

EZDAN HOLDING GROUP Q.P.S.C.
CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

EZDAN HOLDING GROUP Q.P.S.C.
CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2021

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Independent auditors' report

To the Shareholders of Ezdan Holding Group Q.P.S.C.

Qualified Opinion

We have audited the 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 2021, and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 11 to 65.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, 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 Qualified Opinion

The Group measures its investment properties at fair value through profit or loss, which are carried in the consolidated statement of financial position at QR 44,827,392 as at 31 December 2021 after recognition of fair value loss of QR 201 Million for the year ended 2021. As described in Notes 9 and 27, the valuation of the investment properties has been determined under the income approach using the discounted cash flow method. However, in our view, certain key assumptions and inputs used in the valuation models such as terminal yield and terminal growth rate for certain property types are not in line with the requirements of IFRS 13 – 'Fair Value Measurement' and inconsistent with our understanding of the current status of the assets, external market information relevant to the industry in which the Group operates and the expectations of a market participant at the reporting date. It is impracticable for us to quantify the financial effects of any possible adjustments to the Group's investment properties, fair value gain/(loss) on investment properties recognized in the consolidated statement of profit or loss and retained earnings as at and for the year ended 31 December 2021.

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 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 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 qualified opinion.



Independent auditors' report (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Group's 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 on the other information that we have obtained prior to the date of this auditor's report, 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.

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



Independent auditors' report (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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



Independent auditors' report (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

- i) Except for the possible effect of matters described in 'Basis for Qualified Opinion' section of our report on the audit of the consolidated financial statements, we have obtained all the information and explanations we considered necessary for the purposes of our audit and the Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. We are not aware of any other violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2021.
- ii) 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 Company.
- iii) Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles.

30 March 2022
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289

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EZDAN HOLDING GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at 31 December 2021

In thousands of Qatari Riyals

	Note	2021	2020
ASSETS			
Cash and bank balances	4	1,089,092	650,311
Trade and other receivables	5	92,874	124,898
Inventories	6	10,129	9,745
Equity investments	7	2,671,864	2,549,407
Equity-accounted investees and joint venture	8	788,278	816,653
Investment properties	9	44,827,392	44,512,585
Property and equipment	10	704,891	734,202
TOTAL ASSETS		50,184,520	49,397,801
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	11	4,782,792	2,605,258
Sukuk and Islamic financing	13	13,187,750	14,760,938
TOTAL LIABILITIES		17,970,542	17,366,196
EQUITY			
Share capital	14	26,524,967	26,524,967
Legal reserve	15	1,687,887	1,681,776
Fair value reserves	17	1,002,558	882,152
Foreign currency translation reserve		(1,546)	(1,784)
Retained earnings		3,279,146	3,223,486
Equity attributable to owners of the Company		32,493,012	32,310,597
Non-controlling interests	29	(279,034)	(278,992)
Total equity		32,213,978	32,031,605
TOTAL EQUITY AND LIABILITIES		50,184,520	49,397,801

These consolidated financial statements were approved by the Company's Board of Directors and were signed on their behalf by the following on 30 March 2022.


Abdalla Bin Thani Al-Thani
Vice Chairman


Tamer Fouad Mahmoud
Group Chief Financial Officer



The notes on pages 11 to 65 are an integral part of these consolidated financial statements.

EZDAN HOLDING GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

In thousands of Qatari Riyals

	Note	2021	2020
Rental income	9, 18	1,260,255	1,177,397
Other operating revenues	9, 18	87,093	70,090
Operating expenses	19(i)	(295,238)	(252,579)
OPERATING PROFIT FROM MAIN OPERATIONS		1,052,110	994,908
Dividend income from equity investments	7	70,215	93,205
Share of results of equity-accounted investees and joint venture	8	7,545	26,801
NET OPERATING PROFIT		1,129,870	1,114,914
Loss from change in fair value of investment properties	9	(200,508)	-
Other income	20	15,975	33,699
Finance costs	21	(728,063)	(652,436)
General and administrative expenses	19(ii)	(83,518)	(80,856)
Depreciation of property and equipment	10	(30,190)	(32,796)
Loss on disposal of investment property		(949)	-
Reversal of / (provision) for impairment loss of trade and other receivables – net	5	1,826	(21,374)
Loss from foreign currency exchange		(43,377)	(13,168)
PROFIT FOR THE YEAR		61,066	347,983
<i>Profit attributable to:</i>			
Owners of the Company		61,108	347,941
Non-controlling interests	29	(42)	42
		61,066	347,983
BASIC AND DILUTED EARNINGS PER SHARE	22	0.0023	0.013



EZDAN HOLDING GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021


In thousands of Qatari Riyals

	Note	2021	2020
Profit for the year		61,066	347,983
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Equity investments at FVOCI - net change in fair value	7, 17	122,468	289,883
Equity-accounted investees - share of OCI	17	129	144
		122,597	290,027
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign operations - foreign currency translation differences	17	238	(1,537)
Other comprehensive income for the year		122,835	288,490
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		183,901	636,473
<i>Attributable to:</i>			
Owners of the Company		183,943	636,431
Non-controlling interests		(42)	42
		183,901	636,473



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of Qatari Riyals


 لاغراض التعريف فقط
 For Identification
 Purposes Only

EZDAN HOLDING GROUP Q.P.S.C.

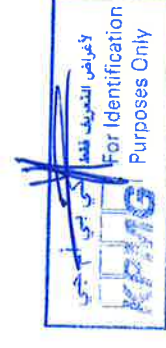
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2021

In thousands of Qatari Riyals

	Attributable to owners of the Company					Non-controlling interest	Total Equity
	Share capital	Legal reserve (1)	Fair value reserves	Foreign currency translation reserve	Retained earnings	Total	
Balance at 1 January 2020	26,524,967	1,646,982	591,918	(247)	2,919,245	31,682,865	31,403,831
Net profit for the year	-	-	-	-	347,941	347,941	347,983
Other comprehensive income for the year	-	-	290,027	(1,537)	-	288,490	288,490
Total comprehensive income for the year	-	-	290,027	(1,537)	347,941	636,431	636,473
Transfers of reserves on disposal of FVOCI (Note 17)	-	-	207	-	(207)	-	-
Transferred to legal reserve	-	34,794	-	-	(34,794)	-	-
Transferred to Social and Sports Activities Fund (Note 16)	-	-	-	-	(8,699)	(8,699)	(8,699)
Balance at 31 December 2020	26,524,967	1,681,776	882,152	(1,784)	3,223,486	32,310,597	32,031,605

(1) In accordance with the requirements of the Qatar Commercial Companies Law No. 11 of 2015 and the Company's Article of Association, a minimum of 10% of the annual profit should be transferred to legal reserve until the reserve equals 50% of the share capital. The reserve is not available for distribution except in the circumstances stipulated in the above law and the Company's Article of Association.



EZDAN HOLDING GROUP Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

In thousands of Qatari Riyals

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		61,066	347,983
<i>Adjustments for:</i>			
Loss from change in fair value of investment properties	9	200,508	-
Dividend income from equity investments	7	(70,215)	(93,205)
Share of results of equity-accounted investees and joint venture	8	(7,545)	(26,801)
Depreciation of property and equipment	10	30,190	32,796
Impairment loss of trade and other receivables	5	7,174	23,273
Provision for employees' end of service benefits	19	3,972	3,157
Reversal of provision for impairment loss of trade and other receivables	5	(9,000)	(1,899)
Operating expenses recognised from the consumption of small operating equipment	19(i)	270	13,969
Profit on Islamic bank accounts	20	(12,624)	(6,856)
Loss / (gain) on disposal of property and equipment	10	5	(127)
Loss on disposal of investment property		949	-
Profits charged on Sukuk and Islamic Financing	21	728,063	735,434
Cash flow hedges – ineffective portion of change in fair value	21	-	17,100
Net gain from modification of Islamic financing	21	-	(100,098)
		932,813	944,726
<i>Changes in:</i>			
Trade and other receivables		33,850	143,413
Inventories		(654)	2,507
Trade and other payables		(26,486)	(174,188)
Cash generated from operating activities		939,523	916,458
Employees' end of service benefits paid	11	(543)	(537)
Net cash flows from operating activities		938,980	915,921
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	10	(986)	(1,031)
Payments for development of investment property		(111,029)	(146,145)
Purchase of equity investments	7	(47,973)	(864)
Proceeds from sale of equity investments		47,984	864
Proceeds from disposal of investment property	9	4,414	-
Proceeds from disposal of property and equipment		-	139
Dividends received	7, 8	106,246	137,662
Profit on Islamic bank accounts received		12,624	6,856
Net movement in restricted bank balances		(2,944)	2,628
Investment in bank deposits		36,415	(36,415)
Net cash flows from / (used in) investing activities		44,749	(36,306)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing from other related party	12	1,800,000	-
Proceeds from sukuk and Islamic financing	13	-	2,284,891
Payments for sukuk and Islamic financing	13	(2,261,369)	(2,513,211)
Dividends paid		(60,962)	(60,962)
Movement in transaction cost		10,113	(28,526)
Net cash flows used in financing activities		(512,218)	(317,808)
NET INCREASE IN CASH AND BANK BALANCES			
Net foreign exchange difference		471,511	561,807
Cash and bank balances as of 1 January		741	(4,572)
		611,321	54,086
CASH AND BANK BALANCES AT 31 DECEMBER	4	1,083,573	611,321

Non- cash transactions:

- Capitalized finance costs on investment property under development (Note 21).

The notes on pages 11 to 65 are an integral part of these consolidated financial statements.



EZDAN HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Ezdan Holding Group Q.P.S.C. (the “Company”) is a Qatari Public Shareholding Company registered in the State of Qatar under the Commercial Registration Number 15466. The Company was established on 24 May 1993 as a limited liability company, and was publicly listed at Qatar Stock Exchange on 18 February 2008. The Company is domiciled in the State of Qatar and its registered office is at Ezdan Towers, West Bay Doha, State of Qatar.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as “Group”).

