successfully developed the dynamic lifestyle of Bahrain Harbour, where world-class shopping, dining, and living converge to create an unparalleled urban oasis.

### Marina Bay

Infracorp's Marina Bay project has emerged as a game-changer in Bahrain's luxury real estate landscape. The recent finalization and launch of its masterplan marked a significant milestone, catalyzing an impressive launch phase that saw nearly 60% of units swiftly reserved. This USD200 million high-end development stands as a testament to Infracorp's visionary approach, seamlessly aligning with their mission to craft sustainable communities across their operational territories. Marina Bay exemplifies the perfect fusion of opulence and eco-consciousness, elevating the concept of luxury living in Bahrain to unprecedented heights. By prioritizing cutting-edge sustainable technologies alongside world-class amenities, Infracorp has created a residential haven that not only caters to the discerning tastes of modern homeowners but also contributes positively to Bahrain's environmental future. As this landmark project unfolds, it promises to redefine coastal living, offering residents an unparalleled lifestyle that harmonizes luxury, sustainability, and breathtaking waterfront vistas.

### Raffles Al Areen Palace

Y2 marked a triumphant milestone for Infracorp's asset management portfolio with the grand reopening of the revitalized Raffles Al Areen Palace. This internationally acclaimed brand has transformed the landmark destination in Al Areen into a beacon of luxury. Boasting an intimate collection of 78 meticulously renovated villas spread across 131,000 square meters, the resort epitomizes opulence and exclusivity. Strategically positioned in the southern region of Bahrain, Raffles Al Areen Palace anchors a visionary master-planned development spanning over two million square meters. This ambitious project seamlessly integrates living spaces, hospitality, entertainment, and commercial ventures, establishing itself as a premier mixed-use destination. Infracorp's expertise shone through in the resort's remarkable transformation. In a record-breaking 18-month timeframe, the team executed a comprehensive overhaul of the property. The renovation encompassed a complete redesign of public areas, including a sophisticated lobby, two distinctive F&B outlets, an elegant conservatory, a refined library, and an exclusive VIP lounge. The addition of a striking colonnade further enhances the resort's architectural allure.

As of December 2023, guests can immerse themselves in the reimagined Raffles experience, complete with world-class amenities and unparalleled service. The crowning jewel of this luxurious haven, a state-of-the-art Spa and Wellness center, is on the verge of completion, promising to elevate the guest experience to new heights of relaxation and rejuvenation.

### Morocco Hotels

Morocco Hotels Infracorp has made significant strides in the RPM and RMT projects, successfully concluding Phase 1 for both initiatives while simultaneously progressing on multiple fronts, marking a crucial step in the development process. With an eye on the future, Infracorp has set ambitious yet achievable targets, aiming to complete RPM Phase 1 by mid-May 2024 and RMT Phase 1 by the end of April 2024. In parallel, the company is actively pursuing the renewal of investment agreements for both projects, targeting closure by the end of Q2 2024. Demonstrating foresight and strategic planning, Infracorp has outlined a phased approach for the remaining works on both hotel properties, scheduled to commence in Q4 2023. This carefully crafted strategy is designed to optimize resource allocation, ensure efficient project management, and mitigate risks associated with demobilization costs. By balancing ambitious goals with practical considerations, Infracorp is positioning these high-profile developments for success in the competitive real estate and hospitality sectors.

### Twiggy Beach Club

The Twiggy Beach Club is set to redefine luxury coastal lifestyle with its innovative blend of premium amenities and gourmet dining. This ambitious project has entered its crucial master plan design phase, marking a significant milestone in its development. Infracorp has already appointed an international impressive consultancy team, demonstrating their commitment to excellence and efficiency. The architectural engineering design for the master plan is now underway, laying the foundation for this world-class destination. With meticulous planning and execution, Infracorp aims to unveil this coastal paradise by the end of Q4/2024, offering residents and visitors alike a taste of riviera-inspired luxury on Bahrain's shores.

### California Village

California Village has emerged as a standout project in Infracorp's portfolio, achieving an impressive 95.5% sales completion rate. This remarkable success underscores the project's appeal and Infracorp's ability to deliver high-quality residential solutions that resonate with buyers.

As the project enters its next phase of growth, Infracorp has set ambitious targets for 2024 and beyond. Construction of Phase 2 is well underway, with completion anticipated by 2025, promising to add further value to this thriving community. In a strategic move to capitalize on market demand, Infracorp plans to launch off-plan sales for Phase 3 in mid-2024, offering investors and homebuyers an early opportunity to secure their stake in this sought-after development.

A key milestone for 2024 is the scheduled handover of all sold villas from Phase 1, marking a significant achievement in project delivery and customer satisfaction. This timely handover will not only fulfill Infracorp's commitments to buyers but also contribute to the vibrant community atmosphere within California Village. While the project's trajectory is overwhelmingly positive, Infracorp remains vigilant about potential challenges. The approval of the master plan for Phase 3 project buildings is a top priority, highlighting the company's proactive approach to risk management and its commitment to transparent communication with stakeholders. As California Village continues to evolve, it stands as a testament to Infracorp's vision, execution capabilities, and dedication to creating thriving, sustainable communities that meet and exceed market expectations.

## Ongoing Projects

**India**

Infracorp's India project, comprising four distinct land plots, showcases a diverse range of development stages across its portfolio. Wise City leads the pack, having entered its construction phase, with Phase 2 completion targeted for Q2 2024 and Phase 1 sales expected to conclude by Q3 2024. Energy City has reached its master planning stage, with completion anticipated in Q2 2024 and sales set to commence following the establishment of third-party development agreements. Global Logistix has advanced to the concept stage, while Gaziabad currently awaits the appointment of an active developer.

For 2024, Infracorp has set ambitious targets across these projects. The company is actively engaging with developers to drive sales performance, particularly in Energy City where third-party agreements are now in place. Critical risks to the project includes the requirement for progress on Global Logistix, and Gaziabad Land in order to ensure land ownership and development rights are secured. As Infracorp navigates the complexities of these multi-faceted developments, its strategic approach to project management and risk mitigation positions the India project for continued growth and success in the dynamic Indian real estate market.

**Tunis Bay**

The Tunis Bay master-planned development has achieved a significant milestone with the completion of Phase 1 infrastructure works. Infracorp has strategically positioned the project for growth, securing agreements to advance Phase 1 secondary roadworks by Q2 2024, paving the way for plot sales to commence this year. To support this progress, Infracorp is actively pursuing project finance of approximately US$8 million, targeted for closure by Q2 2024. The company's ambitious2024 roadmap includes the completion of Phase 1 infrastructure and a feasibility study for a luxury hotel design by Q2, followed by the initiation of Phase 1 secondary road infrastructure to facilitate plot sales in Q3. Meanwhile, the Chena Bay project has made remarkable strides, with Enrico approving the master plan and 75% of primary infrastructure already complete. The development's appeal is evident in the successful sale of 127 completed villas surrounding the golf course. Enhancing the project's allure, Infracorp plans to modify the lifestyle centre operator agreement, appointing Twiggy in a deal valued at USD 5 million. Additionally, Smallwood has been engaged as the hotel design consultant, bringing expertise to this crucial aspect of the development.

Looking ahead, Infracorp's strategy focuses on securing financing to complete the first phase of secondary infrastructure, aiming to transform the project into a self-sustaining venture. This approach aligns with the company's goal to reduce exposure through joint-development agreements. Infracorp has also initiated the development of an anchor cluster and is progressing with the hotel concept and feasibility study, positioning the project to generate income through strategic plot sales. These coordinated efforts across both Tunis Bay and Chena Bay underscore Infracorp's commitment to creating value-driven, sustainable developments that cater to evolving market demands.



## Industrial Assets

**Balexco**

Established in 1977, Bahrain Aluminium Extrusion Co WLL (Balexco) emerged as the vanguard of aluminum extrusion in the Gulf Cooperation Council (GCC) region. As the first of its kind, Balexco swiftly positioned itself at the forefront of producing industrial-quality aluminum extrudes, catalyzing the development of the region's aluminum industry. The company's products have become integral to the construction sector, finding extensive applications in doors, windows, and various downstream manufacturing processes crucial to real estate and construction industries. Over the decades, Balexco's influence has expanded dramatically, tripling its production capacity and extending its market reach beyond the GCC to encompass the broader Middle East and West Asia. This growth trajectory not only underscores Balexco's commitment to innovation and quality but also highlights its pivotal role in shaping the aluminum extrusion landscape across these regions. From its humble beginnings as a regional pioneer, Balexco has evolved into a cornerstone of the industry, driving progress and setting benchmarks for aluminum extrusion excellence throughout its expanding sphere of influence.

**Falcon Cement**

As Bahrain's sole integrated cement manufacturer, Falcon Cement stands at the forefront of the Kingdom's construction industry. The company has played a pivotal role in shaping Bahrain's skyline, contributing significantly to a diverse array of landmark projects across infrastructure, industrial, real estate, and commercial sectors. Serving both public and private clientele, Falcon Cement has established itself as an indispensable partner in the nation's development. The company's state-of-the-art factory exemplifies modern manufacturing excellence, boasting a fully integrated and automated production line. With an impressive annual capacity of 800,000 tons of cement, the facility demonstrates Falcon's commitment to meeting Bahrain's growing construction demands. The plant's capabilities extend further, with a daily production capacity of 1,000 tons of clinker and an impressive 2,500 tons of cement grinding. This robust production infrastructure not only underscores Falcon Cement's dominant market position but also highlights its crucial role in supporting Bahrain's ambitious construction and development goals.

05

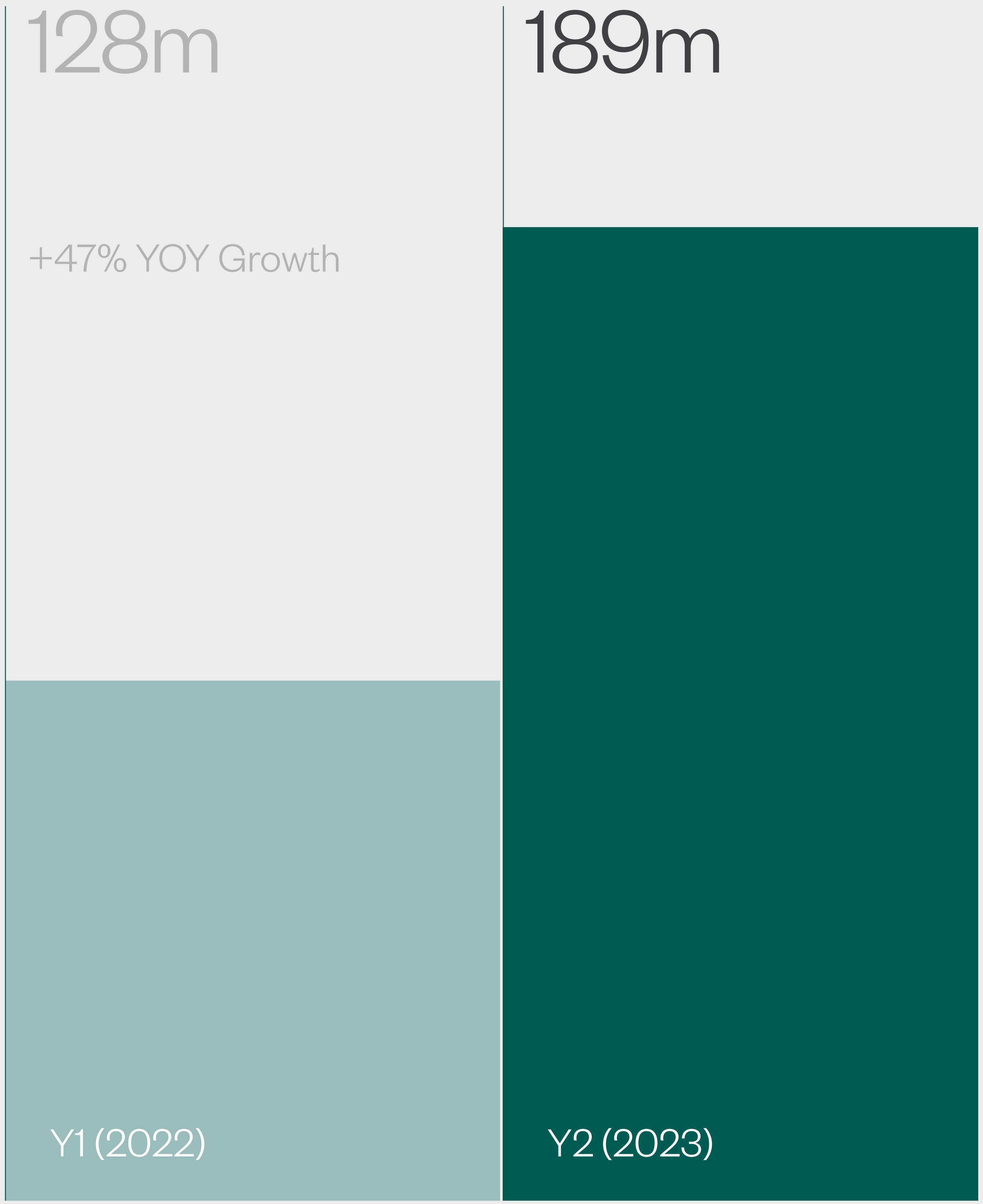
In Y2, Infracorp created a lot of additional value for our shareholders

**Infracorp has built on its legacy, achieving significant results across the business.** As our financial highlights attest, the business is growing in line with our strategy and achieving this growth upon a stable foundation.

