

## Invitation

### Notice of Convocation for Ezdan Holding Group AGM Scheduled

We are gratified to inform you that Ezdan Holding Group Annual Ordinary General Meeting (AGM) is scheduled to convene on Sunday 21/4/2019, at 04:30 p.m. at Ezdan Palace. In the event of lack of quorum, the assembly will be slated for Sunday 28/4/2019 with the same venue and timing as a second date for convention.

#### Matters on the Agenda of the Ordinary General Assembly:

1. H.E. Chairman of the Board's opening keynote, followed by the Board of Director's report on the Company's activity and financial position during the year ended on December 31, 2018 and the Company's business plan for 2019.
2. Discuss Accounts of Auditors' report on the Group's budget and its financial position for the year ended 31/12/2018.
3. Discuss and approve the budget and the profit/loss account for the fiscal year ended December 31, 2018.
4. Discuss Board's recommendation of retaining dividend payout
5. Discuss and approve the Group's Governance Report for the year 2018.
6. Discharge sitting members of the Board of Directors for the financial year ended December 31, 2018
7. Nomination of members of board of directors for the next three years (2019-2022)
8. Appoint an external auditor for the accounts of the Group for 2018 and determine their remuneration.

#### Remarks to Respected shareholders:

- Shareholders are requested to attend at the set venue at least one hour before the scheduled date to complete registration procedures and to organize statements of attendance and number of shares held by each shareholder.
- Delegation in the attendance of the general meeting may be accepted provided that the proxy must be a shareholder and has a special power of attorney in writing. The shareholder may not appoint a member of the board of directors to attend meetings of the general assembly on his behalf. In all instances, the number of shares held by the proxy may not exceed (5%) of the Company's share capital.
- With the exception of legal persons; a shareholder may not have more than 25% of the votes cast for the shares represented at the meeting.

## Chairman's Message

### In the name of Allah the Most Beneficent, the Most Merciful

#### Our valued Shareholders

On behalf of myself and the members of the Board of Directors, I am gratified to parade the annual report of Ezdan Holding Group 2018.

That year abounded in an array of challenges that thwacked the real estate market and the investment scene in Qatar. However, Thanks to God, the firmness of the Qatari economy and the vision of His Highness Sheikh Tamim bin Hamad Al Thani, the Emir of Qatar, all sectors of investment and production across the nation have achieved solvency, stability and growth in all economic sectors. According to the Group's reported financial statements for 2018, the Group generated a profit of QR 434 mn, compared to net profit of QR 1,693 bn for the year 2017. Earnings per share reached QR 0.16 compared to QR 0.64 for the year 2017.

The Group is looking forward to expanding its real estate investment portfolio, which we hope will contribute to the provision of housing units necessary to host the delegations of the World Cup 2022. Stemming from this strategy, the Group was able to finalize the operation of a large number

of outstanding projects, on top of which Ezdan Oasis mega project in Al Wukair that comprises 9346 units.

In conclusion, I would like to extend my sincerest gratitude to His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, for his furtherance, support and generous patronage of the private sector.

We also communicate our appreciation to the shareholders for their support, and to our valued customers for their trust. We also thank all the staff of Ezdan Holding Group who have been performing well and for their diligence and devotion.

Setting our sights on further success...