The principal activity of the Group is management and rentals of real estate properties. The Group is engaged in exerting significant influence and or joint control over other Companies. The Group is also engaged in controlling the subsidiaries by exposing the Company, or having rights, to variable returns from the Company’s involvement with the company and has the ability to affect those returns through its power over the company or more by owning at least 51% of its shares, investment in shares, Sukuk, financial securities and other investments inside and outside the State of Qatar.

The principal subsidiaries of the Group are as follows:

Name of the subsidiary	Country of incorporation	Principal Activity	Effective percentage of ownership	
			31 December 2021	31 December 2020
1 Ezdan Hotels Company W.L.L.	Qatar	Hotel services	100%	100%
2 Ezdan Mall Company W.L.L.	Qatar	Malls management	100%	100%
3 Ezdan Real Estate Company W.L.L.	Qatar	Real estate services	100%	100%
4 Ezdan Palace Hotel Company W.L.L.	Qatar	Hotel services	100%	100%
5 Al Ekleem for Real Estate and Mediation Co. W.L.L.	Qatar	Investments in shares	100%	100%
5 Al Taybin Trading Company W.L.L.	Qatar	Investments in shares	100%	100%
7 Al Namaa for Maintenance Company W.L.L.	Qatar	Investments in shares	100%	100%
8 Shatea Al Nile Company W.L.L.	Qatar	Investments in shares	100%	100%
9 Arkan for Import and Export Company W.L.L.	Qatar	Investments in shares	100%	100%
10 Tareek Al Hak Trading Company W.L.L.	Qatar	Investments in shares	100%	100%
11 Een Jaloot Trading Company W.L.L.	Qatar	Investments in shares	100%	100%
12 Ezdan World W.L.L.	Qatar	Entertainment services	70%	70%
13 Emtedad Real Estate for Projects W.L.L.	Qatar	Real estate development	67.5%	67.5%
14 Ezdan International Limited	Jersey	Investment property management	100%	100%
15 Haloul Ezdan For Trading and Construction Company W.L.L.	Qatar	Building and maintenance works	100%	100%
16 Ezdan for Partnership Company W.L.L. (1)	Qatar	Marketing and management	-	100%
17 Ezdan for Cleaning Company W.L.L. (1)	Qatar	General cleaning of buildings	-	100%
18 Ezdan for Landscape Company W.L.L. (1)	Qatar	Sewerage and sanitary contracting services	-	100%
19 Alraed for Sewerage Company W.L.L. (1)	Qatar	Sewerage and sanitary contracting services	-	100%
20 Ezdan for Transactions Clearance Company W.L.L. (1)	Qatar	Transaction clearance services	-	100%

- (1) During the year, the management decided to cancel the Commercial Registration of the above dormant entities with the Ministry of Economy and Commerce. These entities does not have any assets and liabilities to be disclosed in consolidated financial statements.

The Parent of the Group is Al-Tadawul Trading Group Q.P.S.C. (“Tadawul”) which owns directly 54% (approximately) of the share capital of the Group as at 31 December 2021 (31 December 2020: 54%).

EZDAN HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES (Continued)

The management is in the process of taking necessary actions needed to ensure full compliance with the requirements of Qatar Commercial Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021, including amending the Articles of Association of the Company where necessary, and has concluded that any non-compliance, if any as at the reporting date does not have a material impact on the financial statements.

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 30 March 2022.

2 BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Details of Group's accounting policies are included in Note 3.

b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, as modified by the equity investments at fair value through other comprehensive income (FVOCI) and investment property which have been measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals ("QR"), which is the Company's functional currency. All Group entities except Ezdan International Limited have the Qatari Riyal ("QR") as their functional currency. Ezdan International Limited has Sterling Pound ("GBP") as its functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Use of judgments and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about areas that involve a higher degree of judgement or complexity, or areas where assumptions or estimates have a significant risk of resulting in a material adjustment to the consolidated financial statements are as follows:

I. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements:

Revenue recognition

Rental revenue is recognised on a monthly basis based on the period of contract and the space occupied.

Revenue from ancillary services provided to occupants of the property is recognised at a single time when the service is delivered to the customer.

Revenue from sale of goods is recognised when the control of the goods (food and beverages) are transferred to the buyer. The customers take control of the items at the time of delivery of goods. Invoices are generated and revenue is recognised at that point in time. The customers' balances are usually collectible at transaction date.

The Group makes judgments in determining the performance obligations that exist in contract with the customers. Judgments are also applied in determining timing of transfer of control at a point in time or over time. Where the standalone selling price is applicable, management uses estimates to determine it based on the cost-plus mark-up depending on the nature of goods and services to be provided to different customers.

2 BASIS OF PREPARATION (Continued)**d) Use of judgments and estimates (continued)****I. Judgements (continued)***Going concern*

The management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. The Group has been profitable, and it had positive net assets (equity), and cash flow positions as at the year end.

As explained in Note 31, the impact of Covid 19 may continue to evolve, but at the present time the assessment show that the Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected. Therefore, these financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Business model assessment

Classification and measurement of financial assets depends on the results of "solely payments of principal and interest" (SPPI) and the business model test (refer to the accounting policy "Financial instruments" in Note 3). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

Interests in other entities (equity-accounted investees and joint venture)

Judgment is required in assessing the level of control obtained in a transaction to acquire an interest in another entity; depending upon the facts and circumstances in each case, the Group may obtain control, joint control or significant influence over the entity or arrangement. The Group considers that it has significant influence over investees when it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies. Judgment is also required to assess whether the arrangement is a joint operation or a joint venture. The Group assesses the arrangement as a joint venture since the rights of the Group reside in the net assets of the joint arrangement (i.e. it is the joint arrangement, not the parties to the joint arrangement, that has a direct right to the assets, and obligations for the liabilities of the joint arrangement).

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets (equity-accounted investees and joint venture and property and equipment, but not inventories and investment property) are reviewed at each reporting date to determine whether there is any indication of impairment. Such indications may include decline in value of asset significantly, significant changes with an adverse effect on the Group have taken place, obsolescence or physical damage of asset, deterioration in the economic performance of the asset etc. If any such indication exists, then the asset's recoverable amount is estimated.

Distinction between property and equipment and investment property

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Property and equipment or owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Group holds some properties that comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use for administrative purposes. These portions could not be sold separately (or leased out separately under a finance lease), so the Group has classified the whole of property as investment property because only an insignificant portion is held for use for administrative purposes. The Group provides ancillary services to the occupants of properties it holds and treats such properties as investment property as the services are insignificant to the arrangement as a whole.

2 BASIS OF PREPARATION (Continued)**d) Use of judgments and estimates (continued)****I. Judgements (continued)***Other provisions and liabilities*

Other provisions and liabilities are recognized in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognized provision or liability would result in a charge or credit to profit or loss in the period in which the change occurs.

II. Assumptions and estimation uncertainties*Impairment of financial assets measured at amortised cost*

The “expected credit loss” (ECL) impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability and magnitude of default to various categories of financial assets measured at amortised cost (cash at bank and trade and other receivables). Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The magnitude of the loss in case there is a default is also an estimate of the loss arising on default; it is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

Provision of slow-moving and obsolete inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical realizable value.

Fair value measurement of investment property

The Group carries its investment property at fair value, with changes in fair value being recognized in profit or loss. The Group engages independent external valuers to determine the fair value. The valuers used recognized valuation techniques such as income (discounted cash flow [DCF]), market and residual approaches. These valuation techniques used significant unobservable inputs such as weighted average cost of capital, terminal yield and terminal growth rate for the fair value measurement categorised within Level 3.

Depreciation of property and equipment

Items of property and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, physical wear and tear, and technological or commercial obsolescence, and impacts the annual depreciation charge recognized in profit or loss. Management reviews annually the useful lives of these assets. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates.

Legal proceedings

From time to time, the Group is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. The management applies significant assumptions in measuring the risks of exposure to contingent liabilities and provisions related to existing legal proceedings and other unsettled claims. The management’s judgment is required in estimating the probability of a successful claim against the Group or crystallising of a material obligation, and in determining the probable amount of the final settlement or obligation. The Group makes provisions against legal cases for all present obligations based on their prior experience on similar cases and advice sought from the legal advisers.

EZDAN HOLDING GROUP Q.P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2021

2 BASIS OF PREPARATION (Continued)

e) New and amended standards and interpretations adopted by the Group

During the year, the below new and amended International Financial Reporting Standards (“IFRS” or “standards”) and interpretations became effective for the first time for the financial year beginning on or after 1 January 2021.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7)

The adoption of the above new and amended standards and the interpretations to a standard listed above do not have any or material effect on the Group’s financial statements.

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

The below new and amended International Financial Reporting Standards (“IFRS” or “standards”) and an interpretation to a standards that are available for early adoption for financial years beginning after 1 January 2021 are not effective until a later period, and they have not been applied in preparing these consolidated financial statements.

<i>Effective for year beginning 1 January 2022</i>	<ul style="list-style-type: none">• <i>Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)</i>• <i>Annual Improvements to IFRS Standards 2018-2020</i>• <i>Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)</i>• <i>Reference to the Conceptual Framework (Amendments to IFRS 3)</i>
<i>Effective for year beginning 1 January 2023</i>	<ul style="list-style-type: none">• <i>IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts</i>• <i>Classification of liabilities as current or non-current (Amendments to IAS 1)</i>• <i>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</i>• <i>Definition of Accounting Estimates (Amendments to IAS 8)</i>• <i>Deferred Tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)</i>
<i>Effective date deferred indefinitely / available for optional adoption</i>	<ul style="list-style-type: none">• <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>

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

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies of the Group applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to both years presented in these consolidated financial statements.

a) Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see section on “Subsidiaries” below).

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of consolidation (continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Equity-accounted investees and joint venture

Equity-accounted investees are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

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

The Group's investments in its equity-accounted investees and a joint venture are accounted for using the equity method.

Under the equity method, the investment in an equity-accounted investee or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the equity-accounted investees or a joint venture since the acquisition date. Goodwill relating to the equity-accounted investees or a joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

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

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of consolidation (continued)

Equity-accounted investees and joint venture (continued)

The aggregate of the Group's share of results of equity-accounted investees and joint ventures is shown on the face of the consolidated statement of profit or loss.