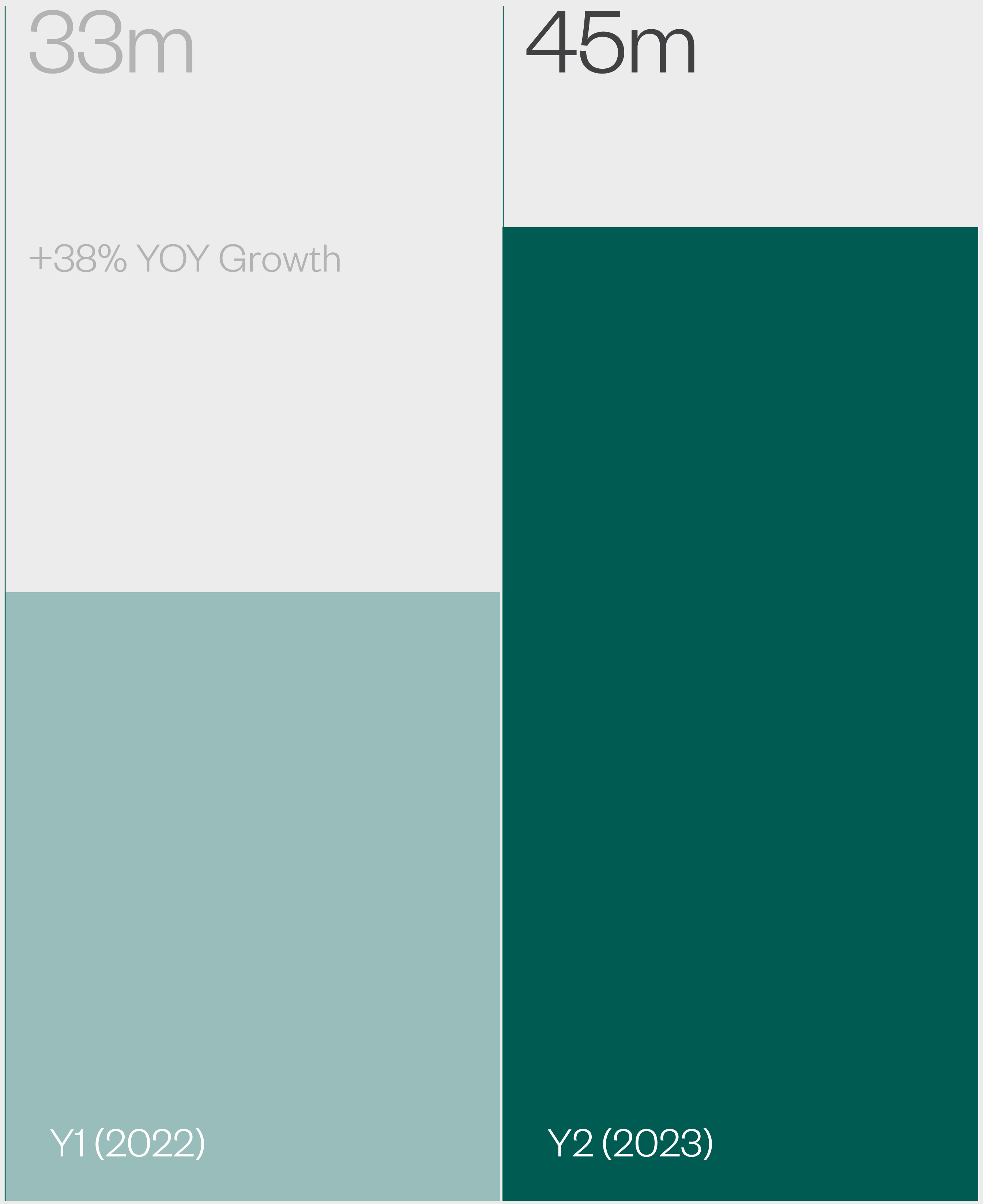


# The Financial Highlights

**Total Income.** In Y2 (2023) Infracorp increased Total Income by 47%, from USD 128m to USD 189m.




**Profit/Loss.** In Y2 (2023) Infracorp increased profit attributable to equity holders by 38%, from USD 33m to USD 45m.



# 06

Maintaining oversight while we grow and expand the business operations



**Infracorp's continued success is governed by clear mandates.** Infracorp understands the importance of clear lines of oversight across all aspects of its operation. In this section we present how Infracorp is governed and the results of that governance in practice.

# Our Corporate Governance

# Corporate Governance

## 1. INTRODUCTION

The Board of Directors (the "Board") of Infracorp B.S.C. (closed) (the "Company") is responsible for overseeing the Company's management and business affairs and makes all major policy decisions of the Company. The Board has adopted this Corporate Governance Charter. This Charter, together with the Company's Articles and Memorandum of Association and the charters of certain Board committees, provide the authority and practices for governance of the Company.

## 2. CORPORATE GOVERNANCE MISSION

The Company aspires to the highest standards of ethical conduct: doing what it says, reporting results with accuracy and transparency; and maintaining full compliance with the laws, rules and regulations that govern the Company's business.

Good governance is one of the Company's key doctrines. The Company is committed not only to meeting legal and regulatory governance requirements, but to having best-practice governance. The Company is, however, aware that good corporate governance is not an end, but that it facilitates the Company's capacity to define and achieve its purposes.

Corporate governance establishes how the shareholders, Board of Directors and management interact in determining the direction and performance of the Company. Good governance holds management accountable to the Board and the Board accountable to the owners and other stakeholders.

The Board of Directors shall provide central leadership to the Company, establish its objectives, and develop the strategies that direct the ongoing activities of the Company to achieve these objectives. Directors shall determine the future of the Company and shall protect its assets and reputation. They will consider how their decisions relate to stakeholders and the regulatory framework. Directors will apply skill and care in exercising their duties to the Company and are subject to fiduciary duties. Directors shall be accountable to the shareholders of the Company for the Company's performance and can be removed from the office by them.

The Company regards the guiding principles of good corporate governance to be:

- **Fairness:**
  Minority shareholders and other stakeholders are treated fairly, and their interests are considered.

- **Transparency:**
  Disclosure of information (financial, organizational, governance and related transactions) is adequate and timely for stakeholders to assess the performance of the organization.

- **Accountability:**
  Senior management is accountable to the Board of Directors for achieving plans and implementing approved policies that ensure the safeguarding of assets and the financial viability of the Company. In turn, the Board of Directors is accountable to the shareholders and other stakeholders.

- **Responsibility:**
  Clear lines of responsibility need to exist in terms of delegations of authority and which actions, or decisions require board approval or shareholder approval. Responsibility must be attributed to accountability for results.

## 3. BOARD OF DIRECTORS AND MANAGEMENT

The Board of Directors' primary responsibilities are to provide leadership to the Company, establish its objectives, and approve the strategies that direct the ongoing activities of the Company to achieve these objectives.

The Board will provide effective governance over the Company's affairs for the benefit of its shareholders, and balance the interests of its diverse constituencies, including its clients, employees, suppliers, and local communities. In all actions taken by the Board, the directors are expected to exercise their business judgment in what they reasonably believe to be the best interests of the Company. In discharging that obligation, directors may rely on the honesty and professional integrity of the Company's senior executives and its outside advisors and auditors.



Management is concerned with implementing the decisions taken by the Board through day-to-day operations. Too much involvement by the Board in management can undermine the Board's responsibility and management's accountability.

The Board's principal channel of communication to management shall be through the Chief Executive Officer (CEO), who shall have primary responsibility to the Board for implementing its decisions.

## 4. STRATEGIC PLANNING PROCESS

The Board will formulate and oversee the implementation of the Company's strategies and will review and approve the Company's strategic plan. In its strategy document, the Board will identify the significant risks that the Company faces in achieving its business objectives through its strategies. A high-level overview of the strategies will be communicated throughout the Company.

## 5. DIRECTOR SELECTION AND BOARD COMPOSITION

Good governance principles require independence, transparency, and flexibility. The Board acknowledges the importance of Board structure and seeks to recommend the following when implementing an effective governance structure in the Company.

## 6. CRITERIA FOR COMPOSITION OF THE BOARD

One of the Board's most important responsibilities is identifying, evaluating, and selecting candidates for the Board of Directors. The Board will seek members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors should have had experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated and be selected based upon the contributions they can make to the Board.

The factors to be considered by the Board in its review of potential candidates include:

- Whether the candidate has exhibited behaviour that indicates he or she is committed to the highest ethical standards and the values adhered to by the Company.
- Whether the candidate has had broad business, governmental, non-profit, or professional experience that indicates that the candidate will be able to make a significant and immediate contribution to the Board's discussion and decision-making in an array of complex issues.
- Whether the candidate has special skills, expertise and background that add to and complement the range of skills, expertise, and background of the existing directors.
- Whether the candidate has had a successful career demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make.
- Whether the candidate will effectively, consistently, and appropriately consider and balance the legitimate interests and concerns of all of the Company's shareholders and other stakeholders in reaching decisions.
- Whether the candidate will be able to devote sufficient time and energy to the performance of his or her duties as a director.

## 7. QUORUM OF THE BOARD

A meeting of the Board will not be valid unless attended by not less than half of the directors, including the chairperson or his/her deputy.

## 8. NUMBER OF DIRECTORS

A Board of Directors, consisting of not less than three and does not exceed twelve members to be elected by the ordinary General Assembly by a secret ballot.

# Corporate Governance (Contd.)

## 9. THE BOARD MEETING

The Board must hold four meetings during the fiscal year.

## 10. RETIREMENT FROM THE BOARD

Independent Directors may serve on the Board until the General Assembly of the Company.

## 11. LIMITS ON BOARD MEMBERSHIPS

Each person serving as director must devote the time and attention necessary to fulfil the obligations of a director. Key obligations include attendance at the Board and an adequate review of preparatory material. Directors are also expected to attend the General Assembly of the shareholders

Board members must obtain permission from the Board of Directors before accepting any other directorship.

## 12. INDEPENDENT DIRECTORS

The Board of Directors should include independent, non-executive members.

## 13. DETERMINATION OF DIRECTORS' INDEPENDENCE

The Company recognizes that independent directors and directors who are deemed not independent all make valuable contributions to the Board and to the Company by reason of their experience and judgment.

## 14. BOARD COMMITTEES

The standing committees of the Board are the Executive Committee and the Audit Committee. The Board shall appoint committee members after consultation with the individual directors.

Each Committee shall have its own written charter, which shall comply with the applicable corporate governance rules, and other applicable laws, rules, and regulations. The charters shall set forth the mission and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and reporting to the Board.

The Chair of each committee, in consultation with the committee members, shall determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee, shall develop the committee's agenda. At the beginning of the year, each committee shall establish a schedule of major topics to be discussed during the year (to the degree these can be foreseen). The agenda for each committee meeting shall be furnished to all committee members 3 working days in advance of the meeting.

The Board and each Committee shall have the power to hire independent legal, financial, or other advisors, as they may deem necessary to serve on the committee. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

The Board of Directors and committees appointed by the Board of Directors may meet and adjourn as they think proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present. In case of an equality of votes, the Chairman shall not have a second or casting vote and the matter will be referred to the full Board.



## 15. BOARD OPERATIONS

### 15.1 Position of Chairman
The role of Chairman and Chief Executive will not be exercised by the same person.

### 15.2 Role of the Chairman
The Chairman of the Company is expected to fulfil the following responsibilities:
- Ensure that the Board provides leadership and vision to the Company;
- Ensure that the Board is participating in setting the aims, strategies, and policies of the Company;
- Ensure that there is adequate monitoring of the pursuit and attainment of the goals and aims of the Company;
- Direct the Board discussions to effectively use time to address the critical issues facing the Company;
- Ensure that directors are enabled and encouraged to play their due role in the meetings;
- Ensure that directors have adequate opportunities to express their views;
- Ensure that directors are provided with sufficient and timely information;
- Ensure that minutes properly reflect decisions; and
- Uphold this Corporate Governance Charter.

The Board shall select the Chairman for a three-year period on the basis of the person's competence, achievements and record as a leader. The Chairman shall not be entitled to vote or participate in the deliberations on any matter in which he/she has a personal interest, or be counted in the quorum.

The Chairman also has an important responsibility to establish a healthy working relationship between the Board and the CEO. To facilitate this relationship, it is expected that the Chairman, as well as the chairmen of the committees, will:
- Be the major point of contact between the Board and the CEO;
- Be kept fully informed of key issues by the CEO on all matters which may be of interest to directors;
- Regularly review, with the CEO, progress on important initiatives and significant issues facing the Company;
- Provide mentoring for the CEO;and
- Participate in the CEO evaluation process.

### 15.3 Attendance at Meetings
Directors are expected to attend the Company's General Assembly, Board meetings and meetings of committees and subcommittees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and materials that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should be distributed to the directors prior to the meeting, to provide time for review. The Chairman should establish a calendar of standard agenda items to be discussed at each meeting scheduled to be held over the course of the ensuing year and shall also establish the agenda for each Board meeting. Each Board member is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting, subject to the provisions of the memorandum and articles covering Board of Directors' meetings.