**Sheikh Dr. Khalid bin Thani bin Abdullah Al Thani**  
Chairman of Ezdan Holding Group

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2018

	2018 QR'000	2017 QR'000
<b>ASSETS</b>		
Cash and bank balances	23,562	371,120
Receivables and prepayments	196,349	225,100
Inventories	28,061	22,265
Equity investments	3,316,717	2,470,953
Equity-accounted investees and joint venture	1,425,613	1,425,907
Investment properties	43,863,571	43,819,785
Property and equipment	797,641	832,413
<b>TOTAL ASSETS</b>	<b>49,651,514</b>	<b>49,167,543</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Payables and other liabilities	2,764,318	2,822,431
Sukuk and Islamic financing borrowings	15,770,522	16,188,248
<b>TOTAL LIABILITIES</b>	<b>18,534,840</b>	<b>19,010,679</b>
<b>EQUITY</b>		
Share capital	26,524,967	26,524,967
Legal reserve	1,616,053	1,572,678
Fair value reserves	719,779	17,326
Foreign currency translation reserve	1,827	154
Retained earnings	2,542,036	2,037,602
<b>Equity attributable to owners of the Company</b>	<b>31,404,662</b>	<b>30,152,727</b>
<b>Non-controlling interests</b>	<b>(287,988)</b>	<b>4,137</b>
<b>TOTAL EQUITY</b>	<b>31,116,674</b>	<b>30,156,864</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>49,651,514</b>	<b>49,167,543</b>

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the year ended 31 December 2018

	2018 QR'000	2017 QR'000
<b>CONTINUED OPERATIONS</b>		
Rental income	1,319,285	1,481,684
Other operating revenues	54,883	58,023
Operating expenses	(307,000)	(374,767)
<b>OPERATING PROFIT FROM MAIN OPERATIONS</b>	<b>1,067,168</b>	<b>1,164,940</b>
Dividend income from equity investments	124,055	241,848
Net gain on sale of equity-accounted investees	-	177,777
Net gain on sale of equity investments	-	500,221
Share of results of equity-accounted investees and joint venture	102,083	141,354
Impairment loss of equity-accounted investees	-	(162,194)
Impairment loss of available-for-sale financial assets (IAS 39)	-	(67,487)
Loss on disposal of subsidiaries	-	(33,895)
<b>NET OPERATING PROFIT</b>	<b>1,293,306</b>	<b>1,962,564</b>
Gain from change in fair value of investment properties	-	457,276
Other income	7,702	241,286
Finance costs	(835,545)	(709,620)
General and administrative expenses	(195,349)	(244,112)
Provision for claims	(41,056)	-
Impairment loss of property and equipment	(23,881)	-
Depreciation of property and equipment	(33,895)	(15,596)
Impairment loss of trade and other receivables	(29,457)	(6,248)
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>141,825</b>	<b>1,685,550</b>
<b>DISCONTINUED OPERATION</b>		
Loss from discontinued operations	-	(3,549)
<b>PROFIT FOR THE YEAR</b>	<b>141,825</b>	<b>1,682,001</b>
Profit attributable to:		
Owners of the Company	433,749	1,693,201
Non-controlling interests	(291,924)	(11,200)
	<b>141,825</b>	<b>1,682,001</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>0.16</b>	<b>0.64</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE CONTINUING OPERATIONS</b>	<b>0.16</b>	<b>0.64</b>

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME For the year ended 31 December 2018

	2018 QR'000	2017 QR'000
Profit for the year	141,825	1,682,001
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Equity investments at FVOCI - net change in fair value	862,852	-
Equity-accounted investees - share of OCI	1,167	-
	<u>864,019</u>	-
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
Cash flow hedges - effective portion of changes in fair value	(12,324)	17,198
Foreign operations - foreign currency translation differences	1,673	(1,800)
Available-for-sale financial assets - net change in fair value (IAS 39)	-	(326,785)
Equity-accounted investees - share of OCI (IAS 39)	-	(2,667)
<b>Other comprehensive income / (loss) for the year</b>	<u>853,368</u>	<u>(314,054)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>995,193</u>	<u>1,367,947</u>
Attributable to:		
Owners of the Company	1,287,117	1,379,147
Non-controlling interests	(291,924)	(11,200)
	<u>995,193</u>	<u>1,367,947</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December 2018