The financial statements of the equity-accounted investees and a joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group's accounting policies.

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

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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Financial instruments

Trade receivables and debt securities issued 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 or financial liability is initially measured at fair value plus, for an item not at 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.

Classification and subsequent measurement of financial assets

A financial asset is classified at:

- Amortised 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 (SPPI) on the principal amount outstanding.
- 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 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 SPPI on the principal amount outstanding.
- FVTPL – All financial assets not classified as measured at amortised cost or FVOCI as described above.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

On initial recognition of an equity investment 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 an investment-by-investment basis.

On initial recognition, the Group may irrecoverably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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.

The Group has classified on initial recognition its cash and cash equivalents and trade and other receivables at amortised cost.

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 cash flows or realising cash flows through the sale of 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 that 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 – Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

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

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**b) Financial instruments (continued)****Classification and subsequent measurement of financial assets (continued)**

Financial assets – Assessment whether contractual cash flows are Solely Payments of Principal and Interest (SPPI) (continued)

- 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 amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Financial assets FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group does not hold such assets.
- Debt instruments at FVTOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Group does not hold such assets.
- Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never derecognised to profit or loss. The Group holds such assets.

Classification and subsequent measurement of financial liabilities

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.

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 consolidated 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.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Financial instruments (continued)

Derecognition (continued)

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.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated 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.

c) Impairment

Non-derivative financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost (cash at bank and receivables). The Group does not hold debt investments measured at amortised cost or contract assets.

The Group measures loss allowance either at an amount equal to:

- lifetime ECLs, which are those ECLs that result from all possible default events over the expected life of a financial instruments; or
- 12-month ECLs, which includes the portion of ECLs that results 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.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs.

Loss allowances on bank balances are always measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the customer is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and 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 and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Impairment (continued)

Non-derivative financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer; or
- a breach of contract such as a default or being more than 120 days past due (more than 365 days for mall operations); or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (equity-accounted investees and joint venture, property and equipment, but not inventories and investment property) 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 a 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 a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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.

d) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and bank deposits with original maturities of three months or less and unrestricted balances held with banks which 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, net of outstanding bank overdrafts and restricted bank balances.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**e) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. A provision is made for any write-down of inventories to net realisable value and such a provision is reflected as an expense in profit or loss in the period of write-down. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised in profit or loss in the period in which the reversal occurs.

f) Investment property

Investment property are properties which are held either to earn rental income, including those under development, or for capital appreciation or for both and are initially measured at cost, including transaction costs.

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

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

Property that is being constructed for future use as investment property is accounted for as investment property under the fair value model. Property under construction is designated as investment property only if there are unambiguous plans by management to subsequently utilize the property for rental activities upon completion of development, or if there is undetermined future use of the property and hence the property is held for long term capital appreciation.

Transfers between property categories

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment properties to owner-occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment properties to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property;
- (d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any difference between carrying value and fair value arising on remeasurement is recognized directly in equity as a revaluation surplus.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with IAS 16 'Property, Plant and Equipment' or IAS 2 'Inventories' shall be its fair value at the date of change in use.

For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in consolidated statement of profit or loss.

g) Property and equipment*Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**g) Property and equipment (continued)***Recognition and measurement (continued)*

Cost includes expenditure that is directly attributable to the acquisition of the asset. The capital work in progress includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that computers and office equipment.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation is recognized in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each item of property and equipment.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

	Years
Buildings	20
Motor vehicles	5
Furniture, fixtures and office equipment	2-5

Land and capital work in progress are not depreciated. Once assets within capital work in progress are completed, they are reclassified to the relevant category of other property and equipment stated above and depreciated accordingly once they are put into use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

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

Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Profit and loss on disposals of items of property and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts and are recognised net in profit or loss.

Allocation of depreciation expense

Depreciation is allocated to operating and general and administrative expenses on the basis of relative usage of assets for these purposes.

h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

i) Revenue recognition*Rental income*

Rental income receivable from operating leases, less the Group's initial direct costs of entering into the leases, is recognized on a straight-line basis over the term of the lease, except for contingent rental income which is recognized when it arises.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Revenue recognition (continued)

Rental income (continued)

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the lessors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in the consolidated statement of profit or loss when they arise.

Dividend income from equity investments

Dividend income is recognised when the Group's right to receive the payment is established which is generally when shareholders approve the dividend.

Service charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognized in the period in which the expense can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue, as the Group acts as principal in this respect.

Sale of goods

Revenue is recognized when the control of the goods are transferred to the buyer.

Other income

Revenue is recognized when earned.

j) Expense 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 consolidated statement of financial position as an asset, such as in the case of asset impairments.

k) Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date. All differences are taken to the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

l) Borrowing costs

Borrowing costs are finance cost and other costs that the Group incurs in connection with the borrowing of funds. A qualifying asset for finance cost capitalization is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group recognizes other borrowing costs as an expense in the period in which it incurs them.

The Group begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the Group first meets all of the following conditions:

- a) incurs expenditures for the asset;
- b) incurs borrowing costs; and
- c) undertakes activities that are necessary to prepare the asset for its intended use or sale.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**l) Borrowing costs (continued)**

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings, if any.

The borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than those specific borrowings mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalized by applying a capitalization rate to the expenditures on that asset.

The amount of borrowing costs that the Group capitalizes during the period is not to exceed the amount of borrowing costs it incurred during that period. The Group suspends capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset, and ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are expensed in profit or loss using the effective interest method.

m) Tenants' deposits

Tenants deposits liabilities are initially recognized at fair value and subsequently measured at amortized cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognized on a straight-line basis over the lease term.

n) Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with Qatari Labor Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. The expense relating a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

With respect to its Qatari employees, the Group provides contributions to the General Pension and Social Insurance Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

p) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

q) Dividends

The Group recognizes a liability to make cash distributions to equity shareholders of the Parent when distribution is authorized and the distribution is no longer at the discretion of the company. As per the Qatar Commercial Law No 11 of 2015, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

r) Income tax

Taxes are calculated based on tax laws and regulations in jurisdictions in which the Group operates. A tax provision is made based on an evaluation of the expected tax liability.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Operating segments

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 28 to the consolidated financial statements. The Managing Director (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under IFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods. All inter-segment transfers are carried out at arm's length prices.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

t) Current versus non-current classification

The Group presents assets and liabilities based on current / non-current classification. An asset is current when it is:

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

All other assets are classified as non-current. A liability is current when:

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

The Group classifies all other liabilities as non-current.

u) Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

v) Leases

At inception of a 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 a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**v) Leases (continued)***Group as a lessee*

At commencement 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 its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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 initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise 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 guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, 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, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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. Right-of-use assets that meet the definition of investment property are presented within investment property.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group 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.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**v) Leases (continued)***Group as a lessor (continued)*

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 of 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 the 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.

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 'rental revenues'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

w) Fair value measurement

The Group measures financial instruments such as derivatives, equity investment financial assets and non-financial assets such as investment property at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value are disclosed in these consolidated financial statements in Note 27.

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

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

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

If an asset or liability measured at fair value has a bid price and an ask price, then the Group measures assets at a bid price and liabilities at an ask price.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**w) Fair value measurement (continued)**

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

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

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

4 CASH AND BANK BALANCES

	2021	2020
Cash on hand	286	297
<i>Cash at banks and other financial institutions</i>		
Current accounts	34,942	22,074
Saving and call accounts (1)	1,048,345	625,365
Margin accounts	5,519	2,575
<i>Total cash at banks and other financial institutions</i>	1,088,806	650,014
<i>Cash and bank balances in the statement of financial position</i>	1,089,092	650,311
<i>Less: restricted bank balances (2)</i>	(5,519)	(2,575)
<i>Less: bank deposits (3)</i>	-	(36,415)
<i>Cash and bank balances in the statement of cash flows</i>	1,083,573	611,321

(1) This includes short term deposit of QR 618 Million (2020: QR 616 Million) as at 31 December 2021.

(2) Restricted bank balances represent cash margin (letter of guarantees) and are not available for use by the Group.

(3) Bank deposits represent deposits which will be maturing in the month of April 2021.

5 TRADE AND OTHER RECEIVABLES

	2021	2020
Tenant receivables – net	56,025	47,361
Receivable from government on expropriation of investment property	-	46,844
Advances to suppliers and contractors	16,708	7,398
Due from related parties - net (Note 12(b))	643	1,380
Refundable deposits – net	8,242	11,084
Prepaid expenses	4,463	4,175
Accrued interest income	1,107	1,052
Net other receivables and debit balances	5,686	5,604
	92,874	124,898

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5 TRADE AND OTHER RECEIVABLES (Continued)

Trade and other receivables are segregated between current and non-current as follows:

2021	Current	Non-current	Total
Tenant receivables – net	56,025	-	56,025
Advances to suppliers and contractors	16,708	-	16,708
Due from related parties - net	643	-	643
Refundable deposits – net	-	8,242	8,242
Prepaid expenses	4,463	-	4,463
Net other receivables and debit balances	6,793	-	6,793
	<u>84,632</u>	<u>8,242</u>	<u>92,874</u>

2020	Current	Non-current	Total
Tenant receivables – net	47,361	-	47,361
Receivable from government on expropriation of investment property	46,844	-	46,844
Advances to suppliers and contractors	7,398	-	7,398
Due from related parties - net	1,380	-	1,380
Refundable deposits – net	-	11,084	11,084
Prepaid expenses	4,175	-	4,175
Accrued income	1,052	-	1,052
Net other receivables and debit balances	5,604	-	5,604
	<u>113,814</u>	<u>11,084</u>	<u>124,898</u>

The movements in the allowance for impairment of trade and other receivables were as follows:

	2021	2020
At 1 January	104,572	101,142
Provision made during the year	7,174	23,273
Provision reversed	(9,000)	(1,899)
Provision written-off	(2,617)	(17,944)
At 31 December	<u>100,129</u>	<u>104,572</u>

The allowance for impairment is consists of:

	2021	2020
Tenants receivables	92,369	95,185
Refundable deposits	-	1,627
Other receivables	7,760	7,760
	<u>100,129</u>	<u>104,572</u>

6 INVENTORIES

	2021	2020
<u>Inventories carried at cost</u>		
Consumables	4,544	4,613
Buildings and maintenance materials	5,585	5,132
	<u>10,129</u>	<u>9,745</u>

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6 INVENTORIES (Continued)

Small operating equipment represents linen, cutlery and other hotel consumables. During the year, small operating equipment of QR 270 (2020: QAR 13,969) were recognised as an expense during the year and included in 'operating expenses' (Note 19).