Board members are required to step down if they fail to attend four consecutive meetings of the Board without approval by the Board through a resolution.

### 15.4 Conduct of Meeting
The Chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. The following general rules will apply:

15.4.1 The Chairman will ensure that all members are heard;
15.4.1.1 The Chairman will retain sufficient control to ensure that the authority of the Chair is recognized so that a degree of formality can be reintroduced when it is required to make progress;
15.4.2 The Chairman will ensure that decisions are properly understood and well recorded; and
15.4.2.1 The Chairman will ensure that the decisions and debate are completed with a reasonably formal resolution recording the conclusions reached.

# Corporate Governance (Contd.)

**15.5 Code of Conduct for Directors**
The directors have adopted the following Code of Conduct in respect of their behaviour:

- To uphold the best interest of the Company and its stakeholders and to act with integrity and in good faith, with due diligence and care;
- To act only within the scope of their responsibilities;
- To have a proper understanding of the affairs of the Company and to devote sufficient time to their responsibilities;
- To keep Board discussions and deliberations confidential;
- Not to make improper use of information gained through the position as a director;
- Not to take improper advantage of the position of director;
- To ensure his personal financial affairs will never cast doubt on the integrity of the Company;
- To maintain sufficient detailed knowledge of the Company's business and performance to make informed decisions;
- To be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- Not to agree to the business of the Company being carried out or cause or allow the business to be carried on in a manner likely to create a substantial risk of serious loss to the Company's creditors;
- Not to agree to the Company incurring an obligation unless he/she believes at the time, on reasonable grounds, that the Company will be able to perform the obligations when it is required to do so;
- To treat fairly and with respect all of the Company's employees and customers with whom they interact;
- Not to enter into competition with the Company;
- Not demand or accept substantial gifts ($ 500 value) from the Company for himself or his associates, without the prior approval of the Chairman;
- Not take advantage of business opportunities to which the Company is entitled for himself or his associates;
- To report to the Board any potential conflict of interest; and
- To absent themselves from any discussions or decision-making that involves a subject in which the are incapable of providing objective advice or which involves a subject or proposed conflict of interest.

The Board must independently assess and question the policies, processes, and procedures of the Company, with the intent to identify and initiate management action on issues requiring improvement.

**15.6 The Company's Code of Conduct**
The Company will adopt a Code of Conduct and other internal policies and guidelines designed to support the corporate governance mission statement set forth above and to comply with the laws, rules and regulations that govern the Company's business operations, including any decisions and guidance of the Sharia Supervisory Board. The Code of Conduct will apply to all employees of the Company and its subsidiaries, as well as to directors, temporary workers and other independent contractors and consultants when engaged by or otherwise representing the Company and its interests.

The Audit Committee shall monitor compliance with the Code of Conduct and other internal policies and guidelines.

**15.7 Director Appointment and Succession Planning**
The Board of Directors must periodically assess its composition and size and, where appropriate, reconstitute itself and its committees by selecting new Directors to replace long-standing members or those members whose contribution to the Company or its committees is not adequate.

**15.8 Functions and Responsibilities**
In its strategy review process, the Board must;
15.8.1 Review the Company's business plans and the inherent level of risk in these plans;
15.8.2 Assess the adequacy of capital to support the business risks of the Company;
15.8.3 Set performance objectives;
15.8.4 Review the performance of executive management; and
15.8.5 Oversee major capital expenditures, divestitures, and acquisitions.



## 16. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Company shall provide an orientation program for new directors which shall include presentations by the CEO on the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its operations, its Code of Conduct, its management structure and executive officers and its internal and external auditors. The Company shall also make available continuing education programs for all members of the Board. All directors are invited to participate in the orientation and continuing education programs.

## 17. POLICIES TO PROHIBIT CONFLICTS OF INTEREST

17.1 The Board will ensure that policies are in place that prohibits potential conflicts of interest in cases such as:

- Related party transactions;
- Potential misuse of corporate assets; and
- Possible use of privileged information for personal advantage.

17.2 The Board must establish and disseminate to its members and management policies and procedures for the identification, reporting, disclosure, prevention, or strict limitation of potential conflicts of interest. A Board member must:
17.2.1 Not enter into competition with the Company;
17.2.2 Not demand or accept substantial gifts from the Company for himself or his associates;
17.2.3 Not misuse the Company's assets;
17.2.4 Not use company privileged information or take advantage of business opportunities to which the company is entitled for himself or his associates;
17.2.5 Declare in writing all their interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of a company, a manager, or other form of significant participation) to the Board of Directors on an annual basis.
17.2.6 Absent themselves from any discussions or decision-making that involves a subject where they are incapable of providing objective advice or which involves a subject or (proposed) transaction where a conflict of interest exists.

17.3 A member of the Board or any manager shall not have any interest whether directly or indirectly in transactions or contracts made for the account of the Company, except with an authorization of the General Assembly.

A director shall declare to the Board any personal interest, whether direct or indirect, he may have in matters brought before the Board. This declaration shall be recorded in the minutes and the interested director shall not participate in the debates or voting on the resolutions to be adopted in this respect.

17.4 The Chairman of the Board shall communicate to the General Assembly, when it is convened, the result with respect to the transactions and contracts in which any director has a personal interest. Such communication shall be accompanied by a special report from the auditor and the Company shall disclose such transactions in its financial statements.

17.5 Violation of such restrictions shall result in claiming compensation from the member for the damages caused to the Company. The said provision shall not apply to ordinary transactions that the company enters into with its customers and those made by way of public bidding shall, however, be exempted from this restraint if the member has submitted the best offer.

# Corporate Governance (Contd.)

### 18. BOARD'S RESPONSIBILITY FOR DISCLOSURE

The Board shall oversee the process of disclosure and communications with external stakeholders. The Board shall ensure that disclosures made by the Company are fair, transparent, comprehensive and timely and reflect the character of the Company and the nature, complexity and risks inherent in the Company's business activities.

### 19. ANNUAL REVIEW OF INTERNAL CORPORATE GOVERNANCE

The Board shall assess and document, on an annual basis, whether the corporate governance processes that it has implemented have successfully achieved their objectives and consequently confirm whether the Board itself is fulfilling its own responsibilities. The Board shall also identify any material deficiencies and problems and draw up action plans and timetables for their correction. The Board should also obtain an independent third-party assessment of their corporate governance processes to ensure compliance with national laws and regulations.

### 20. AMENDMENTS

The Board may amend this Corporate Governance Charter, or grant waivers in exceptional circumstances, provided that any such modification or waiver may not be a violation of any applicable



Standing in ceremonial uniform is a guard pictured within on of the top end villas at the new Raffles Resort, Areen.

07

Audited Accounts covering the detail of Infracorp's Y2 operational performance





# Financial Statements

## Independent Auditors' Report

# To the Shareholders

Infracorp B.S.C (c), Manama, Kingdom of Bahrain.
(Formerly known as INFRACORP WLL and prior to that as GFH properties WLL in 2021)

**Opinion**
We have audited the accompanying consolidated financial statements of Infracorp BSC (c) (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

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

**Other Information**
The board of directors is responsible for the other information. The other information obtained at the date of this auditors' report is the report of the board of directors set out on pages 1-2.

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

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

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

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

**Auditors' Responsibilities for the Audit of the 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 auditors' 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:

a) 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.
b) 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.
c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
d) Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
e) 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.
f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**Report on Other Regulatory Requirements**
As required by the Commercial Companies Law, we report that:
- the Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith;
- the financial information contained in the report of the board of directors is consistent with the consolidated financial statements;
- we are not aware of any violations during the year of the Commercial Companies Law or the terms of the Company's Memorandum and Articles of Association that would have had a material adverse effect on the business of the Company or on its consolidated financial position; and
- satisfactory explanations and information have been provided to us by management in response to all our requests.

As required by the Ministry of Industry, Commerce and Tourism in their letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:
- a corporate governance officer; and
- a Board approved written guidance and procedures for corporate governance.

**KPMG Fakhro**
Partner registration number 137
28 February 2024

## Consolidated Statement of
# Financial Position

as at 31 December 2023

USD 000's

| | Notes | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 55,270 | 60,100 |
| Right-of-use asset | | 7,274 | 7,640 |
| Investment property | 6 | 192,043 | 189,585 |
| Investment securities | 7 | 102,777 | 95,172 |
| Equity-accounted investees | | 21,563 | 29,777 |
| Deferred tax asset | | 233 | 170 |
| **Total non-current assets** | | **379,160** | 382,444 |
| **Current assets** | | | |
| Inventories | | 5,706 | 6,113 |
| Development properties | 9 | 893,203 | 934,671 |
| Due from related parties | 21 | 103,322 | 92,798 |
| Other assets | 11 | 38,166 | 49,280 |
| Trade receivables | 10 | 125,703 | 60,495 |
| Cash and bank balances | 8 | 107,188 | 100,883 |
| **Total current assets** | | **1,273,288** | 1,244,240 |
| **Total assets** | | **1,652,448** | 1,626,684 |
| **EQUITY** | | | |
| Share capital | 12 | 102,525 | 102,525 |
| Share premium | | 96,834 | 96,834 |
| Subordinated perpetual mudaraba | 13 | 900,000 | 900,000 |
| Statutory reserve | | 7,847 | 3,300 |
| Fair value reserve | | (1,368) | (1,803) |
| Foreign currency translation reserve | | (29,494) | (34,149) |
| Retained earnings | | 12,540 | 10,905 |
| **Total equity, before non-controlling interests** | | **1,088,884** | 1,077,612 |
| Non-controlling interests | 14 | 153,840 | 161,178 |
| **Total equity** | | **1,242,724** | 1,238,790 |



USD 000's

| | Notes | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings from banks | 16 | 14,445 | 11,763 |
| Trade and other payables | 15 | 10,408 | 8,915 |
| Lease liability | | 8,147 | 8,301 |
| **Total non-current liabilities** | | **33,000** | 28,979 |
| **Current liabilities** | | | |
| Borrowings from banks | 16 | 31,877 | 60,962 |
| Due to related parties | 21 | 195,983 | 170,479 |
| Trade and other payables | 15 | 148,679 | 127,295 |
| Lease liability | | 185 | 179 |
| **Total current liabilities** | | **376,724** | 358,915 |
| **Total Liabilities** | | **409,724** | 387,894 |
| **Total equity and liabilities** | | **1,652,448** | 1,626,684 |

The Board of Directors approved the consolidated financial statements on 19 February 2024 and signed on its behalf by:

**Hesham Ahmed Alrayes**
Chairman

**Majed Abdulla Al Khan**
Board Member & CEO

The accompanying notes 1 to 27 form an integral part of the consolidated financial statements.

# Consolidated Statement of
# Profit or Loss

for the year ended 31 December 2023

USD 000's

| | Notes | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| **Income** | | | |
| Development and management income | 17 (i) | 163,535 | 101,838 |
| Operational income | 17 (ii) | 14,872 | 18,008 |
| Investment and other income | 17 (iii) | 10,883 | 8,784 |
| **Total income** | | **189,290** | 128,630 |
| | | | |
| **Expenses** | | | |
| Direct cost of materials | 18 | 102,443 | 75,068 |
| Staff cost | 19 | 10,154 | 8,777 |
| Finance expenses | | 1,609 | 3,028 |
| Other operating expenses | 20 | 35,003 | 8,585 |
| **Total expenses** | | **149,209** | 95,458 |
| **Profit before tax** | | **40,081** | 33,172 |
| Income tax credit /(expense) | | **63** | – |
| **Profit for the year** | | **40,144** | 33,172 |
| | | | |
| **Profit attributable to** | | | |
| Equity holders of the Company | | 45,466 | 33,004 |
| Non-controlling | | (5,322) | 168 |
| | | **40,144** | 33,172 |

The accompanying notes 1 to 27 form an integral part of the consolidated financial statements.



# Consolidated Statement of
# Other Comprehensive Income

for the year ended 31 December 2022

USD 000's

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Profit for the year | **40,144** | 33,172 |
| | | |
| **Other comprehensive income** | | |
| Item that are or may be reclassified subsequently to profit or loss | | |
| Foreign currency translation differences | 4,772 | (41,632) |
| Debt investments at FVOCI – fair value change | 435 | (1,803) |
| **Other comprehensive income** | 5,207 | (43,435) |
| **Total comprehensive income for the year** | **45,351** | (10,263) |
| | | |
| **Total comprehensive income attributable to** | | |
| Equity holders of the Company | 50,556 | (2,948) |
| Non-controlling interests | (5,205) | (7,315) |
| | **45,351** | (10,263) |

The accompanying notes 1 to 27 form an integral part of the consolidated financial statements.