	2018 QR'000	2017 QR'000
<b>OPERATING ACTIVITIES</b>		
Profit for the year	141,825	1,682,001
Adjustments for:		
Gain from change in fair value of investment properties	-	(457,276)
Dividend income from equity investments	(124,055)	(241,848)
Share of results of equity-accounted investees and joint venture	(102,083)	(141,354)
Depreciation of property and equipment	33,895	15,596
Impairment loss of trade and other receivables	29,457	6,248
Impairment loss of property and equipment	23,881	-
Gain on expropriation of investment properties	(19,054)	(171,971)
Provision for employees' end of service benefits	7,890	11,635
Reversal of allowance for impairment loss of trade and other receivables	(4,043)	(9,391)
Net gain on sale of equity investments	-	(500,221)
Impairment loss of equity-accounted investees	-	162,194
Net gain on sale of equity-accounted investees	-	(177,777)
Impairment loss of available-for-sale financial assets (IAS 39)	-	67,487
Profit on Islamic bank accounts	(1,051)	(42,872)
Provision for slow-moving and obsolete inventories	687	4,683
Loss on disposal of property and equipment	100	-
Reversal of provision for obsolete and slow moving inventories	(7)	-
Loss on disposal of subsidiaries	-	33,895
Finance costs	835,545	709,620
	<u>822,987</u>	<u>950,649</u>
Changes in:		
Receivables and prepayments	40,786	69,266
Inventories	(6,476)	(7,740)
Payables and other liabilities	(51,913)	326,947
<b>Cash from operating activities</b>	<u>805,384</u>	<u>1,339,122</u>
Employees' end of service benefits paid	(24,934)	(7,569)
<b>Net cash flows from operating activities</b>	<u>780,450</u>	<u>1,331,553</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(23,424)	(31,798)
Payments for development of investment properties	(82,242)	(336,939)
Payments for purchase of completed investment properties	-	(3,064,117)
Purchase of equity investments	(1,039)	(300,261)
Proceeds from sale of equity investments	18,127	3,171,350
Proceeds from sale of equity-accounted investees	-	533,210
Proceeds from disposal of property and equipment	320	-
Dividends received	203,500	351,472
Profit on Islamic bank accounts received	1,051	42,872
Net movement in restricted bank balances	2,945	(1,465)
<b>Net cash flows from investing activities</b>	<u>119,238</u>	<u>364,324</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from Sukuk and Islamic financing borrowings	3,385,000	1,992,865
Payments for Sukuk and Islamic financing borrowings	(4,626,687)	(2,402,140)
Dividends paid	-	(952,379)
Net movement non-controlling interest	-	(384,505)
Transaction cost paid	(11,584)	(4,440)
Net cash flows used in financing activities	<u>(1,253,271)</u>	<u>(1,750,599)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(353,583)</u>	<u>(54,722)</u>
Net foreign exchange difference	8,970	(1,800)
Cash and cash equivalents as of 1 January	366,550	423,072
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<u>21,937</u>	<u>366,550</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2018