7 EQUITY INVESTMENTS

	2021	2020
At 1 January	2,549,407	2,259,524
Purchases	47,973	864
Disposals	(47,984)	(864)
Net change in fair value (Note 17)	122,468	289,883
At 31 December	<u>2,671,864</u>	<u>2,549,407</u>

The equity investments consist of:

	2021	2020
Quoted shares (1) (Note 26 (a))	<u>2,671,864</u>	<u>2,549,407</u>

(1) The quoted shares are the Group's equity investments that are designated by the Group as FVOCI. The pledges on these equity investments are disclosed in Note 13.

Quoted shares: concentration of investment portfolio

Concentration of investment portfolio arises when a number of investments are made in entities engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would be affected by changes in economic, political or other conditions. The Group manages this risk through diversification of investments in terms of industry concentration. The industry concentration of the investment portfolio is as follows:

<i>Listed shares located in State of Qatar</i>	2021	2020
Banks and financial institutions	2,610,652	2,483,111
Consumer goods and services	18,314	32,267
Real estate	42,121	448
Industries	777	15,609
Transportation	-	17,962
Telecommunication	-	10
	<u>2,671,864</u>	<u>2,549,407</u>

The Group generated dividend income from the equity investments amounting to QR 70,215 (2020: QR 93,205) during the year. During the year, the Group recognized net gain on sale of equity investment amounting to QR 2,191 (2020: net loss QR 207).

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8 EQUITY-ACCOUNTED INVESTEEES AND JOINT VENTURE

The Group has following equity-accounted investees and joint venture:

	<i>Country of incorporation</i>	<i>Ownership interest</i>			
		2021	2020	2021	2020
Associates:					
Qatar International Islamic Bank Q.P.S.C. (i) (Note 12(c.ii))	Qatar	6.04%	6.04%	598,782	576,349
Medicare Group Q.P.S.C. (ii)	Qatar	2.00%	2.00%	40,712	40,608
Qatar Islamic Insurance Group Q.P.S.C. (iii)	Qatar	4.92%	4.92%	49,675	47,975
Total of associates				689,169	664,932
Joint venture:					
White Square Real Estate W.L.L. (iv)	Qatar	32.50%	32.50%	99,109	151,721
				788,278	816,653

A. Associates

(i) Qatar International Islamic Bank Q.P.S.C. (QIIB)

QIIB was incorporated under Amiri Decree No.52 of 1990. QIIB operates through its head office located on Grand Hamad Street in Doha and 19 local branches. The QIIB is listed and its shares are traded on the Qatar Stock Exchange. QIIB is engaged in banking, financing and investing activities in accordance with its Articles of Incorporation, Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of QIIB and regulations of Qatar Central Bank.

(ii) Medicare Group Q.P.S.C. (MCGS)

MCGS formerly known as Al Ahli Specialised Hospital Company Q.S.C. is a Qatari Public Shareholding Company incorporated on 30 December 1996 under Commercial Registration Number 18895. It's registered office is located at P.O. Box 6401, Doha, State of Qatar. Its main activity is to operate a specialised hospital and promote medical services in State of Qatar.

(iii) Qatar Islamic Insurance Group Q.P.S.C. (QIIG)

QIIG was incorporated in the State of Qatar as a Closed Shareholding Company on 30 October 1993. On 12 December 1999, QIIG changed its status to a public listed company. The QIIG is engaged in business of underwriting general, Takaful (life) and health non- interest insurance in accordance with the Islamic Shari'a principles.

Although the Group holds less than 20% of the ownership interest and voting rights of QIIB, MCGS and QIIG, the Group has the ability to exercise significant influence through its nominated members in Board of Directors of the aforesaid equity-accounted investees, hence, the equity method has been applied.

B. Joint venture

(iv) White Square Real Estate W.L.L. (White Square)

White Square is a limited liability company registered and incorporated in the State of Qatar under the Commercial Registration No. 51302. White Square is structured as a joint venture company between the Company and Mr. Ibrahim Rashid Al-Mohannadi for the purpose of constructing and management of an investment property. White Square is principally engaged in real estate trading, development and rental activities.

C. Fair value disclosure of equity accounted investees and joint venture

The total fair market value of the associates amounted to QR 948,340 (2020: QR 927,716) as at reporting date. Fair value is directly observable from stock exchange (Level 1). Fair value of joint venture is not available as it is not a listed entity.

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8 EQUITY-ACCOUNTED INVESTEEES AND JOINT VENTURE (Continued)

D. Reconciliation of summarized financial information for equity accounted investees and joint venture

Reconciliation of the summarized financial information presented to the carrying amount of its interests in equity-accounted investees and joint venture is as follows:

	2021	2020
At 1 January	816,653	834,173
Dividends received	(36,031)	(44,457)
Share of results	7,545	26,801
Share of net movement in other comprehensive income (Note 17)	129	144
Share of the net movement of translation reserve	(18)	(8)
At 31 December	<u>788,278</u>	<u>816,653</u>

E. Summarized financial information for associates

Summarized statement of financial position of associates as at 31 December 2021:

	QHIB	MCGS	QHIG	Total
Non-current assets	30,909,332	1,029,314	230,873	32,169,519
Current assets	31,144,414	173,828	242,476	31,560,718
Non-current liabilities	(13,156,090)	(174,877)	(1,752)	(13,332,719)
Current liabilities	(42,025,545)	(132,591)	(35,747)	(42,193,883)
Net assets (100%)	<u>6,872,111</u>	<u>895,674</u>	<u>435,850</u>	<u>8,203,635</u>
Percentage ownership interest	<u>6.04%</u>	<u>2.00%</u>	<u>4.92%</u>	
Group's share of net assets	414,811	17,912	21,430	454,153
Goodwill	183,971	22,800	28,245	235,016
Carrying value of investment	<u>598,782</u>	<u>40,712</u>	<u>49,675</u>	<u>689,169</u>

Summarized statement of financial position of associates as at 31 December 2020:

	QHIB	MCGS	QHIG	Total
Non-current assets	29,214,170	993,852	230,001	30,438,023
Current assets	32,368,763	185,095	207,391	32,761,249
Non-current liabilities	(11,030,508)	(155,449)	-	(11,185,957)
Current liabilities	(44,051,974)	(133,118)	(36,111)	(44,221,203)
Net assets (100%)	<u>6,500,451</u>	<u>890,380</u>	<u>401,281</u>	<u>7,792,112</u>
Percentage ownership interest	<u>6.04%</u>	<u>2.00%</u>	<u>4.92%</u>	
Group's share of net assets	392,378	17,808	19,730	429,916
Goodwill	183,971	22,800	28,245	235,016
Carrying value of investment	<u>576,349</u>	<u>40,608</u>	<u>47,975</u>	<u>664,932</u>

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8 EQUITY-ACCOUNTED INVESTEEES AND JOINT VENTURE (Continued)

E. Summarized financial information for associates (continued)

Summarized statement of profit or loss and other comprehensive income of associates for the year ended 31 December 2021:

	<i>QIIB</i>	<i>MCGS</i>	<i>QIIG</i>	<i>Total</i>
Revenues	<u>2,187,661</u>	<u>481,748</u>	<u>132,740</u>	<u>2,802,149</u>
Profit from continuing operations	<u>862,493</u>	<u>80,567</u>	<u>83,794</u>	<u>1,026,854</u>
Other comprehensive income	<u>1,116</u>	<u>3,439</u>	<u>(476)</u>	<u>4,079</u>
Total comprehensive income	<u>863,609</u>	<u>84,006</u>	<u>83,318</u>	<u>1,030,933</u>
Group's share of comprehensive income	<u>52,062</u>	<u>1,611</u>	<u>4,120</u>	<u>57,793</u>
Group's share of total comprehensive income	<u>52,129</u>	<u>1,680</u>	<u>4,096</u>	<u>57,905</u>
Dividends	<u>29,695</u>	<u>2,397</u>	<u>1,576</u>	<u>33,668</u>

Summarized statement of profit or loss and other comprehensive income of associates for the year ended 31 December 2020:

	<i>QIIB</i>	<i>MCGS</i>	<i>QIIG</i>	<i>Total</i>
Revenues	<u>2,242,015</u>	<u>476,795</u>	<u>116,417</u>	<u>2,835,227</u>
Profit from continuing operations	<u>872,962</u>	<u>86,847</u>	<u>38,978</u>	<u>998,787</u>
Other comprehensive income	<u>786</u>	<u>2,595</u>	<u>730</u>	<u>4,111</u>
Total comprehensive income	<u>873,748</u>	<u>89,442</u>	<u>39,708</u>	<u>1,002,898</u>
Group's share of comprehensive income	<u>48</u>	<u>52</u>	<u>36</u>	<u>136</u>
Group's share of total comprehensive income	<u>52,742</u>	<u>1,789</u>	<u>1,952</u>	<u>56,483</u>
Dividends	<u>38,832</u>	<u>1,576</u>	<u>2,765</u>	<u>43,173</u>

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of associates.