## Consolidated Statement of

# Changes in Equity

for the year ended 31 December 2023

USD 000's

| 31 December 2023 | Attributable to equity holders of the Group | | | | | | | | Non– controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Share Capital** | **Share Premium** | **Statutory Reserve** | **Fair Value Reserve** | **Foreign currency translation** | **Retained earnings** | **Subordinated perpetual mudaraba** | **Total** | | |
| Balance at 1 January 2023 | 102,525 | 96,834 | 3,300 | (1,803) | (34,149) | 10,905 | 900,000 | **1,077,612** | 161,178 | **1,238,790** |
| **Comprehensive income for the year** | | | | | | | | | | |
| Profit for the year | – | – | – | – | – | 45,466 | – | **45,466** | (5,322) | **40,144** |
| **Other comprehensive income** | | | | | | | | | | |
| Foreign currency translation movement | – | – | – | 4,655 | – | – | – | **4,655** | 117 | **4,772** |
| Fair value movement | – | – | – | 435 | – | – | – | **435** | – | **435** |
| **Total other comprehensive income** | **–** | **–** | **–** | **435** | **4,655** | **–** | **–** | **50,556** | **(5,205)** | **45,351** |
| Transfer to statutory reserve | – | – | 4,547 | – | – | (4,547) | – | **–** | – | **–** |
| NCI arising from acquisition of business (note 22) | – | – | – | – | – | – | – | **–** | 16,288 | **16,288** |
| Acquisition of NCI without change in control | – | – | – | – | – | (3,284) | – | **(3,284)** | (18,421) | **(21,705)** |
| Payment of coupon on Subordinated Perpetual Mudaraba | – | – | – | – | – | (36,000) | – | **(36,000)** | – | **(36,000)** |
| **Balance at 31 December 2023** | **102,525** | **96,834** | **7,847** | **(1,368)** | **(29,494)** | **12,540** | **900,000** | **1,088,884** | **153,840** | **1,242,724** |

| 31 December 2022 | Attributable to equity holders of the Group | | | | | | | | Non– controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share Capital | Share Premium | Statutory Reserve | Fair Value Reserve | Foreign Currency translation reserve | (Accumulated losses) / retained earnings | Subordinated perpetual mudaraba | Total | | |
| Balance at 1 January 2022 | 102,525 | 100,002 | – | – | – | (799) | – | 201,728 | – | 201,728 |
| Comprehensive income for the year | | | | | | | – | | | |
| Profit for the year | – | – | – | – | – | 33,004 | – | 33,004 | 168 | 33,172 |
| Other comprehensive income<br>Foreign currency translation movement | – | – | – | – | (34,149) | – | – | (34,149) | (7,483) | (41,632) |
| Fair value movement | – | – | – | (1,803) | – | – | – | (1,803) | – | (1,803) |
| Total other comprehensive income | – | – | – | (1,803) | (34,149) | – | – | (2,948) | (7,315) | (10,263) |
| Transfer to statutory reserve | – | – | 3,300 | – | – | (3,300) | – | – | – | – |
| Subordinated perpetual mudaraba | – | – | – | – | – | – | 900,000 | 900,000 | – | 900,000 |
| NCI arising from acquisition of business | – | – | – | – | – | – | – | – | 171,344 | 171,344 |
| Acquisition of NCI without change in control | – | – | – | – | – | – | – | – | (2,851) | (2,851) |
| Transaction cost relating to issuance of Subordinated perpetual mudaraba | – | (3,168) | – | – | – | – | – | (3,168) | – | (3,168) |
| Payment of coupon on subordinated perpetual mudaraba | – | – | – | – | – | (18,000) | – | (18,000) | – | (18,000) |
| Balance at 31 December 2022 | 102,525 | 96,834 | 3,300 | (1,803) | (34,149) | 10,905 | 900,000 | 1,077,612 | 161,178 | 1,238,790 |

The accompanying notes 1 to 27 form an integral part of the consolidated financial statements.

# Consolidated Statement of Cash Flows

for the year ended 31 December 2023

USD 000's

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Profit for the year | 40,144 | 33,172 |
| *Adjustments for:* | | |
| Finance income | (3,623) | (3,130) |
| Depreciation on property, plant and equipment | 4,835 | 2,915 |
| Depreciation on investment property | 1,578 | 1,487 |
| Depreciation on right of use assets | 366 | 97 |
| Share of loss from equity accounted investee | 169 | 48 |
| Income from asset swaps/ sale of securities | (4,136) | (4,398) |
| Income from investment securities | 70 | (780) |
| Liabilities no longer required written back | – | (2,653) |
| | **39,403** | 26,758 |
| | | |
| **Changes in operating assets and liabilities:** | | |
| Development properties | 58,265 | 17,960 |
| Bank balances - escrow accounts | (10,751) | (26,289) |
| Trade receivables | (65,208) | 71,071 |
| Inventory | 407 | 654 |
| Due from related parties | (10,524) | (18,040) |
| Payables and other liabilities | 22,813 | (170,273) |
| Due to related parties | 25,504 | 170,479 |
| Other assets | (1,386) | (71,256) |
| **Net cash from operating activities** | **58,523** | 1,064 |
| | | |
| **INVESTING ACTIVITIES** | | |
| Acquisition of property, plant and equipment , net | (5) | (808) |
| Acquisition of Investment property, net | (30,821) | (2,009) |
| Cash acquired from acquisition ,net | – | 78,577 |
| Bank balance – call mudaraba account | 15,308 | – |
| Sale of Investment securities | – | 780 |
| Finance income received | 3,623 | 3,130 |
| Placements – original maturity more than three months | – | (60,308) |
| Net cash (used in) / from investing activities | (11,895) | 19,362 |



USD 000's

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **FINANCING ACTIVITIES** | | |
| Coupon on subordinated perpetual mudaraba | (36,000) | (18,000) |
| Additions / (repayment of) borrowings from banks, net | 382 | (11,659) |
| (Payment of) / additions to lease liability, net | (148) | 950 |
| **Net cash used in financing activities** | **(35,766)** | (28,709) |
| | | |
| **Net increase / (decrease) in cash and cash equivalents** | 10,862 | (8,283) |
| Cash and cash equivalents at beginning of the year | 14,286 | 22,569 |
| **Cash and cash equivalents at year end (Note 8)** | **25,148** | 14,286 |

The accompanying notes 1 to 27 form an integral part of the consolidated financial statements.

# Notes to the Consolidated Financial Statements

for the year ended 31 December 2023

## 1. REPORTING ENTITY

INFRACORP B.S.C (c) (the "Company") is a closely held Bahraini shareholding company incorporated in the Kingdom of Bahrain under commercial registration number 75109-1, on 23 May 2010. The registered address of the Company is Shop 11, Building 1436, Road 4626, Block 346, Manama / Sea Front, Bahrain. The Company is principally engaged in business of real estate and infrastructure development, asset management, investment and product development, fund raising and sourcing opportunities and development rights of infrastructure assets.

The issued and paid-up share capital of the Company as at 31 December 2023 is USD 102,525,000 divided into 102,525,000 shares each with a nominal value of USD 1 per share. The shareholders of the Company as at the reporting date were as follows:

| | Shareholding | |
|---|---|---|
| **Name of shareholder** | **31 December 2023** | 31 December 2022 |
| GFH Financial Group BSC (GFH) | 39% | 39% |
| Nash'at Farhan Awad Sahawneh | 47.5% | 47.5% |
| Other shareholders | 13.5% | 13.5% |
| | **100.00%** | 100.00% |

### Comparatives

The financial statements presented reflect the financial position, results of operations, and cash flows of the Group for the year ended 31 December 2023. However, it is important to note that the reported numbers are not directly comparable to the prior year due to significant acquisitions completed during the year. These acquisitions have resulted in changes to the Group's operational results, assets, liabilities, and cash flows, making the corresponding figures not fully comparable to the current period amounts.



The consolidated financial statements for the year ended 31 December 2023 comprise the financial statements of the Company and its subsidiaries (together referred to as "the Group"). The following are the subsidiaries consolidated in the consolidated financial statements.

| Investee name | Country | Effective ownership interests as at 31 December 2023 | Effective ownership interests as at 31 December 2022 | Activities |
|---|---|---|---|---|
| Harbour Row 2 Real Estate W.L.L. | Kingdom of Bahrain | 100% | 100% | Development, sale and management of real estate assets in Bahrain Financial Harbour |
| Harbour Row 3 Real Estate W.L.L. | Kingdom of Bahrain | 100% | 100% | Development, sale and management of real estate assets in Bahrain Financial Harbour |
| Falcon Cement Company BSC (c) ("FCC") | Kingdom of Bahrain | 51.72% | 51.72% | Manufacturing and packaging of cement |
| N.S.12 W.L.L. ("N.S. 12") | Kingdom of Bahrain | 79.69% | 79.69% | Mixed-use development and sale of real estate assets |
| Bahrain Harbour Marines W.L.L. | Kingdom of Bahrain | 100% | 100% | Operation of recreational water transportation facilities |
| Bahrain Harbour Events W.L.L. | Kingdom of Bahrain | 100% | 100% | Organization of conventions, events, and trade shows |
| LS Real Estate Company W.L.L. | Kingdom of Bahrain | 60% | – | Leasing of properties |
| Energy City Navi Mumbai Investment Company & Mumbai IT & Telecom Technology Investment Company (together "India Projects") | Cayman Islands | 78.66% | 78.66% | Owning land banks for mixed-used development projects in India, Morocco, and Tunisia |
| Tunis Bay Investment Company ("TBIC") | Cayman Islands | 86.22% | 82.97% | Owning land banks for mixed-used development projects in India, Morocco, and Tunisia |
| Morocco Gateway Investment Company ("MGIC") | Cayman Islands | 90.27% | 90.27% | Owning land banks for mixed-used development projects in India, Morocco, and Tunisia |
| US Data Center Portfolio ("US Data") | Cayman Islands | 85.90% | 59.18% | Portfolio of data center facilities located in high technology business parks in Virginia, USA |
| GFH Real Estate LLC | United Arab Emirates | 100% | 100% | Portfolio of data center facilities located in high technology business parks in Virginia, USA |

The Company has other investment holding companies, SPV's and subsidiaries, which are set up to supplement the activities of the Company and its principal subsidiaries.

## Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

### 2. BASIS OF PREPARATION

**a) Statement of compliance**
These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in conformity with the Commercial Companies Law.

**b) Functional and presentation currency**
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in United States Dollar ("USD"), which is the Company's functional and presentation currency.

**c) New standards, amendments and interpretations effective as of 1 January 2023**
There are no new standards and interpretations for financial year beginning on or after 1 January 2023 that would be expected to have a material impact on the consolidated financial statements.

**d) New standards and amendments issued but not yet effective**
A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however; the Group does not expect the new or amended standards to have significant impact on its financial statements.

**e) Basis of measurement and presentation**
The financial statements are measured under the historical cost convention except for investment securities which are carried at fair value. The below paragraphs and tables describe the Group's significant lines of business and sources of revenue they are associated with.

Activities:
The Group's primary activities include:
a) to undertake targeted development and sale of infrastructure and real estate projects for enhanced returns and managing real-estate projects and properties for third parties.
b) to engage in manufacturing and real estate operations for rental yields and
c) to manage its liquid assets and investments in securities with the objective of earning higher returns from capital and money market opportunities.



Segments:
To undertake the above activities, the Group has organized itself in the following units:

| | |
|---|---|
| Development and management | This business unit is primarily involved in development and sale of infrastructure and real estate projects/ assets and managing real-estate projects and properties for third parties. |
| Operational | This business unit represents the Group's involvement in operational business- like manufacturing units and rental income yields from the real estate assets. |
| Investment | Sale of assets (without development), treasury and investment income generated from the Group's liquid and strategic investments and management of its surplus liquidity. |

Sources of revenue:
The Group primarily earns its revenue from the following sources and presents its statement of profit or loss and other comprehensive income accordingly:

| Activity/Source | Products | Types of revenue |
|---|---|---|
| Development and management | - Development and sale of infrastructure and real estate projects. | Development and sale income, from development and sale of real estate projects of the Group. |
| | - Managing real-estate projects and properties for third parties. | Fee based income, management fees, performance fee, acquisition fee and exit fee which are contractual in nature. |
| Operational | - Revenue generated from manufacturing operations. | Sale of units manufactured and its associated products. |
| | - Holdings of real estate for rental yields. | Rental and operating income, from rental and other ancillary income from investment in real estate |
| Investment | - Income from sale of assets (without development).<br>- Income generated from the Group's strategic investments and surplus liquidity. | Includes dividends, gain / (loss) on sale and remeasurement of investment securities, real estate assets (includes income from swap of real estate assets in settlement or structured acquisition deals) and share of profit or (loss) of equity accounted investees. |
| | - Finance income from normal operational funds. | Financing income, fees and other investment income. |

Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

## 3. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these consolidated financial statements are set below. The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

### (a) Basis of consolidation

#### i) Business combinations

Business combinations prior to the relevant reporting periods have been accounted for on a 'carryover accounting basis', using book values recognized by the parent under whose common control all entities were operating prior to the reorganization.

Business combinations during the relevant reporting periods (after the beginning of the earliest period presented) are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:
the fair value of the consideration transferred; plus

- the recognized amount of any non-controlling interest in the acquiree; plus
- if the business combination achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.
- When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statement of profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in the consolidated statement of profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit or loss.