	Attributable to owners of the Company						In thousands of Qatari Riyals	
	Share capital	Legal reserve (1)	Fair value reserves	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2018	26,524,967	1,572,678	17,326	154	2,037,602	30,152,727	4,137	30,156,864
Adjustment on initial application of IFRS 9	-	-	(153,872)	-	129,534	(24,338)	(201)	(24,539)
<b>Adjusted balance at 1 January 2018</b>	<b>26,524,967</b>	<b>1,572,678</b>	<b>(136,546)</b>	<b>154</b>	<b>2,167,136</b>	<b>30,128,389</b>	<b>3,936</b>	<b>30,132,325</b>
Net profit for the year	-	-	-	-	433,749	433,749	(291,924)	141,825
Other comprehensive income for the Year	-	-	851,695	1,673	-	853,368	-	853,368
Total comprehensive income for the Year	-	-	851,695	1,673	433,749	1,287,117	(291,924)	995,193
Transfers of reserves on disposal of FVOCI	-	-	4,630	-	(4,630)	-	-	-
Transferred to legal reserve	-	43,375	-	-	(43,375)	-	-	-
Transferred to Social and Sports Activities Fund	-	-	-	-	(10,844)	(10,844)	-	(10,844)
<b>Balance at 31 December 2018</b>	<b>26,524,967</b>	<b>1,616,053</b>	<b>719,779</b>	<b>1,827</b>	<b>2,542,036</b>	<b>31,404,662</b>	<b>(287,988)</b>	<b>31,116,674</b>
Balance at 1 January 2017	26,524,967	1,403,358	329,580	1,954	1,882,299	30,142,158	431,534	30,573,692
Net profit for the year	-	-	-	-	1,693,201	1,693,201	(11,200)	1,682,001
Other comprehensive loss for the Year	-	-	(312,254)	(1,800)	-	(314,054)	-	(314,054)
Total comprehensive income for the Year	-	-	(312,254)	(1,800)	1,693,201	1,379,147	(11,200)	1,367,947
Movement in non-controlling interest	-	-	-	-	-	-	(416,197)	(416,197)
Transferred to legal reserve	-	169,320	-	-	(169,320)	-	-	-
Dividends for 2017	-	-	-	-	(1,326,248)	(1,326,248)	-	(1,326,248)
Transferred to Social and Sports Activities Fund	-	-	-	-	(42,330)	(42,330)	-	(42,330)
<b>Balance at 31 December 2017</b>	<b>26,524,967</b>	<b>1,572,678</b>	<b>17,326</b>	<b>154</b>	<b>2,037,602</b>	<b>30,152,727</b>	<b>4,137</b>	<b>30,156,864</b>

**Note:** The above published financial information are not the full set of the consolidated financial statements. The published audit report of the independent auditors is issued on the full set of consolidated financial statements which are available on the Qatar Stock Exchange's website: <https://www.qe.com.qa>



## ■ Independent auditor's report .. To the shareholders of Ezdan Holding Group Q.P.S.C. Doha, State of Qatar

### Report on the Audit of the Consolidated Financial Statements

#### ■ Opinion

We have audited the accompanying consolidated financial statements of Ezdan Holding Group Q.P.S.C. (the "Company") and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant 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 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### ■ Basis for Opinion

We conducted our audit in accordance with International Standard on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, 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.

#### ■ Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

##### Valuation of Investment Properties

###### Description of key audit matter

- We focused on this area because investment properties on the consolidated statement of financial position amounted to QR 43,863,571 thousand which represents 88% of the Group's total assets.
- Due to significant judgments, assumptions and estimates involved in the valuation of investment properties, it is considered as a key audit matter.

###### How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Assessing the independent external valuer's competence, capabilities and objectivity by discussing the scope of their work and reviewing their engagement for unusual terms or fee arrangements;
- Inspecting the valuation reports and assessing whether any matters identified in them have a potential impact on the amounts recorded and /or the disclosure in the consolidated financial statements;
- Agreeing the property information in the valuation by tracing a sample of inputs to the underlying property records held by the Group;
- Involving our own valuation specialist to assist us in the following matters:
  - assessing the consistency of the valuation basis and appropriateness of the methodology used, based on generally accepted valuation practices; and
  - evaluating the appropriateness of the underlying assumptions used by comparing the assumptions used to internal and external data.
- Evaluating the adequacy of the disclosures in the consolidated financial statements including the disclosures of key assumptions and judgments.

#### ■ Other Matter

The consolidated financial statements as at and for the year ended 31 December 2017 were audited by another auditor, whose audit report dated 24 January 2018, expressed an unmodified audit opinion thereon.

#### ■ Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

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 that we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

#### ■ Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

#### ■ Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. "Reasonable assurance" is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 the ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- 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, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current year 31 December 2018, and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### ■ Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Group has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report and the financial information contained therein is in agreement with the books and records of the Group. We are not aware of any violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Group's Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Group's consolidated financial position or performance as at and for the year ended 31 December 2018.