	2021	2020
Carrying amount of interests in associates	<u>689,169</u>	<u>664,932</u>
Share of:		
– Profit from continuing operations	<u>1,026,854</u>	<u>998,787</u>
– OCI	<u>4,079</u>	<u>4,111</u>
	<u>1,030,933</u>	<u>1,002,898</u>

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8 EQUITY-ACCOUNTED INVESTEEES AND JOINT VENTURE (Continued)

F. Summarized financial information for joint venture

Summarized statement of financial position of Joint Venture:

	2021	2020
Percentage ownership interest	32.50%	32.50%
Non-current assets	748,630	907,321
Current assets – cash and cash equivalents	10,160	2,591
Other current assets	5,716	10,156
Non-current financial liabilities (excluding trade and other payables and provisions)	(411,049)	(432,881)
Other non-current liabilities	(529)	(333)
Current financial liabilities (excluding trade and other payables and provisions)	(41,402)	(13,676)
Other current liabilities	(6,576)	(6,345)
Net assets (100%)	<u>304,950</u>	<u>466,833</u>
Group's share of net assets (32.5%)	<u>99,109</u>	<u>151,722</u>
Carrying amount of interest in joint venture	<u>99,109</u>	<u>151,722</u>

Summarized statement of profit or loss and other comprehensive income are as follows:

	2021	2020
Revenues	<u>48,103</u>	<u>40,390</u>
Depreciation and amortization	<u>(1,458)</u>	<u>(2,007)</u>
Interest expense	<u>(27,971)</u>	<u>(23,501)</u>
Loss and total comprehensive loss (100%)	<u>(154,608)</u>	<u>(90,911)</u>
Group's share of total comprehensive loss (32.5%)	<u>(50,248)</u>	<u>(29,546)</u>
Dividends received by the Group	<u>2,363</u>	<u>1,284</u>

The Group also recognized its share on the operating results of its equity-accounted investees / joint venture amounting to QR 7,545 (2020: QR 26,801) during the year.

No impairment loss was recognized on equity-accounted investees during the year.

All the associates and joint venture are accounted for using the equity method of accounting.

9 INVESTMENT PROPERTIES

I. Reconciliation of carrying amount

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

	2021	2020
At 1 January	44,512,585	43,933,362
Net loss from change in fair value of investment properties	(200,508)	-
Development costs during the year (Note 12(a))	480,787	550,677
Transferred from property and equipment (Note 10)	102	-
Disposal of investment property	(5,363)	-
Foreign exchange adjustment	(487)	3,043
Capitalized finance costs on investment properties under development (Note 21) (1)	40,276	25,503
At 31 December	<u>44,827,392</u>	<u>44,512,585</u>

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9 INVESTMENT PROPERTIES (Continued)

I. Reconciliation of carrying amount (continued)

- (1) Capitalized finance cost is computed based on the average qualifying expenditures related to the projects under developments. Finance cost is capitalized using the Group's weighted average capitalization rate of 4.68% during the year (2020: 4.68%).
- (2) The Group recognized net loss of disposal of investment property amounting to QR 949 (2020: nil) during the year.

Investment properties consist of:

	2021	2020
Completed properties	41,339,034	41,279,478
Vacant land	1,052,337	1,052,337
Projects under development	2,436,021	2,180,770
	<u>44,827,392</u>	<u>44,512,585</u>

Investment properties are located in State of Qatar and United Kingdom.

The mortgages on the investment properties are disclosed in Note 13.

II. Reconciliation of fair value of investment properties

	2021	2020
Fair value of investment property as received from valuer	44,827,879	44,509,542
Other adjustments	(487)	3,043
Fair value of investment property as disclosed in the financial statements	<u>44,827,392</u>	<u>44,512,585</u>

Investment properties are stated at fair value, which has been determined based on valuation performed by accredited independent valuers as at 31 December 2021 and 2020. The valuers are accredited independent valuers with a recognized and relevant professional qualification and with recent experience in the location and category of those investment property being valued. In arriving at estimated market values, the valuers have used their market knowledge and professional judgment and not only relied on historical transactions comparable. The valuation has been prepared in accordance with the appropriate sections of the Practice Statements ("PS"), contained with the RICS Valuation-Professional Standards 2017 (the "Red Book").

The company's management believes that the assumptions used in valuation of investment properties performed by two accredited independent valuers were within the acceptable range within real estate market at State of Qatar. The valuation of investment properties as performed by accredited independent valuers as stated previously and as stated in the company's financial position represents a fair value and reflects the real estate market situation in the State of Qatar.

III. Valuation Process

The Group's management determines the valuation policies and procedures for property valuations. Each year, the management, after approval of the Audit committee, appoints the external valuers responsible for the valuations of the Group's investment property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The management decides after discussion with the external valuers:

- the valuation method to be applied for each property (the methods that are applied for fair value measurements categorised within Level 3 of the fair value hierarchy are the discounted cash flow method and the income capitalisation method; for fair value measurements in Level 2 of the fair value hierarchy, the market comparison approach is used) and;
- the assumptions made for unobservable inputs that are used in valuation methods (the major unobservable inputs are estimated rental value, rent growth per annum, long term vacancy rate, discount rate and exit yield)

Description of valuation techniques used by the Group and key inputs to valuation of the investment property are disclosed in Note 27.

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9 INVESTMENT PROPERTIES (Continued)

III. Valuation Process (Continued)

Income approach

Income approach is a valuation method appraisers and real estate investors use to estimate the value of income producing real estate. It is based upon the premise of anticipation i.e., the expectation of future benefits. This method of valuation relates value to two things: the "market rent" that a property can be expected to earn and, the "reversion" (resale) when a property is sold.

The most commonly used technique for assessing market value within the income approach is discounted cash flow. This is a financial modelling technique based on explicit assumptions regarding the prospective cash-flow to a property or business and the costs associated with being able to generate the income. To this assessed cash-flow a market-derived discount rate is applied to establish a present value of the income stream. This net present value ("NPV") is an indication of market value.

Market approach

Market approach or direct comparison method is based on comparing the subject asset with identical or similar assets (or liabilities) for which price information is available, such as a comparison with market transactions in the same, or closely similar (i.e. similar properties that have actually been sold in arms'-length transactions or are offered for sale), type of asset (or liability) within an appropriate time horizon. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar assets (or liabilities) in an open and competitive market. Generally, the opinion on value is based on evidence of open market transactions in similar property with adjustments of the comparable to differentiate the differences between the subject property and the comparable. The market approach of valuation has primarily been adopted for plots of land in Qatar and residential properties in United Kingdom.

Residual valuation approach

Where the nature of the development is such that there are no (or limited) transactions to use for the market comparable method, the residual method provides an alternative valuation approach. As per the residual approach, costs of the proposed completed development (including developer's profit) to be deducted from the market value of the proposed completed development (known as gross development value) to arrive at the underlying residual asset value.

IV. Amounts recognised in profit or loss

The following amounts are recognized in consolidated statement of profit or loss:

	2021	2020
Rental income and other operating revenues	1,347,348	1,247,487
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the year	(269,539)	(213,808)
Profit arising from investment property carried at fair value	<u>1,077,809</u>	<u>1,033,679</u>

V. Reconciliation of fair values categorized within level 3

The reconciliation of fair values categorized within level 3 is as follows:

	2021	2020
Balance as at 1 January	43,460,248	42,880,782
(Loss) / gain on valuation recognized in profit or loss	(200,508)	773
Net movement	515,802	575,650
Others	(487)	3,043
Balance as at 31 December	<u>43,775,055</u>	<u>43,460,248</u>

No reclassification between level 2 and level 3 during the year.

The capital expenditure and operating lease commitments of the Group are disclosed in Note 25.

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10 PROPERTY AND EQUIPMENT

I. Reconciliation of carrying amount

	Land	Buildings	Motor vehicles	Furniture, fixtures and office equipment	Capital work in progress	Total
Cost						
At 1 January 2021	407,660	363,036	8,700	119,959	241	899,596
Additions	-	36	-	369	581	986
Disposals	-	-	-	(54)	-	(54)
Reclassification	-	-	-	218	(218)	-
Transfer to investment property (Note 9)	-	-	-	-	(102)	(102)
At 31 December 2021	<u>407,660</u>	<u>363,072</u>	<u>8,700</u>	<u>120,492</u>	<u>502</u>	<u>900,426</u>
Accumulated depreciation						
At 1 January 2021	-	53,281	7,872	104,241	-	165,394
Charge for the year	-	18,151	557	11,482	-	30,190
Disposals	-	-	-	(49)	-	(49)
At 31 December 2021	<u>-</u>	<u>71,432</u>	<u>8,429</u>	<u>115,674</u>	<u>-</u>	<u>195,535</u>
Carrying amounts						
31 December 2021	<u>407,660</u>	<u>291,640</u>	<u>271</u>	<u>4,818</u>	<u>502</u>	<u>704,891</u>
	Land	Buildings	Motor vehicles	Furniture, fixtures and office equipment	Capital work in progress	Total
Cost						
At 1 January 2020	407,660	362,906	9,325	119,299	-	899,190
Additions	-	130	-	660	241	1,031
Disposals	-	-	(625)	-	-	(625)
At 31 December 2020	<u>407,660</u>	<u>363,036</u>	<u>8,700</u>	<u>119,959</u>	<u>241</u>	<u>899,596</u>
Accumulated depreciation						
At 1 January 2020	-	35,068	7,629	90,514	-	133,211
Charge for the year	-	18,213	856	13,727	-	32,796
Disposals	-	-	(613)	-	-	(613)
At 31 December 2020	<u>-</u>	<u>53,281</u>	<u>7,872</u>	<u>104,241</u>	<u>-</u>	<u>165,394</u>
Carrying amounts						
31 December 2020	<u>407,660</u>	<u>309,755</u>	<u>828</u>	<u>15,718</u>	<u>241</u>	<u>734,202</u>

The Group recognized net loss on disposal of property and equipment amounting to QR 5 (2020: net gain QR 127) during the year.

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11 TRADE AND OTHER PAYABLES

	2021	2020
Due to related parties (Note 12 (c.i))	3,843,683	1,634,142
Dividend payables (Note 23)	595,118	656,080
Tenants' deposits	154,405	141,026
Payables to contractors and suppliers (1)	47,288	45,836
Unearned rent income	44,797	41,768
Retention payable	25,935	25,935
Accrued expenses	23,839	10,510
Provision for Social and Sports Activities Fund (Note 16)	1,528	8,699
Provision for employees' end of service benefits (2)	11,396	7,374
Other payables	34,803	33,888
	<u>4,782,792</u>	<u>2,605,258</u>

(1) Due to related parties' balances included in payable to contractors and suppliers are disclosed in (Note 12(c.ii)).