#### ii) Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control commences until when control ceases.

#### (iii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.
If less than 100% of a subsidiary is acquired, then the Group elects on a transaction by transaction basis to measure non-controlling interests either at:

- Fair value at the date of acquisition, which means that goodwill, or the gain on a bargain purchase, includes a portion attributable to ordinary non-controlling interests; or
- the holders' proportionate interest in the recognized amount of the identifiable net assets of the acquiree, which means that goodwill recognized, or the gain on a bargain purchase, relates only to the controlling interest acquired.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### iv) Loss of control

When the Group losses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity. Any surplus or deficit arising on the loss of control is recognised in consolidated statement of profit and loss. Any interest retained in the former subsidiary, is measured at fair value when control is lost. Subsequently it is accounted for as an equity accounted investee or in accordance with the Group's accounting policy for investment securities depending on the level of influence retained.

#### (v) Equity accounted investees

This comprises investment in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, where the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and Joint ventures are accounted for under equity method. These are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investees after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investees arising from changes in the investee's equity. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity accounted investees. Equity accounting is discontinued when an associate is classified as held for sale.

#### (vi) Transactions eliminated on consolidation and equity accounting

Intragroup balances and transactions, and any unrealised income and expenses (except for foreign currency translation gains or losses) from intragroup transactions with subsidiaries are eliminated in preparing the consolidated historical financial statements. Intragroup gains on transactions between the Group and its equity accounted investees are eliminated to the extent of the Group's interest in the investees. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiaries and equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (b) Foreign currency transactions

#### (i) Functional and presentation currency

Items included in the consolidated historical financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated historical financial statements are presented in US dollars, which is the Group's functional and presentation currency.

#### (ii) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at the reporting date. Nonmonetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Translation differences on nonmonetary items carried at their fair value, such as certain equity securities measured at fair value through equity, are included in investments fair value reserve.

#### (iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated into US$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated into US$ at the exchange rates at the date of the transactions. Foreign currency differences are accumulated into foreign currency translation reserve in owners' equity, except to the extent the translation difference is allocated to NCI. When foreign operation is disposed of in its entirety such that control is lost, cumulative amount in the translation reserve is reclassified to consolidated statement of profit or loss as part of the gain or loss on disposal.

Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

## 3. MATERIAL ACCOUNTING POLICIES (Contd.)

### (c) Financial instruments

**Investment securities**

Investment securities currently comprise equity type and debt type instruments but exclude investment in subsidiaries and equity accounted investees.

(i) Recognition and initial measurement

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt security; FVOCI - equity security; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on a security-by-security basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets - Business model assessment*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Group's management.
- the risks that affect the performance of the business model (and the financial assets held within hat business model) and how those risks are managed.
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets - Subsequent measurement and gains and losses*

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses arising from changes in fair value including any interest or dividend income, are recognized in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| Debt securities at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI under Fair value reserve as part of equity. On derecognition, gains and losses accumulated in Fair value reserve are reclassified to profit or loss from equity. |
| Equity securities at FVOCI | These assets are subsequently measured at fair value. Gains and losses are recognized in OCI and are never reclassified to profit or loss. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. |

*Financial liabilities - Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2023

**3. MATERIAL ACCOUNTING POLICIES (Contd.)**

**(c) Financial instruments (Contd.)**

**Investment securities**

(iii) Derecognition

*Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

*Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

(v) Impairment of financial assets

*Non-derivative financial assets*

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, mainly trade receivables and bank balances.

The Group measures loss allowances on trade receivables at an amount equal to lifetime ECLs ("Simplified approach").

Loss allowances on bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECLs ("General approach").

When determining whether the credit risk of a financial asset has increased significantly since initial recognition when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset to be in default when:
- The customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the trade receivables is more than 90 days past due from the invoice date.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of the financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

*Measurement of expected credit loss (ECLs) - Trade receivables (simplified approach):*

Loss rates are calculated using a 'roll rate (Net-flow)' method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. Recovery from the loss bucket is also considered for computing the historical loss rates. Roll rates are calculated separately for exposures based on the customer's common credit risk characteristics.

Loss rates are based on actual credit loss experience over the past five years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The forward-looking adjustment of the loss rates is based on a qualitative score card which factors the management's view on the future economic and business conditions.

*Measurement of ECLs - Cash and cash equivalents (General approach)*

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

**(d) Cash and cash equivalents**

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and placements with financial institutions with original maturities of three months or less when acquired that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Bank balances that are restricted and not available for day-to-day operations of the Group (if any), are not included in cash and cash equivalents.

**(e) Investment property**

Investment property comprise land plots and buildings. Investment property is property held to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes. Investment property is measured initially at cost, including directly attributable expenses. Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and accumulated impairment allowances (if any). Land is not depreciated and building is depreciated over a period of 25 to 35 years.

A property is transferred to investment property when, there is change in use, evidenced by:
- end of owner occupation, for a transfer from owner occupied property to investment property; or
- commencement of an operating Ijara to another party, for a transfer from a development property to investment property.

Further, an investment property is transferred to development property when, there is a change in use, evidenced by:
- commencement of own use, for a transfer from investment property to owner occupied property; or
- commencement of development with a view to sale, for a transfer from investment in real estate to development property.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income in the year in which the property is derecognized.

**(f) Development properties**

Development properties are properties held for sale or development and sale in the ordinary course of business. Development properties are measured at the lower of cost or net realisable value.

**(g) Inventories**

Inventories represent raw materials and manufactured goods from the cement business and are carried at the lower of cost or net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Cost of materials is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Cost of manufactured products includes the purchase cost of raw materials, labour, and an appropriate portion of production overheads.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2023

## 3. MATERIAL ACCOUNTING POLICIES (Contd.)

### (h) Property plant and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projection if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated to write off the cost of items of property, plant, and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the consolidated statement of profit or loss and other comprehensive income.
The estimated useful lives of property and equipment of the industrial business assets are as follows:

| | |
|---|---|
| Plant and Machinery | 40 years |
| Computers | 3 – 5 years |
| Furniture and fixtures | 5 – 8 years |
| Motor vehicles | 4 – 5 years |
| Office equipment | 5 years |

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts, being the higher of the fair value less costs to sell and their value in use.

Subsequent expenditure
Subsequent costs are included in the assets carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.
An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the consolidated statement of profit or loss and other comprehensive income in the year of derecognition.

The assets' residual values, useful lives and methods of depreciation are reviewed annually and adjusted prospectively if appropriate.

Impairment of non financial assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets (Property, plant and equipment, but not inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised

### (i) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.



### (j) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised to the extent that it is probable that future economic benefits associated with the item of revenue will flow to the Group, the revenue can be measured with reliability and specific criteria have been met for each of the Group's activities as described below:

(i) Development and management income
*Development and sale of infrastructure and real estate projects*
The Group satisfies a performance obligation and recognises revenue for sale of properties under construction over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The revenue is measured at the fair value of the consideration received or receivables as per the contract with a customer. Revenue is recognized over time based on contract costs incurred to date as a percentage of total forecast cost. The related costs are recognized in profit or loss when they are incurred. Advances received are included in "contract assets/liabilities".

Sale of land is recognised at point of time when the customer obtains control over the land which is usually at the time of execution of sale and purchase agreements at which point customers are entitled to all benefits and risks in relation to the land.

*Management fees*
The Group provides development and property management services. Management fee related income is recognised when the service is provided, and income is earned. This is usually when the Group has performed all significant acts in relation to a transaction and it is highly probable that the economic benefits from the transaction will flow to the Group. Significant acts in relation to a transaction are determined based on the terms agreed in the contracts for each transaction. The assessment of whether economic benefits from a transaction will flow to the Group is determined when legally binding commitments have been obtained from underwriters and external investors for a substantial investment in the transaction.

(ii) Operational Income
*Revenue generated from manufacturing operations*
Revenue from sale of products is recognised at a point in time when customer obtains control over goods Customer obtains control when the goods are delivered and have been accepted by customers at their premises.

*Rental income*
Revenue from rendering of services is recognised when services are rendered over time.

(iii) Investment Income
Interest income/expenses are recognised using the effective profit rate of the financial asset / liability.
Dividend income from investment securities is recognised when the right to receive the dividend is established. This is usually the ex-dividend date for equity securities.

Income from debt type instruments are recognised on a time-apportioned basis over the year of the contract using the effective profit method.

### (k) Expenses recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen and can be measured reliably. An expense is recognized immediately in profit or loss when an expenditure produces no future economic benefits, or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the statement of financial position as an asset, such as in the case of asset impairments.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2023

## 3. MATERIAL ACCOUNTING POLICIES (Contd.)

### (l) Employees benefits

Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Post-employment benefits

Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organisation scheme, to which employees and employers contribute monthly on a fixed percentage of salaries basis. Contributions by the Group are recognised as an expense in statement of profit or loss when they are due.

Expatriate and certain Bahraini employees on fixed contracts are entitled to leaving indemnities payable, based on length of service and final remuneration. Provision for this unfunded commitment, has been made by calculating the notional liability had all employees left at the reporting date. Increase or decrease in the benefit obligation is recognised in the statement of profit or loss.

### (m) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

### (n) Income tax

The Group is exposed to taxation by virtue of operations of subsidiaries in Morocco, Tunisia, United States of America and India. Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.
Currently, the Group does not have any material current or deferred tax exposure that requires recognition in the statement of profit or loss.

### (o) Leases

At the inception of the contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for the year of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset, this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision- making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.



#### i) As a lessee

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component.

Measurement

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right- of-use asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payment made at or before the commencement date, less any lease incentives received;
- any initial direct cost incurred by the lessee; and
- estimated cost to dismantle and to remove the underlying asset, or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined based on the lease term. Lease liability is measured as the present value of the future lease payments that are not paid at the commencement date. The lease payments are discounted based on the Group's incremental borrowing rate. Lease liability comprises the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

## 3. MATERIAL ACCOUNTING POLICIES (Contd.)

**(o) Leases (Contd.)**
**ii) As a lessor (Contd.)**
The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'revenue'.

**(p) Other equity instruments – Subordinated Perpetual Mudaraba**
The Group classifies instruments issued as financial liability or equity in accordance with the substance of the contractual terms of the instrument. The Group's other equity instruments have no contractual maturity and are not redeemable by the holder and bear an entitlement to coupons at the sole discretion of the board of directors. Accordingly, they are presented within other equity since the Group has no contractual obligation for a repayment of these instruments. Based on the Group's assessment of the terms of the instrument, the coupon payments meet the definition of dividends and are also recognized as a distribution within equity. Incremental costs that are directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instrument.

**(q) Statutory reserve**
In accordance with Commercial Companies Law, the Company is required to appropriate 10 percent of the net profit to a statutory reserve, which is normally distributable only on dissolution. Appropriations may cease when the reserve reaches 50% of the share capital.

## 4. ESTIMATES AND JUDGMENTS

**Use of estimates and judgements**
Preparation of consolidated financial statements requires management to make judgments, estimates and assumptions 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 areas of significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the audited financial statements as at and for the year ended 31 December 2022.

**a) Judgements**
Classification of investments
In the process of applying the Group's accounting policies, the board of directors of the Company decides on acquisition of an investment whether it should be classified as investments carried at fair value through profit and loss or investments carried at fair value through other comprehensive income or investments carried at amortised cost. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification (note 3(c)).

**b) Estimations**
(i) Impairment of exposures subject to credit risk carried at amortised cost
The Group measures expected credit loss for trade receivables using a 'roll rate' (net flow) method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. The Group estimates the loss rates based on historical loss experience, which are adjusted to reflect future economic and business conditions.

(ii) Measurement of fair value of unquoted equity investments
The Group determines fair value of equity investments that are not quoted in active markets by using valuation techniques such as discounted cashflows, income approach and market approaches. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates are subjective in nature and involve uncertainties and matter of significant judgment and therefore, cannot be determined with precision. There is no certainty about future events such as continued operating profits and financial strengths. It is reasonably possible based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the investments. In case where discounted cash flows models have been used to estimate fair values, the future cashflows have been estimated by the board of directors of the Company based on information form and discussion with representatives of investee companies and based on the latest available audited and unaudited financial statements. The basis of valuation has been reviewed by the board of directors of the Group in terms of the appropriateness of the methodology, soundness of assumptions and correctness of calculations and have been approved by the board of directors.

Valuation of equity investments are measured at fair value through other comprehensive income which involves judgment and is normally based on one of the following:
- Valuation by independent external valuer for underlying properties / projects.
- Recent arms-length market transaction.
- Current fair value of another contract that is substantially similar.
- Present value of expected cash flows at current rates applicable for items with similar terms and risk characteristics; or
- Application of other valuation models.

(iii) Impairment of investment property
The Group conducts impairment assessment of investment property periodically using external independent property valuers to value the property. The fair value is determined based on the market value of the property using either sales comparable approach, the residual value basis, replacement cost or the market value of the property considering its current physical condition. The Group's investment properties are situated in GCC, North Africa and United States of America. Given the dislocation in the property market and infrequent property transactions, it is reasonably possible, based on existing knowledge, that the current assessment of impairment could require a material adjustment to the carrying amount of these assets within the next financial year due to significant changes in assumptions underlying such assessments.