(2) The movements in the employees' end of service benefits were as follows:

	2021	2020
At 1 January	7,374	7,175
Provision made during the year (Note 19 (ii))	3,972	3,157
Transferred to related parties (Note 12 (a))	593	(2,421)
Provision paid	(543)	(537)
At 31 December	<u>11,396</u>	<u>7,374</u>

The maturity of the trade and other payables are as follows:

2021	Current	Non-current	Total
Due to related parties	2,043,711	1,799,972	3,843,683
Dividend payables	595,118	-	595,118
Tenants' deposits	154,405	-	154,405
Payables to contractors and suppliers	47,288	-	47,288
Unearned rent income	44,797	-	44,797
Retention payable	8,496	17,439	25,935
Accrued expenses	23,839	-	23,839
Provision for Social and Sports Activities Fund	1,528	-	1,528
Provision for employees' end of service benefits	-	11,396	11,396
Other payables	34,803	-	34,803
	<u>2,953,985</u>	<u>1,828,807</u>	<u>4,782,792</u>

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11 TRADE AND OTHER PAYABLES (Continued)

2020	Current	Non-current	Total
Due to related parties	1,634,142	-	1,634,142
Dividend payables	656,080	-	656,080
Tenants' deposits	141,026	-	141,026
Payables to contractors and suppliers	45,836	-	45,836
Unearned rent income	41,768	-	41,768
Retention payable	-	25,935	25,935
Accrued expenses	10,510	-	10,510
Provision for Social and Sports Activities Fund	8,699	-	8,699
Provision for employees' end of service benefits	-	7,374	7,374
Other payables	33,888	-	33,888
	<u>2,571,949</u>	<u>33,309</u>	<u>2,605,258</u>

12 RELATED PARTIES DISCLOSURES

(a) Related party transactions

Transactions with related parties are as follows:

	2021	2020
<u>Transactions with entities under common control:</u>		
Development costs of investment property (1)	<u>470,134</u>	<u>541,880</u>
Capitalized finance costs	<u>37,763</u>	<u>22,680</u>
<u>Transactions with associates:</u>		
Expensed-out finance costs (2)	<u>101,625</u>	<u>(14,926)</u>
<u>Transactions with related parties:</u>		
Rental income	<u>2,404</u>	<u>2,253</u>
<u>Transactions with key management personnel:</u>		
Allowances of key management personnel (Notes 12(d) and 19(ii))	<u>5,421</u>	<u>3,674</u>
<u>Transaction with other related party:</u>		
Financing received (4) (Note 12(c.i))	<u>1,803,040</u>	<u>28,242</u>
Provision for end-of-service benefits transferred to / (from) related party	<u>593</u>	<u>(2,421)</u>

- (1) The Group entered into a construction agreement with SAK Trading and Contracting Company W.L.L. an entity under common control to construct specific investment properties (Note 9).
- (2) The Group had secured Islamic finance borrowing from its equity-accounted investee (Note 12(c.ii)).
- (3) No allowances were approved for board of directors for the year ended 31 December 2021 and 31 December 2020 as per Annual General Meeting ("AGM").
- (4) These includes borrowing directly or indirectly through other related party amounting to QR 1,800,000.

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12 RELATED PARTIES DISCLOSURES (Continued)

(b) Due from related parties

	2021	2020
<i>Parent Company:</i>		
Al-Tadawul Trading Group Q.P.S.C.	641	657
<i>Entities under common control:</i>		
The Curve Hotel Company W.L.L.	-	460
White Square Real Estate Company W.L.L.	2	263
Due from related parties (Note 5)	<u>643</u>	<u>1,380</u>

The above balances are of financing in nature, bear no interest or securities and are of receivable on demand.

(c.i) Due to related parties

	Note	2021	2020
<i>Entity under common control:</i>			
Due to SAK Holding Group W.L.L. (1) (2)		705,865	299,365
<i>Other related party:</i>			
Financing from other related party (2)		1,333,697	1,334,777
Borrowing directly or indirectly through other related party (3)		1,804,121	-
	11	<u>3,843,683</u>	<u>1,634,142</u>

(1) This amount represents the remaining balance due from SAK Holding Group W.L.L. and its subsidiaries in relation to the settlement agreement with the Group and its subsidiaries (Note 11).

(2) These balances are of financing in nature, bears no interest or securities and payable on demand.

(3) During the year, the Group obtained unsecured borrowing amounting to QR 1.8 billion directly or indirectly through other related party to repay its existing Sukuk. The unsecured borrowing carry profits at commercial rates. The maturity of unsecured borrowings is 10 years. This includes non-current balance amounting to QR 1,799,972.

The above balance bears no interest or securities and payable on demand.

The movements on the borrowing directly or indirectly through other related party during the year were as follows:

	2021
At 1 January	-
Additions	1,800,000
Finance costs (Note 21)	49,721
Repayments	(45,600)
At 31 December	<u>1,804,121</u>

(c.ii) Other related party payables

	2021	2020
<i>Equity accounted investee (QIIB):</i>		
Secured Islamic financing borrowings from QIIB (Note 8)	1,903,224	1,883,123
Trade payables to QIIG (Note 11)	<u>3,426</u>	<u>4,022</u>

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12 RELATED PARTIES DISCLOSURES (Continued)

(d) Compensation of directors and other key management personnel

The compensation of Board Directors and other key management personnel during the year is as follows (Notes 12(a) and 19(ii)):

	2021	2020
Allowances of key management personnel – short term benefits (Notes 12(a) and 19(ii))	<u>5,421</u>	<u>3,674</u>

No compensation of board of directors were incurred during the years 2021 and 2020.

13 SUKUK AND ISLAMIC FINANCING

The movements on the sukuk and Islamic financing during the year were as follows:

	2021	2020
At 1 January	14,814,471	14,390,355
Additions	-	2,284,891
Finance costs (Note 21)	678,068	652,436
Repayments	<u>(2,261,369)</u>	<u>(2,513,211)</u>
Total	13,231,170	14,814,471
Less: transaction costs (1)	<u>(43,420)</u>	<u>(53,533)</u>
At 31 December	<u>13,187,750</u>	<u>14,760,938</u>

(1) Movement of transaction cost is as follows:

	2021	2020
Opening balance	53,533	25,007
Additional payment	-	50,849
Amortization	<u>(10,113)</u>	<u>(22,323)</u>
Closing balance	<u>43,420</u>	<u>53,533</u>

The maturity of these borrowings are as follows:

	2021	2020
Current portion	2,070,475	2,095,216
Non-current portion	<u>11,117,275</u>	<u>12,665,722</u>
	<u>13,187,750</u>	<u>14,760,938</u>

Terms and conditions of the outstanding borrowing facilities were as follows:

Type of facility	Currency	Condition	Profit rates / terms	2021	2020
Ijara	QR	Secured	QMRL rate	4,472,977	4,415,517
Murabaha	QR	Secured	QMRL rate	6,751,881	6,547,566
Murabaha	USD	Secured	1Y/3 M LIBOR	256,457	335,743
Sukuk financings	USD	Unsecured	4.375% / 4.875%	<u>1,749,855</u>	<u>3,515,645</u>
				<u>13,231,170</u>	<u>14,814,471</u>

The sukuk and Islamic financing have been obtained for the purpose of financing the obligations of the Group. All the contracts carry profits at commercial rates.

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13 SUKUK AND ISLAMIC FINANCING (Continued)

As part of a Sharia's approved programme to issue QAR 7,283,000 (USD 2,000,000) Sukuks through a special purpose entity ("Ezdan Sukuk Company Ltd."), two tranches of Sukuks of QR 1,820,750 (USD 500,000) each were issued on behalf of the Group with total issuance cost of QR 10,086 and QR 9,959, respectively. The Sukuks were issued at an annual fixed profit rate of 4.375% and 4.875% paid semi-annually with a tenor of five years maturing in May 2021 and April 2022. The Sukuks are listed on the Irish Stock Exchange. During the year, the Group has fully settled the first tranche of Sukuk in May 2021, and the Group is planning to settle the second and final tranche of the Sukuk on its due date in April 2022 by utilizing the cash available with the Group and the remaining balance will be settled through financing which has been obtained by related parties of the Group from a local bank in Qatar.

As at 31 December 2021, the Group had secured borrowings against mortgages on different types of investment property (Note 9) owned by the Group with a fair market value of QR 19,898,856 (2020: QR 19,796,260) and pledge against quoted shares included in the consolidated financial statements within the equity investments and equity-accounted investees (Notes 7 and 8) was nil (2020: QR nil)

Sukuks of the Group are listed on Irish Stock Exchange. The fair values of these Sukuk are disclosed in Note 27.

The maturity profiles of the facilities are as follows:

2021	1 year	2-5 years	Over 5 years	Total
<i>Type of facility</i>				
Ijara (QR)	259,817	808,383	3,404,777	4,472,977
Murabaha (USD)	80,088	176,369	-	256,457
Murabaha (QR)	24,134	2,791,536	3,936,211	6,751,881
Sukuk financings (USD)	1,749,855	-	-	1,749,855
	<u>2,113,894</u>	<u>3,776,288</u>	<u>7,340,988</u>	<u>13,231,170</u>
2020	1 year	2-5 years	Over 5 years	Total
<i>Type of facility</i>				
Ijara (QR)	254,175	627,703	3,533,639	4,415,517
Murabaha (USD)	80,127	255,616	-	335,743
Murabaha (QR)	28,515	2,052,677	4,466,374	6,547,566
Sukuk financings (USD)	1,785,932	1,729,713	-	3,515,645
	<u>2,148,749</u>	<u>4,665,709</u>	<u>8,000,013</u>	<u>14,814,471</u>

14 SHARE CAPITAL

	2021	2020
<i>Authorised, issued and fully paid up:</i>		
26,524,966,910 shares of QR 1 each (2020: 26,524,966,910 shares of QR 1 each)	<u>26,524,967</u>	<u>26,524,967</u>

All ordinary shares rank equally with regard to the Company's residual assets.