(iv) Impairment of other non financial assets and cash generating units
At each reporting date, the Group reviews the carrying amounts of its non-financial assets (Property, plant and equipment, but not inventories and development properties) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(v) Estimating net realisable value of development property
Development property is stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses. The board of directors of the Group has forecasted the cost of completion of development property and has engaged independent valuers to estimate the residual value of the development property based on estimated market selling prices for similar properties. Net realisable value estimates are made at a specific point in time, based on market conditions and information about the expected use of development property. These estimates involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. There is no certainty about future events. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the development property.

(vi) Consideration transferred and fair value of identifiable assets acquired, and liabilities assumed in a business combination
The estimate in relation to consideration transferred and determination of fair value of identifiable assets acquired and liabilities assumed in a business combination are given in note 22.

Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

## 5. PROPERTY, PLANT AND EQUIPMENT

| **2023** | **Capital work-in-progress** | **Plant and Machinery** | **Office furniture** | **Office fixtures & fittings** | **Computer equipment** | **Motor vehicles** | **Total** |
|---|---|---|---|---|---|---|---|
| Gross assets | | | | | | | |
| At 1 January 2023 | 4,353 | 73,868 | 700 | 2,770 | 261 | 1,278 | 83,230 |
| Additions | – | – | – | – | 5 | – | 5 |
| **At 31 December 2023** | **4,353** | **73,868** | **700** | **2,770** | **266** | **1,278** | **83,235** |
| | | | | | | | |
| Accumulated depreciation | | | | | | | |
| At 1 January 2023 | – | 19,708 | 521 | 1,408 | 226 | 1,267 | 23,130 |
| Charge for the year | – | 4,002 | 93 | 712 | 18 | 10 | 4,835 |
| **At 31 December 2023** | **–** | **23,710** | **614** | **2,120** | **244** | **1,277** | **27,965** |
| **Net carrying value as at 31 December 2023** | **4,353** | **50,158** | **86** | **650** | **22** | **1** | **55,270** |

| 2022 | Capital work-in- progress | Plant and Machinery | Office furniture | Office fixtures & fittings | Computer equipment | Motor vehicles | Total |
|---|---|---|---|---|---|---|---|
| Gross assets | | | | | | | |
| At 1 January 2022 | – | – | 389 | 1,933 | 108 | – | 2,430 |
| Acquisition through business combination | 4,130 | 73,761 | 244 | 448 | 130 | 1,303 | 80,016 |
| Additions | 223 | 107 | 67 | 389 | 23 | – | 809 |
| Disposal | – | – | – | – | – | (25) | (25) |
| At 31 December 2022 | 4,353 | 73,868 | 700 | 2,770 | 261 | 1,278 | 83,230 |
| | | | | | | | |
| Accumulated depreciation | – | | | | | | |
| At 1 January 2022 | – | – | 194 | 882 | 69 | – | 1,145 |
| Acquisition through business combination | – | 17,355 | 240 | 133 | 116 | 1,251 | 19,095 |
| Charge for the year | – | 2,353 | 87 | 393 | 41 | 41 | 2,915 |
| Disposal | – | – | – | – | – | (25) | (25) |
| At 31 December 2022 | – | 19,708 | 521 | 1,408 | 226 | 1,267 | 23,130 |
| Net carrying value as at 31 December 2022 | 4,353 | 54,160 | 179 | 1,362 | 35 | 11 | 60,100 |

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2023

## 6. INVESTMENT PROPERTY

Investment property includes land plots and buildings in Bahrain, Tunisia, Morocco and United States of America.

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| At 1 January | 189,585 | – |
| Additions through business combination (note 22) | 35,146 | 187,516 |
| Sale of land | (4,351) | (10,340) |
| Acquisition of land | – | 13,896 |
| Acquisition of properties | 26 | 842 |
| Reclass to development property (note 9) | – | (842) |
| Depreciation (note 20) | (1,578) | (1,487) |
| Adjustment in cost of asset* | (26,785) | – |
| **Closing balance** | **192,043** | 189,585 |

**During the period, the gross cost of assets and liability associated with its acquisition was adjusted to reflect the final terms between the acquisition vehicle and the transferors. This has been considered as an adjustment to the cost as there is no impact on statement of profit or loss.*

## 7. INVESTMENT SECURITIES

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Debt-type investments** | | |
| At fair value through other comprehensive income | 20,296 | 19,969 |
| At fair value through profit or loss | 5,930 | 6,000 |
| | **26,226** | 25,969 |
| **Equity type investments** | | |
| At fair value through other comprehensive income | | |
| Perpetual instrument | 3,799 | 3,690 |
| Equity shares (unquoted) | 60,252 | 65,513 |
| At fair value through profit or loss | | |
| Investment in funds (refer note 11) | 12,500 | – |
| | **76,551** | 69,203 |
| | **102,777** | 95,172 |

Movements in investment in equity securities are as follow:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| At 1 January | 95,172 | - |
| Acquisition through business combination (note 22) | - | 96,975 |
| Sale of investment in equity securities | (5,261) | |
| Reclassification from other assets (refer note 11) | 12,500 | - |
| Fair value change | 366 | (1,803) |
| **Closing balance** | **102,777** | 95,172 |

## 8. CASH AND BANK BALANCES

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Cash in hand | 1 | 1 |
| Bank balances | 62,187 | 40,574 |
| Placements – call mudaraba account | 45,000 | 60,308 |
| | **107,188** | **100,883** |

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Bank balances consist of: | | |
| Current account* | 25,148 | 14,286 |
| Escrow account | 37,040 | 26,289 |
| Placements - original maturities of more than three months | 45,000 | 60,308 |
| | **107,188** | 100,883 |

## Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

### 9. DEVELOPMENT PROPERTIES

Development properties represents properties under development for sale in GCC, North Africa, and India.

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| Land and building | 893,203 | 934,671 |
| | **893,203** | 934,671 |

Movements in the development properties are as follows:

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| At 1 January | 934,671 | – |
| Acquisition through business combination | – | 994,263 |
| Additions during the year – net | 38,449 | 2,198 |
| Reclass from investment property (note 6) | – | 842 |
| Cost of sale | (84,689) | (62,632) |
| Foreign exchange translation differences | 4,772 | – |
| **Closing balance** | **893,203** | 934,671 |

The cost of development property includes all associated costs incurred in arranging for the acquisition of the land and development related expenses and are carried at lower of cost and net realisable value ('NRV'). NRV has been determined by using an independent valuation of the land site assuming that the planning approval can be obtained by any third party, the urbanisation works of the land are complete and the property is available for sale. The valuation of the development property has been performed conforming to the Royal Institute of Chartered Surveyors (RICS) Valuation standards and considering the development program authorized for the site, using the Direct Comparison approach and the Land Residual approach. The management has considered the same methodologies and assumptions used by the independent valuer and has estimated the infrastructure cost that is required to be spent on the project for completion and has deducted the estimated cost from the projected final selling price of the development property to arrive at the NRV.

### 10. TRADE RECEIVABLES

Trade receivables consists for receivables from development and management services and cement operations. Refer to note 23 (ii) for risk management related disclosures.

### 11. OTHER ASSETS

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| Prepayment | 6,046 | 6,680 |
| Asset held-for-sale* | – | 12,500 |
| Duties and taxes receivable | 22,600 | 19,867 |
| Advances paid to contractors and suppliers | 2,229 | 2,113 |
| Others | 7,291 | 8,120 |
| | **38,166** | 49,280 |

**Asset held-for-sale represents a co-investment in an entity with electricity distribution network operating in two geographical areas of Europe. The Group intended to sell this down to investors within a period of 12 months. During the year. As the sale plan was discontinued, the asset has been reclassified to investment securities.*

### 12. SHARE CAPITAL

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| **Authorised:** | | |
| 1,000,000,000 ordinary shares (2022: 1,000,000,000 shares) of USD 1 each (2022: USD 1 each) | **1,000,000** | 1,000,000 |
| | | |
| **Issued, subscribed and paid up:** | | |
| 102,525,000 ordinary shares (2022: 102,525,000 shares) of USD 1 each (2022: USD 1 each) | **102,525** | 102,525 |

### 13. SUBORDINATED PERPETUAL MUDARABA

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| Subordinated perpetual mudaraba | **900,000** | 900,000 |

The Group issued a subordinated perpetual mudaraba of face value of US$ 900 million. Such capital was issued as consideration against the acquisition of business and group of assets from GFH Financial Group BSC. Summary of key terms and conditions are as follows:

- Profits on these securities are discretionary for the issuer and once declared shall be distributed on a semi-annual basis subject to and in accordance with terms and conditions on the outstanding nominal value of the securities. The Sukuk carries an expected profit coupon of 7.5%, of which, based on the current projections, it is expected that there would be a capacity to make a profit distribution of 4% per annum, to be paid semi-annually, and any unpaid portion of the expected profit rate is payable, at the sole and absolute discretion of the issuer, on a subsequent distribution date or at the time of early redemption at the choice of the issuer.
- The subordinated perpetual mudaraba is recognized under equity in the consolidated statement of financial position and the profits paid to rab al-maal (security holder) are accounted for as appropriation of profits when declared and distributed.
- Subordinated perpetual mudaraba is invested in a general mudarba pool of assets on an unrestricted combined basis.
- Security holder will not have a right to claim the profits and a non-payment event will not be considered as event of default.

Subsequent to year end, the Group plans to issue additional subordinated perpetual mudaraba of US$ 100 million, in line with the original approved terms for a tap issuance.

## Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

### 14. NON-CONTROLLING INTERESTS

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

| **31 December 2023** | **India Projects** | **MGIC** | **TBIC** | **FCC** | **US Data** | **N.S. 12** | **Lagoon** | **Total** |
|---|---|---|---|---|---|---|---|---|
| **NCI Percentage** | **21.34%** | **9.73%** | **13.78%** | **48.28%** | **14.13%** | **20.31%** | **40.00%** | |
| Non-current assets | – | 1,637 | 3,922 | 57,645 | – | 6,224 | 35,146 | 104,574 |
| Current assets | 412,213 | 264,458 | 283,269 | 16,335 | 86,585 | 1,947 | 5,932 | 1,070,739 |
| Non-current liabilities | – | 720 | – | 32,281 | 33,309 | – | – | 66,310 |
| Current liabilities | 88,709 | 57,386 | 77,839 | 16,942 | 9,726 | 95 | 1,107 | 251,804 |
| **Net assets** | **323,504** | **207,989** | **209,352** | **24,757** | **43,550** | **8,076** | **39,971** | **857,199** |
| **Net assets attributable to NCI** | **69,021** | **20,237** | **28,848** | **11,953** | **6,153** | **1,640** | **15,988** | **153,840** |
| | | | | | | | | |
| Revenue | 1,489 | – | – | 526 | 26,794 | 1,220 | 917 | 30,946 |
| Profit/(loss) for the year | 705 | (601) | (119) | (5,770) | (6,222) | 1,127 | (750) | (11,630) |
| Other comprehensive income | (32,867) | – | (3,337) | – | – | – | – | (36,204) |
| **Total comprehensive income** | **(32,162)** | **(601)** | **(3,456)** | **(5,770)** | **(6,222)** | **1,127** | **(750)** | **(47,834)** |
| | | | | | | | | |
| **NCI at acquisition** | **69,399** | **19,693** | **35,618** | **14,739** | **20,317** | **1,412** | **16,288** | **177,466** |
| Profit/ (loss) allocated to NCI | 150 | (58) | (16) | (2,786) | (2,540) | 228 | (300) | (5,322) |
| OCI allocated to NCI | (528) | 602 | 43 | – | | – | – | 117 |
| Acquisition of NCI | – | – | (6,797) | – | (11,624) | – | – | (18,421) |
| **Total NCI** | **69,021** | **20,237** | **28,848** | **11,953** | **6,153** | **1,640** | **15,988** | **153,840** |

| 31 December 2022 | India Projects | MGIC | TBIC | FCC | US Data | N.S. 12 | Total |
|---|---|---|---|---|---|---|---|
| NCI Percentage | 21.34% | 9.73% | 17.03% | 48.28% | 40.82% | 20.31% | |
| Non-current assets | – | 1,871 | 4,130 | 61,977 | – | 6,826 | 74,804 |
| Current assets | 415,220 | 241,893 | 284,311 | 16,069 | 111,858 | 128 | 1,069,479 |
| Non-current liabilities | – | 850 | – | 28,129 | 58,212 | – | 87,191 |
| Current liabilities | 89,942 | 40,515 | 79,294 | 19,389 | 3,870 | 4 | 233,014 |
| Net assets | 325,278 | 202,399 | 209,147 | 30,528 | 49,776 | 6,950 | 824,078 |
| Net assets attributable to NCI | 69,399 | 19,693 | 35,618 | 14,739 | 20,317 | 1,412 | 161,178 |
| | | | | | | | |
| Revenue | 100 | – | 74 | 2,108 | 6,316 | – | 8,598 |
| Profit/(loss) for the year | (155) | (259) | 188 | (2,011) | 2,504 | (2) | 265 |
| Other comprehensive income | (30,393) | (6,847) | (4,392) | – | – | – | (41,632) |
| Total comprehensive income | (30,548) | (7,106) | (4,204) | (2,011) | 2,504 | (2) | (41,367) |
| | | | | | | | |
| NCI at acquisition | 75,915 | 20,385 | 35,920 | 15,710 | 22,002 | 1,412 | 171,344 |
| Profit/(loss) allocated to NCI | (33) | (26) | 32 | (971) | 1,166 | – | 168 |
| OCI allocated to NCI | (6,483) | (666) | (334) | – | – | – | (7,483) |
| Acquisition of NCI without change in control | – | – | – | – | (2,851) | – | (2,851) |
| Total NCI | 69,399 | 19,693 | 35,618 | 14,739 | 20,317 | 1,412 | 161,178 |

## Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

### 15. TRADE AND OTHER PAYABLES

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| **NON-CURRENT LIABILITIES** | | |
| Advances* | 9,259 | 8,454 |
| Trade and other payables | 731 | – |
| Employee Benefits | 418 | 461 |
| | **10,408** | 8,915 |

*These comprise murabaha facilities obtained by FCC from Cemena Holding Company BSC (c), a related party through GFH, to finance the construction of the new cement mill. The facility amount is not repayable before 1 January 2025.*

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Trade payables | 46,615 | 39,830 |
| Accrual for expenses | 31,514 | 23,552 |
| Advances received from customers | 65,150 | 56,971 |
| Taxes and duties payable | 2,859 | 2,818 |
| Dividend payable | 943 | 1,913 |
| Others | 1,598 | 2,211 |
| | **148,679** | **127,295** |

### 16. BORROWINGS FROM BANK

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| Non-current | 14,445 | 11,763 |
| Current | 31,877 | 60,962 |
| | **46,322** | 72,725 |

The borrowings from bank comprises of financing availed by FCC to fund project development and working capital requirements. The financing is secured against plant and machinery. These financing have been availed at rates varying between 2.5%-6.5% per annum. The Company is not a party to these financing contracts and has not guaranteed repayment in any form. These balances are reported in the consolidated financial statements as a result of consolidation of subsidiaries.

### 17. REVENUE

#### (i) Development and Management Income

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| Management fee | 33,236 | 12,474 |
| Development and sale of properties | 130,299 | 86,711 |
| Liabilities no longer required written back | – | 2,653 |
| | **163,535** | 101,838 |

#### (ii) Operational Income

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| Rental income | – | 6,459 |
| Revenue from cement operations | 14,872 | 10,033 |
| Other operating income | – | 1,516 |
| | **14,872** | 18,008 |

#### (iii) Investment and Other Income

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| Share of loss from equity accounted investees | (169) | (48) |
| Income from asset swaps | – | 4,398 |
| Fair value gain of equity accounted investees (note 22) | 1,321 | – |
| Gain on bargain purchase of shares (note 22) | 2,815 | – |
| Income from investment securities | 2,769 | 780 |
| Finance income | 3,623 | 3,130 |
| Other income | 524 | 524 |
| | **10,883** | 8,784 |

During the year, revenue amounting to USD 35,428 thousand was recognised at point in time and USD 153,862 thousand recognised over time.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2023

## 18. DIRECT COST OF MATERIALS

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Development and sales | | |
| Cost of real estate inventory sold | 89,040 | 66,868 |
| Cement operations | | |
| Cost of goods sold | 13,403 | 8,200 |
| | **102,443** | 75,068 |

## 19. STAFF COSTS

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Salaries and short-term benefits | 9,459 | 8,508 |
| Social Insurance and other insurance expenses | 695 | 269 |
| | **10,154** | 8,777 |

## 20. OTHER OPERATING EXPENSES

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Marketing and brokerage | 9,506 | 1,742 |
| Administration expenses | 5,123 | – |
| Depreciation on PPE | 4,835 | 2,915 |
| Project expenses | 3,448 | – |
| Rent & Utility | 1,984 | – |
| Depreciation on investment property | 1,578 | 1,487 |
| Office related expenses | 1,211 | – |
| Professional and consultancy fees | 1,037 | 605 |
| Maintenance | 572 | 323 |
| Property management | 540 | 282 |
| Depreciation on right of use asset | 366 | 97 |
| Indirect taxes | 314 | – |
| IT related | 248 | – |
| Bank charges | 156 | – |
| Travel related expenses | 167 | 56 |
| Other expenses | 3,918 | 1,078 |
| | **35,003** | 8,585 |



## 21. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and executive management of the Group. A significant portion of the Group's management fees are from entities over which the Group exercises influence (assets under management). Although these entities are considered related parties, the Group administers and manages these entities on behalf of its clients, who are by and large third parties and are the economic beneficiaries of the underlying investments. The transactions with these entities are based on agreed terms.

In addition to the transfer of business and assets under note 22, the significant transactions during the year and balances as at year end included in these consolidated financial statements are as follows:

### a) Balances with related parties

| 31 December 2023 | Significant shareholders / entities in which directors are interested | Subsidiary of Significant Shareholder | Total |
|---|---|---|---|
| **Assets** | | | |
| Due from related parties | 88,776 | 14,546 | **103,322** |
| Bank balance – current accounts | – | 10,782 | **10,782** |
| **Liabilities** | | | |
| Due to related party | 156,438 | 39,545 | **195,983** |

| 31 December 2022 | Significant shareholders / entities in which directors are interested | Subsidiary of Significant Shareholder | Total |
|---|---|---|---|
| **Assets** | | | |
| Due from related parties | 76,748 | 16,050 | 92,798 |
| Bank balance – current accounts | – | 5,761 | 5,761 |
| Bank balance – mudaraba accounts | 50,000 | 10,000 | 60,000 |
| **Liabilities** | | | |
| Due to related party | 162,447 | 8,032 | 170,479 |

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2023

## 21. RELATED PARTIES (Contd.)

### b) Transactions with related parties

| **For the year ended 31 December 2023** | **Equity accounted investee** | **Subsidiary of Significant shareholder** | **Significant Shareholders/ entities in which directors are interested** | **Total** |
|---|---|---|---|---|
| Development management income | – | 637 | 32,599 | **33,236** |
| Sale of development property | – | 9,857 | 7,850 | **17,707** |
| Investment income | – | – | 1,439 | **1,439** |
| Other income | – | 48 | – | **48** |
| Payment of coupon on subordinated perpetual mudaraba | – | – | (34,536) | **(34,536)** |
| Finance income | – | 193 | 947 | **1,140** |
| Cost of sales | – | (5,806) | (3,747) | **(9,553)** |
| Share of loss | (169) | – | – | **(169)** |

*Note: As at 31 December 2023, assets amounting to USD 256,678 million were held by related parties on behalf of the Group. Further, during the year, assets valued at USD 9.9 million were swapped with subsidiaries of a significant shareholder.*

| For the year ended 31 December 2022 | Equity accounted investee | Subsidiary of Significant shareholder | Significant Shareholders/ entities in which directors are interested | Total |
|---|---|---|---|---|
| Development management income | – | 879 | 11,595 | 12,474 |
| Sale of development property | – | – | 15,867 | 15,867 |
| Other operating income | – | – | 1,516 | 1,516 |
| Other income | – | 64 | – | 64 |
| Staff outsource expense | – | (158) | – | (158) |
| Payment of Coupon | – | – | (18,000) | (18,000) |
| Finance income | – | 686 | 2,422 | 3,108 |
| Placement fees | – | – | (4,329) | (4,329) |
| Share of loss | (48) | – | – | (48) |

Transactions with key management personnel:
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation of the key management personnel was as follows:

| | **For the year ended 31 December 2023** | For the year ended 31 December-2022 |
|---|---|---|
| Board members' remuneration, fees and allowance | 302 | 248 |
| Salaries and other short-term benefits | 1,128 | 510 |
| Post-employment benefits | 218 | 27 |

## 22. ACQUISITION OF BUSINESS

### a) 30 June 2023

i) Summary of the acquisition

On 30 June 2023, the Group acquired an additional 37% ownership in LS Real Estate Company W.L.L., increasing its ownership from 23% to 60%. The carrying amount of LS Real Estate Company W.L.L.'s investment in the Groups consolidated financial statements as on the date of acquisition was USD 8,045.

LS Real Estate Company W.L.L. operates the Lagoon which is an operational and yielding retail property located in Amwaj in the Kingdom of Bahrain.

(ii) Consideration transferred

The following table summarises the fair value of each major class of consideration transferred:

| | **Total** |
|---|---|
| Residential units | 12,251 |
| **Net consideration for acquisition** | **12,251** |

iii) Identifiable assets acquired and liabilities assumed

The following table summarizes the amounts recognised in respect of assets acquired and liabilities assumed at the acquisition date:

| | |
|---|---|
| **ASSETS** | |
| Cash and bank balances | 4,442 |
| Trade receivables | 1,364 |
| Investment property | 35,146 |
| Prepayments and other assets | 209 |
| **Total assets** | **41,161** |
| **LIABILITIES** | |
| Trade payables and other payables | 441 |
| **Total liabilities** | **441** |
| **Net assets transferred** | **40,720** |

Notes to the Consolidated
# Financial Statements (Contd.)

for the year ended 31 December 2023

## 22. ACQUISITION OF BUSINESS (Contd.)

**a) 30 June 2023 (Contd.)**
(iv) Gain on acquisition
The Group recognized fair value gain of previously held equity interest and gain on bargain purchase of the additional shares as follows:

| | |
|---|---|
| **Fair value gain of previously held equity interest:** | |
| Fair value of previously held equity interest | 9,366 |
| Less: previously held equity interest | (8,045) |
| **Fair value gain** | **1,321** |
| | |
| **Gain on bargain purchase:** | |
| Fair value of 100% of the identifiable net assets (a) | **40,720** |
| | |
| Fair value of consideration transferred | (12,251) |
| Fair value of the NCI | (16,288) |
| Fair value of previously held equity interest | (9,366) |
| **Total (b)** | **(37,905)** |
| **Bargain purchase gain (a – b)** | **2,815** |



## 23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include financial assets and financial liabilities. Financial assets of the Group include cash and bank balances, trade receivables. Financial liabilities of the Group include Term financing and Trade payable. The Company has exposure to the following risks from its use of financial instruments:

a) credit risk
b) liquidity risk
c) market risk
d) operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**a) Credit risk**
Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. Credit risk arises principally from the Group's balances with banks, related parties' balances, and other receivables. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Credit risk by location:
Geographically, the concentration of credit risk is in the Kingdom of Bahrain as majority of the Group's customers are based in Bahrain.

Exposure to credit risk:
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| Investment securities - debt-type investments | 26,226 | 25,969 |
| Due from related parties | 103,322 | 92,798 |
| Cash and bank balances | 107,187 | 100,883 |
| Trade receivables | 125,703 | 60,495 |
| Other assets | 7,291 | 8,120 |
| | **369,729** | 288,265 |

## Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

### 23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd.)

**a) Credit risk (Contd.)**

Exposure to credit risk: (Contd.)

(i) Balances with Bank

The Group limits its exposure to credit risk on balances with bank by maintaining balances with bank having good local standing. Given the overall profits of banks, the Group does not expect the bank to fail to meet its obligations. Accordingly, no impairment allowance has been recorded on balances with bank (including accrued profit on call account) as on 31 December 2023 (31 December 2022: Nil).

(ii) The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk.

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Development and management | 90,267 | 32,781 |
| Cement Business | 9,184 | 5,295 |
| Others | 26,252 | 22,419 |
| **Total trade receivables - net** | **125,703** | 60,495 |

The ageing of receivables at the reporting date was:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Gross | Loss rate | Expected Credit loss | Gross | Loss rate | Expected Credit loss |
| Not past due nor impaired | 110,495 | 0.2% | (179) | 59,215 | 1% | (618) |
| Past due but not impaired | | | | | | |
| Past due 1-90 days | 9,724 | 2% | (180) | 2,051 | 7.5% | (153) |
| Past due 181-365 days | 4,104 | 17% | (702) | 30 | 100% | (30) |
| Impaired | | | | | | |
| Over 365 days | 11,565 | 79% | (9,124) | 506 | 100% | (506) |
| | **135,888** | | **(10,185)** | 61,802 | | (1,307) |

The credit period established by the Group for all its receivables on average is 90 to 120 days after which the dues are classified as past due. Based on the past experience and current status of discussions with customers, the Group believes that no further impairment allowance is necessary in respect of trade receivables which are past due as the Group receives post-dated cheques from customers on amounts due from sale of properties and have access to other remedies in the form of credit enhancements.

(iii) Receivable from related parties pertains to the receivable from the group companies. Transactions with related parties are conducted in the normal course of business. Credit risk on these is perceived to be minimal by the Group.



**b) Liquidity risk**

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

The Group's approach to managing liquidity is to ensure, as far 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.