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15 NATURE AND PURPOSE OF RESERVES

I. Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

II. Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities designated at FVOCI; and
 - the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified.
- This amount is adjusted by the amount of loss allowance.

III. Legal reserve

In accordance with the requirements of the Qatar Commercial Companies Law No. 11 of 2015, as amended by Law no. 8 of 2021("Law") and the Company's Article of Association, a minimum of 10% of the net profit should be transferred to a legal reserve each year until this reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated in the above Law and the Company's Article of Association.

16 CONTRIBUTION TO SOCIAL AND SPORTS ACTIVITIES FUND

In accordance with Law No. 8 of 2011 (Amendment to Law No. 13 of 2008), the Group made an appropriation of profit in amount of QR 1,528 (2020: QR 8,699) equivalent to 2.5% of the consolidated net profit for the year for the support of sports, cultural, social and charitable activities (Note 11).

17 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2021	2020
<i>Fair value reserve:</i>		
At 1 January	882,152	591,918
Movements (see below analysis)	122,597	290,027
Reclassification of fair value reserve on disposal of equity investments	(2,191)	207
At 31 December	<u>1,002,558</u>	<u>882,152</u>
	2021	2020
<i>Fair value reserve movement on equity investments:</i>		
Net gain on equity investments	122,468	289,883
Share of net movement in fair value reserves of equity-accounted investees (Note 8)	129	144
Movement of fair value reserve	<u>122,597</u>	<u>290,027</u>
<i>Foreign currency translation reserve</i>		
Foreign operations - foreign currency translation differences	238	(1,537)
Other comprehensive income for the year	<u>122,835</u>	<u>288,490</u>

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18 RENTAL INCOME AND OTHER OPERATING REVENUES

Revenue streams

The Group's operations and main revenue streams are those described below. Apart from income from investments and leasing, Group has revenue from contracts with customers.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

A. Disaggregation of revenue based on major revenue streams:

<i>For the year ended 31 December 2021</i>	<i>Revenue streams</i>				<i>Total</i>
	<i>Residential and commercial property</i>	<i>Investments</i>	<i>Hotel and suites</i>	<i>Malls</i>	
Rental income (under IFRS 16)	1,087,484	-	115,832	56,939	1,260,255
Revenue under IFRS 15					
<i>Major service lines</i>					
Food and beverage	-	-	14,398	-	14,398
Health club	-	-	2,358	-	2,358
Internet	-	-	1,808	-	1,808
Laundry	-	-	823	-	823
Entertainment	-	-	-	286	286
Provision of utilities services	22,710	-	-	-	22,710
Common area charges	-	-	-	20,035	20,035
Property management services	10,229	-	-	-	10,229
Marketing services	-	-	-	4,681	4,681
Others	7,165	-	184	2,416	9,765
Revenue under IFRS 15	40,104	-	19,571	27,418	87,093
Income from investments and other income					
Dividend income from equity accounted investees	-	70,215	-	-	70,215
Share of results of equity-accounted investees and joint venture	-	7,545	-	-	7,545
Other income	15,616	50	302	7	15,975
	15,616	77,810	302	7	93,735
External revenue as reported in Note 28	1,143,204	77,810	135,705	84,364	1,441,083

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18 RENTAL INCOME AND OTHER OPERATING REVENUES (Continued)

A. Disaggregation of revenue based on major revenue streams (continued):

For the year ended 31 December 2020	Revenue streams				Total
	Residential and commercial property	Investments	Hotel and suites	Malls	
Rental income (under IFRS 16)	1,030,130	-	115,689	31,578	1,177,397
Revenue under IFRS 15					
Major service lines					
Food and beverage	-	-	10,909	-	10,909
Health club	-	-	1,885	-	1,885
Internet	-	-	1,381	-	1,381
Laundry	-	-	501	-	501
Entertainment	-	-	-	77	77
Provision of utilities services	23,521	-	-	-	23,521
Common area charges	-	-	-	17,650	17,650
Marketing services	-	-	-	4,051	4,051
Others	7,615	-	331	2,169	10,115
Revenue under IFRS 15	31,136	-	15,007	23,947	70,090
Income from investments and other income					
Dividend income from equity accounted investees	-	93,205	-	-	93,205
Share of results of equity-accounted investees and joint venture	-	26,801	-	-	26,801
Other income	28,916	89	4,689	5	33,699
	28,916	120,095	4,689	5	153,705
External revenue as reported in Note 28	1,090,182	120,095	135,385	55,530	1,401,192

B. Disaggregation of revenue under IFRS 15 based on timing of revenue recognition:

	For the year ended 31 December		Timing of revenue recognition
	2021	2020	
Food and beverage	14,398	10,909	Point in time
Health club	2,358	1,885	Over the time
Internet	1,808	1,381	Over the time
Laundry	823	501	Point in time
Entertainment	286	77	Over the time
Provision of utilities services	22,710	23,521	Over the time
Common area charges	20,035	17,650	Over the time
Marketing services	4,681	4,051	Over the time
Others	19,994	10,115	Over the time
Revenue under IFRS 15	87,093	70,090	

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19 EXPENSES

(i) Operating expenses:

	2021	2020
Utilities	97,583	82,143
Staff cost (1)	67,761	50,258
Repairs and maintenance	33,853	23,197
Sewage	29,892	23,153
Air conditioning	18,247	17,815
Security	11,764	9,484
Cleaning	10,439	7,759
Food and beverage	3,755	3,978
Rent	329	245
Laundry and dry cleaning	2,918	3,358
Registration fees	6,775	6,159
Advertising costs	3,547	1,564
Commission	2,217	2,001
Other operating expenses (3)	6,158	21,465
	<u>295,238</u>	<u>252,579</u>

(ii) General and administrative expenses:

	2021	2020
Staff cost (1) (2)	35,826	29,509
Professional expenses	15,534	15,220
Registration fees	8,394	8,395
Bank charges	6,131	6,007
Utilities	4,747	-
Information system	1,684	1,636
Insurance	3,971	3,888
Advertising costs	487	375
Communication	2,164	1,956
Printing and stationery	600	553
Repairs and maintenance	139	-
Connection fees	-	6,042
Other general and administrative expenses	3,841	7,275
	<u>83,518</u>	<u>80,856</u>

- (1) The account includes a provision for employees' end of service benefits of QR 3,972 (2020: QR 3,157) during the year (Note 11).
- (2) The account charged under general and administrative expense also includes allowances of key management personnel amounting to QR 5,421 (2020: QR 3,674) (Note 12(d)).
- (3) This account includes operating expenses recognised from the consumption of small operating equipment amounted to QR 270 (2020: QR 13,969) based on its issuance to operation during the year (Note 6).

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20 OTHER INCOME

	2021	2020
Profit on Islamic bank accounts	12,624	6,856
Miscellaneous income (1)	3,351	26,843
	<u>15,975</u>	<u>33,699</u>

(1) This relates to settlement of provision based on receipt of final figures against outstanding claims.

21 FINANCE COSTS

	2021	2020
<i>Finance costs</i>		
Profits charged on Sukuk and Islamic Financing	728,063	735,434
Net gain from modification of Islamic financing (1)	-	(100,098)
Cash flow hedges – ineffective portion of change in fair value	-	17,100
Finance costs – impact in profit and loss (Note 13)	728,063	652,436
Capitalized finance costs on investment property under development (Note 9)	40,276	25,503
	<u>768,339</u>	<u>677,939</u>

(1) In 2021, the Group agreed with some local banks for modification of Islamic financing by modifying the grace period and profit rates. These agreements carry profit at a commercial rate.

22 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the year. There were no potentially dilutive shares outstanding at any time during the year and, therefore, the dilutive earnings per share are equal to the basic earnings per share.

	2021	2020
Profit attributable to ordinary shareholders		
Profit attributable to equity holders of the parent from continuing operations	61,108	347,941
Weighted-average number of ordinary shares (basic)		
Weighted average number of shares outstanding during the year (thousands of shares)	26,524,967	26,524,967
Basic and diluted earnings per share (QR)	0.0023	0.013
Basic and diluted earnings per share from continuing operations (QR)	0.0023	0.013

23 DIVIDENDS

No dividends have been declared during the year. The outstanding dividend amounting to QR 595,118 (2020: QR 656,080) as at 31 December 2021 pertain to dividends declared in prior years (Note 11).

24 CONTINGENT LIABILITIES

	2021	2020
Bank guarantees	5,519	5,555

The Group anticipates that no material liabilities will arise from the above guarantees which are issued in the ordinary course of business.

25 COMMITMENTS**(i) Capital expenditure commitments**

The Group has contractual commitments to contractors and suppliers amounting to QR 1,084,197 (2020: QR 1,133,048) for development of investment property projects (Note 9).

(ii) Operating lease commitments – Group as a lessor

The Group leases out residential and commercial properties under non-cancelable operating lease agreements (Note 18).

Rent income recognized to profit or loss during the year is disclosed in Note 18 as “Rental income”.

The future aggregate minimum lease receivables under non-cancelable operating leases are as follows:

	2021	2020
No later than one year	896,294	691,909
Later than one year and no later than five years	300,122	386,306
More than five years	207,933	244,038
	<u>1,404,349</u>	<u>1,322,253</u>

26 FINANCIAL INSTRUMENTS**(a) Financial risk management**

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

- Credit risk;
- Liquidity risk; and
- Market 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. Further quantitative disclosures are included throughout these consolidated financial statements.

The management has the overall responsibility for the establishment and oversight of the Group’s risk management framework. The Group’s risk management policies are established to identify and analyse the risks faced by the Group and to monitor risks.