**Maturity profile**

The table below shows the maturity profile of the Group's assets and unrecognised commitments on the basis of their contractual maturity. Where such contractual maturity is not available, the Group has considered expected realisation / settlement profile for assets and liabilities respectively.

| 31 December 2023 | Up to 3 months | 3 months to 1 year | More than 1 year | No stated maturity | No stated maturity |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and bank balances | 77,188 | 30,000 | – | – | 107,188 |
| Developmental properties | – | – | – | 893,203 | 893,203 |
| Trade receivables | 42,460 | 12,599 | 70,644 | – | 125,703 |
| Other assets | 7,291 | – | – | – | 7,291 |
| Deferred tax asset | 233 | – | – | – | 233 |
| Investment property | – | – | – | 192,043 | 192,043 |
| Due from related parties | 103,322 | – | – | – | 103,322 |
| Investment securities | – | – | – | 102,777 | 102,777 |
| Inventories | – | – | – | 5,706 | 5,706 |
| Equity accounted investees | – | – | – | 21,563 | 21,563 |
| Property plant and equipment | – | – | – | 55,270 | 55,270 |
| **Total assets** | **230,494** | **42,599** | **70,644** | **1,270,562** | **1,614,299** |
| | | | | | |
| **Liabilities** | | | | | |
| Borrowings from bank | 7,969 | 23,908 | 14,445 | – | 46,322 |
| Lease liability | 46 | 139 | 8,147 | – | 8,332 |
| Trade payables and other payables | 148,679 | – | – | 10,408 | 159,087 |
| Due to related parties | 122,374 | – | – | 73,609 | 195,983 |
| **Total liabilities** | **279,069** | **24,047** | **22,592** | **84,017** | **409,724** |

Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

## 23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd.)

### b) Liquidity risk (Contd.)

Maturity profile (Contd.)

| 31 December 2022 | Up to 3 months | 3 months to 1 year | More than 1 year | No stated maturity | No stated maturity |
|---|---|---|---|---|---|
| Assets | | | | | |
| Assets | | | | | |
| Cash and bank balances | – | 60,308 | – | 40,575 | 100,883 |
| Developmental properties | – | – | – | 934,671 | 934,671 |
| Trade receivables | 32,473 | 5,281 | 22,741 | – | 60,495 |
| Other assets | 8,120 | – | – | – | 8,120 |
| Deferred tax assets | 170 | – | – | – | 170 |
| Investment property | – | – | – | 189,585 | 189,585 |
| Due from related parties | 92,798 | – | – | – | 92,798 |
| Investment securities | – | – | – | 95,172 | 95,172 |
| Inventories | – | – | – | 6,113 | 6,113 |
| Equity accounted investees | – | – | – | 29,777 | 29,777 |
| Property plant and equipment | – | – | – | 60,100 | 60,100 |
| Total assets | 133,561 | 65,589 | 22,741 | 1,355,993 | 1,577,884 |
| | | | | | |
| Liabilities | | | | | |
| Borrowings from bank | 15,241 | 45,721 | 11,763 | – | 72,725 |
| Trade payables and other payables | 127,295 | – | 8,915 | – | 136,210 |
| Lease liability | 179 | – | 8,301 | – | 8,480 |
| Due to related parties | 170,479 | – | – | – | 170,479 |
| Total liabilities | 313,194 | 45,721 | 28,979 | – | 387,894 |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.



### c) Market risk

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

#### (i) Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group's major financial exposure is in US Dollars and Bahraini Dinar. Transactions of the Group in the US Dollar bear no foreign currency risk as this currency is pegged with the Bahrain Dinar. The Group has structural exposure to Indian Rupees, Tunisian Dinar and Moroccan Dirhams. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### (ii) Interest rate risk

Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Group has no floating interest-bearing assets or liabilities, the Group's income, expenses and cash flows are independent of changes in market interest rates.

#### (iii) Equity risk

The Group is exposed to equity price risk on investment securities equity securities. The Group monitors the investment portfolio based on market indices.

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to the other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2023.

## Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

### 24. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

**Classification**
The Company's financial instruments have been classified as "at amortised cost", "at fair value through profit or loss" and "at fair value through other comprehensive income".

**Fair value**
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.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

**Fair value hierarchy**
The different levels have been defined as follows:

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

The Group's investment in quoted equity and debt type securities are classified as level 1 or 2 whereas the unquoted equity investments are classified as level 3 under the fair value hierarchy. The fair value of the Group's financial instruments are not materially different from their carrying values as at 31 December 2023 due to the recent acquisitions at fair value by the Group.

**Fair value of financial instruments measured at fair value**
The table below analyses financial instruments, measured at fair value as at the end of the year, by level in the fair value hierarchy into which the fair value measurement is categorized:

| **31 December 2023** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Investment in securities | 24,095 | 5,930 | 72,752 | 102,777 |

| 31 December 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investment in securities | – | 29,659 | 65,513 | 95,172 |

There were no transfers between Level 2 and Level 3 of the fair value hierarchy and no fair value movement in level 3 investment in security from date of acquisition (2021: nil).



**Sensitivity Analysis**
Investments at fair value through other comprehensive income include investments in unquoted equity securities. The main principles, estimates and assumptions adopted to arrive at fair value include estimated future cash flows which have been provided by the management of the investee companies, have been reviewed for reasonableness by the Group and the external independent valuer.

| **2023** | | | | |
|---|---|---|---|---|
| **Valuation technique used** | **Key unobservable inputs** | **Fair value at 31 December 2023** | **Reasonable possible shift +/- (in any input)** | **Reasonable possible shift +/- (in any input)** |
| Discounted cash flow | Discount rate | USD 72,752 | +/- 5% | 3,638 / (3,638) |
| Discounted cash flow | Terminal growth rate | USD 72,752 | +/- 5% | 3,638 / (3,638) |

| 2022 | | | | |
|---|---|---|---|---|
| Valuation technique used | Key unobservable inputs | Fair value at 31 December 2023 | Reasonable possible shift +/- (in any input) | Reasonable possible shift +/- (in any input) |
| Discounted cash flow | Discount rate | USD 65,513 | +/- 5% | 3,276 / (3,276) |
| Discounted cash flow | Terminal growth rate | USD 65,513 | +/- 5% | 3,276 / (3,276) |

The table below shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 1,2 and 3 of the fair value hierarchy:

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| At 1 January | 95,172 | – |
| Acquisition through business combination | – | 95,172 |
| Sale of investment in security | (5,261) | – |
| Reclassification from other assets | 12,500 | |
| Fair value change through other comprehensive income | 435 | – |
| Fair value change through profit or loss | (69) | – |
| | **102,777** | 95,172 |

**Investment property not measured at fair value**
The following table sets out the fair values of investment property not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised as at reporting date.

| **31 December 2023** | **Level 1** | **Level 2** | **Level 3** | **Total fair value** | **Total carrying value** |
|---|---|---|---|---|---|
| Investment property | – | – | 312,123 | 312,123 | 192,043 |

| 31 December 2022 | Level 1 | Level 2 | Level 3 | Total fair value | Total carrying value |
|---|---|---|---|---|---|
| Investment property | – | – | 276,369 | 276,369 | 189,585 |

The fair values of financial assets and financial liabilities carried at amortised cost approximate the carrying values as at the reporting date due to their short-term nature.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2023

**Categorisation of financial instruments**
The classification of financial assets and liabilities by accounting categorisation is as follows:

| 31 December 2023 | Amortized cost | FVTOCI | FVTPL | Total carrying amount |
|---|---|---|---|---|
| Investment securities | – | 84,347 | 18,430 | 102,777 |
| Cash and bank balances | 107,188 | – | – | 107,188 |
| Due from related parties | 103,322 | – | – | 103,322 |
| Trade receivables | 125,703 | – | – | 125,703 |
| Other assets | 7,291 | – | – | 7,291 |
| | **343,504** | **84,347** | **18,430** | **446,281** |
| | | | | |
| Borrowings from bank | 46,322 | – | – | 46,322 |
| Trade and other payables | 159,087 | – | – | 159,087 |
| Due to related parties | 195,983 | – | – | 195.983 |
| Lease liabilities | 8,332 | – | – | 8,332 |
| | **409,724** | **–** | **–** | **409,724** |

| 31 December 2022 | Amortized cost | FVTOCI | FVTPL | Total carrying amount |
|---|---|---|---|---|
| Investment securities | – | 89,172 | 6,000 | 95,172 |
| Cash and bank balances | 100,883 | – | – | 100,883 |
| Due from related parties | 92,798 | – | – | 92,798 |
| Trade receivables | 60,495 | – | – | 60,495 |
| Other assets | 8,120 | – | – | 8,120 |
| | 262,296 | 89,172 | 6,000 | 357,468 |
| | | | | |
| Borrowings from bank | 72,725 | – | – | 72,725 |
| Trade and other payables | 136,210 | – | – | 136,210 |
| Due to related parties | 170,479 | – | – | 170,479 |
| Lease liabilities | 8,480 | – | – | 8,480 |
| | 387,894 | – | – | 387,894 |



## 25. SEGMENT REPORTING

The Group has three distinct operating segments, Development and management, Operational segment and Investment which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different strategies for management and resource allocation within the Group. For each of the strategic business units, the Group's Board of Directors (chief operating decision makers) review internal management reports on a quarterly basis.

The following summary describes the operations in each of the Group's operating reportable segments:

- Development and management: Involved in development and/ or sale of infrastructure and real estate projects/ assets and managing real-estate projects and properties for third parties
- Operational segment: Revenue generated from manufacturing operations and holdings of real estate for rental yields
- Investment: Fixed income generated from the Group's liquid and strategic investments and management of its surplus liquidity by the parent

The performance of each operating segment is measured based on segment results and are reviewed by the management committee and the Board of Directors on a quarterly basis. Segment results is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group classifies directly attributable revenue and cost relating to transactions originating from respective segments as segment revenue and segment expenses respectively. Indirect costs is allocated based on cost drivers/factors that can be identified with the segment and/ or the related activities. The internal management reports are designed to reflect revenue and cost for respective segments which are measured against the budgeted figures. The unallocated revenues, expenses, assets and liabilities related to entity-wide corporate activities and treasury activities at the Group level. Segment revenue and expenses were net-off inter segment revenue and expenses.

| 31 December 2023 | Development and management | Operational | Investment | Total |
|---|---|---|---|---|
| Segment revenue | 163,535 | 14,872 | 10,883 | **189,290** |
| Segment expenses (including impairment allowances) | 123,206 | 24,394 | 1,609 | **149,209** |
| Segment result | 13,664 | (9,517) | 35,997 | **40,144** |
| Segment assets | 1,143,000 | 195,711 | 313,737 | **1,652,448** |
| Segment liabilities | 360,501 | 49,223 | – | **409,724** |

| 31 December 2022 | Development and management | Operational | Investment | Total |
|---|---|---|---|---|
| Segment revenue | 101,838 | 18,008 | 8,784 | 128,630 |
| Segment expenses (including impairment allowances) | 79,215 | 14,719 | 1,524 | 95,458 |
| Segment result | 22,623 | 3,289 | 7,260 | 33,172 |
| Segment assets | 1,062,534 | 189,308 | 374,842 | 1,626,684 |
| Segment liabilities | 340,375 | 47,519 | – | 387,894 |

## 26. COMMITMENTS AND CONTINGENCIES

The commitments contracted in the normal course of business of the Group:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Commitment for infrastructure development projects | 47,030 | 10,337 |

## Notes to the Consolidated

# Financial Statements (Contd.)

for the year ended 31 December 2023

### 27 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

| | Liabilities | | Equity | | |
|---|---|---|---|---|---|
| **2023** | **Borrowings from banks** | **Trade and other payables** | **Lease liability** | **Retained earnings** | **Total** |
| **Balance as of 1 January** | **72,725** | **136,210** | **8,480** | **10,905** | **228,320** |
| Subordinated Perpetual Mudaraba Coupon paid | – | – | – | (36,000) | (36,000) |
| Movement in borrowings | 382 | – | – | – | 382 |
| Movement in lease liability | – | – | (148) | – | (148) |
| **Total changes from financing cash flows** | **382** | **–** | **(148)** | **(36,000)** | **(35,766)** |
| | | | | | |
| **Liability related changes** | | | | | |
| Interest expense | – | 1,324 | 467 | – | **1,790** |
| Interest paid | – | (907) | (467) | – | **(1,374)** |
| Others | (26,785) | 22,461 | | – | **(4,324)** |
| **Total liability related changes** | **(26,785)** | **22,877** | **–** | **–** | **(3,908)** |
| **Total equity- related other changes** | **–** | **–** | **–** | **37,635** | **37,635** |
| **Balance as of 31 December** | **46,322** | **159,087** | **8,332** | **12,540** | **226,281** |

| | Liabilities | | Equity | | |
|---|---|---|---|---|---|
| 2022 | Borrowings from banks | Trade and other payables | Lease liability | Retained earnings | Total |
| Balance as of 1 January | – | 668 | – | (799) | (131) |
| Subordinated perpetual mudaraba coupon paid | – | – | – | (18,000) | (18,000) |
| Repayment of borrowings from banks | (11,659) | – | – | – | (11,659) |
| Movement in lease liability | – | – | 950 | – | 950 |
| Total changes from financing cash flows | (11,659) | – | 950 | (18,000) | (28,709) |
| Changes arising from obtaining control of subsidiaries | 84,384 | 135,102 | 7,530 | 29,704 | 256,720 |
| | | | | | |
| Liability related changes | | | | | |
| Interest expense | – | 1,334 | 475 | – | 1,809 |
| Interest paid | – | (894) | (475) | – | (1,369) |
| Others | – | – | | – | |
| Total liability related changes | – | 440 | – | – | 440 |
| Total equity- related other changes | – | – | – | – | – |
| Balance as of 31 December | 72,725 | 136,210 | 8,480 | 10,905 | 228,320 |

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