Credit risk

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

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The Group’s maximum exposure to credit risk as at the reporting date is the carrying amount of its financial assets, which are the following:

	2021	2020
Tenants receivables	148,394	142,546
Due from related parties	643	1,380
Refundable deposits	8,242	12,711
Other receivables	13,446	13,364
Cash at bank	1,088,806	650,014
At 31 December	<u>1,259,531</u>	<u>820,015</u>

26 FINANCIAL INSTRUMENTS (Continued)**(a) Financial risk management (continued)***Tenants' receivables*

The Group renders services to around 25 thousand customers with its largest ten customers accounting for 21% (2020: 21%) of its tenants receivables. This significant concentration risk has been managed through enhanced monitoring and periodic tracking. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which help reduce the Group's credit risk exposure in case of defaults by the tenants. The Group has a rigorous policy of credit screening prior to providing services on credit. Management evaluates the creditworthiness of each client prior to entering into contracts. Management also periodically reviews the collectability of its tenants' receivables and has a policy to provide any amounts whose collection is no longer probable and to write-off as bad debts any amounts whose recovery is unlikely. As a result, management believes that there is no significant credit risk on its tenants' receivables as presented on the consolidated statement of financial position.

More than 30% of the Group's customers have been transacting with the Group for over three years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a government or non-government entity, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

The Group's most significant customers are corporates and individuals.

The Group uses an allowance matrix to measure the ECLs of tenants' receivables.

The following table provides information about the exposure to credit risk and ECLs for tenants' receivables:

As at 31 December 2021:

	Weighted average loss rate (1)	Gross carrying amount	Loss allowance
Not past due	1%	33,327	275
1-30 days past due	14%	6,325	903
31-60 days past due	20%	6,348	1,292
61-90 days past due	23%	11,256	2,609
90 -120 days past due	16%	3,346	527
Above 120 days (2)	99%	72,065	71,036
Above 365 days (3)	100%	4,132	4,132
Specific provision (4)	100%	11,595	11,595
Total (Note 5)	62%	148,394	92,369

As at 31 December 2020:

	Weighted average loss rate (1)	Gross carrying amount	Loss allowance
Not past due	2%	32,219	741
1-30 days past due	18%	3,447	634
31-60 days past due	14%	2,044	288
61-90 days past due	17%	6,939	1,186
90 -120 days past due	27%	4,339	1,190
Above 120 days (2)	100%	62,935	62,935
Above 365 days (3)	100%	13,806	13,806
Specific provision (4)	86%	16,817	14,405
Total (Note 5)	67%	142,546	95,185

26 FINANCIAL INSTRUMENTS (Continued)**(a) Financial risk management (continued)*****Credit risk (continued)******Tenants' receivables (continued)***

- (1) Loss rates are calculated using a 'net flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Net flow rates are calculated based on common credit risk characteristics.
- (2) This represents default period for residential, commercial and hotel segments.
- (3) This represents default period for mall segment.
- (4) This represents provision made by management for customers where the recoverability is doubtful or balances are considered credit-impaired.

The movements in the provision for impairment of tenants' receivables are disclosed in Note 5.

Due from related parties

Management believes that there is no significant credit risk in its receivables from the related parties because these counterparties are under the control of the Group's shareholders, who are financially healthy (Note 5).

Refundable deposits

Credit risks are considered to be minimal as the refundable deposits are collectible from a government agency.

Other receivables

Credit risks on these receivables are considered to be minimal as these are substantially recovered on monthly basis and based on historical payment behaviour and analysis of customer credit base.

Cash at bank and bank deposit

The Group's cash at bank and bank deposit are held with banks that are independently rated by credit rating agencies as follows:

	2021	2020
<i>Credit ratings (by Moody's)</i>		
A+	-	58
A1	596,314	266,798
A2	484,117	371,575
A3	8,345	11,344
Aa3	3	235
Baa1	27	4
Cash at bank (Note 4)	<u>1,088,806</u>	<u>650,014</u>

The Group has balances with credit worthy and reputable banks in Qatar with high credit ratings. Therefore, management believes that credit risk in respect of these balances is minimal.

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 as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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26 FINANCIAL INSTRUMENTS (Continued)

(a) Financial risk management (continued)

Liquidity risk (continued)

The table below summarizes the contractual undiscounted maturities of the Group's financial liabilities at the reporting date. The Group's financial liabilities include any contractual interest payments.

	Carrying amounts	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
2021						
Non-derivative financial liabilities						
- Due to related parties (1)	3,843,683	(3,843,683)	(1,571,605)	(73,000)	(574,205)	(1,624,873)
- Tenants' deposits (2)	154,405	(154,405)	(154,405)	-	-	-
- Payables to contractors and suppliers(3)	47,288	(47,288)	(47,288)	-	-	-
- Retention payable (4)	25,935	(25,935)	(8,496)	(17,439)	-	-
- Other payables (4)	34,803	(34,803)	(34,803)	-	-	-
- Sukuk and Islamic financing (5)	13,231,170	(17,342,672)	(2,734,985)	(3,043,764)	(2,611,337)	(8,952,586)
	17,337,284	(21,448,786)	(4,551,582)	(3,134,203)	(3,185,542)	(10,577,459)

	Carrying amounts	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
2020						
Non-derivative financial liabilities						
- Due to related parties (1)	1,634,142	(1,634,142)	(1,634,142)	-	-	-
- Tenants' deposits (2)	141,026	(141,026)	(141,026)	-	-	-
- Payables to contractors and suppliers (3)	45,836	(45,836)	(45,836)	-	-	-
- Retention payable (4)	25,935	(25,935)	-	(25,935)	-	-
- Other payables (4)	33,888	(33,888)	(33,888)	-	-	-
- Sukuk and Islamic financing (5)	14,814,471	(19,359,608)	(2,724,611)	(3,993,943)	(2,703,660)	(9,937,394)
	16,695,298	(21,240,435)	(4,579,503)	(4,019,878)	(2,703,660)	(9,937,394)

- (1) Management believes that there is no significant liquidity risk in its due to related parties.
- (2) Liquidity risk on tenant deposits is minimal as these represents small amounts from large number of tenants.
- (3) The Group received services and goods from various suppliers and contractors with its top ten suppliers accounting to 62% (2020: 62%) of its payables to contractors and suppliers during the year.
- (4) Liquidity risk in retention payable and other payable is minimal as the 100% (2020:100%) of the retention payable pertains to only one contractor (2020: one contractor) during the year while 85% (2020: 85%) of other payables pertain to only three contractors (2020: three contractors).
- (5) Sukuk and Islamic financing are obtained from several banks during the year. Management believes that there is minimal liquidity risk as there is no impact on cash flows in case of non-compliance of loan covenants as per loan agreement.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices 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 optimizing the return.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As the QR is pegged to the US Dollar, balances denominated in US Dollars are not considered to represent significant currency risks.

Management is of the opinion that the Group's exposure to currency risk is minimal as the Group's significant transactions are denominated in Qatari Riyal (QR) and the US Dollar, which is pegged against QR.

26 FINANCIAL INSTRUMENTS (Continued)**(a) Financial risk management (continued)****Market risk (continued)****Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market profit rates relates primarily to the Group's Islamic financing borrowings and term deposits with floating profit rates.

The Group adopts a policy of ensuring that profit rates on short-term deposits and borrowing costs rate on Islamic financing borrowings exposures are reviewed monthly and that finance cost rates are not subject to present fluctuations in profit rates. Also the Group's policy ensures that most of the exposure on profit rates on borrowings are on a fixed basis or are based on Qatar Central Bank MRL rates, unless, the variable basis are in favourable terms to the Group.

To manage certain floating profit rate borrowings, the Group enters into profit rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable profit rate amounts calculated by reference to an agreed-upon notional principal amount.

At the reporting date the profit rate profile of the Group's interest bearing financial instruments was:

	2021	2020
Term deposits	<u>618,917</u>	<u>616,415</u>
Islamic financing borrowings	<u>7,008,338</u>	<u>6,883,309</u>

The following table demonstrates the sensitivity of equity and profit or loss to reasonably possible changes in profit rates by 25 basis points, with all other variables held constant. The sensitivity of equity and profit or loss is the effect of the assumed changes in profit rates for one year, based on the floating rate financial instruments held 31 December after impact of hedge accounting. The effect of decreases in profit rates is expected to be equal and opposite to the effect of the increases shown.

	Net effect on profit or loss +25b.p
At 31 December 2021	<u>(15,974)</u>
At 31 December 2020	<u>(15,642)</u>

Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification in terms of industry concentration and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

The following table demonstrates the sensitivity of the effect of cumulative changes in fair value of the Group to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decrease in equity prices is expected to be equal and opposite to the effect of the increase shown.

	Change in equity prices	Effect on equity
		2021 2020
Quoted equity investments (Note 7)	10%	<u>267,186</u> <u>254,941</u>

26 FINANCIAL INSTRUMENTS (Continued)**(b) Capital management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retained earnings of the Group. The management monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

The Group's main objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- to remain within the Group's quantitative banking covenants and attain a strong credit rating.

Further, the Board of directors seeks to maintain a balance between higher targeted returns and the advantages and security afforded by the strong capital position of the Group.

The Group's net debt to equity ratio at the reporting date was as follows:

	2021	2020
Sukuk and Islamic financing (Note 13)	13,231,170	14,814,471
Other related party payables (Note 12(c.i))	3,137,818	1,334,777
Less: cash and bank balances (Note 4)	(1,089,092)	(650,311)
Net debt	15,279,896	15,498,937
Equity attributable to owners of the Company	32,493,012	32,310,597
Net debt to equity ratio at 31 December	47%	48%

On the other hand, the Group reviews regularly the borrowing to value ratio, which is calculated as the amount of outstanding debt divided by the fair value of investment property and equity investments. The Group's policy is to keep average borrowing to value at a low risk ratio.

The Group's borrowing to value ratio at the reporting date was as follows:

	2021	2020
Sukuk and Islamic financing (Note 13)	13,231,170	14,814,471
Other related party payables (Note 12(c.i))	3,137,818	1,334,777
	16,368,988	16,149,248
Fair values of:		
- Investment property (Note 9)	44,827,392	44,512,585
- Equity investments (Note 7)	2,671,864	2,549,407
Total	47,499,256	47,061,992
Borrowing to fair value ratio at 31 December	34%	34%

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's capital management policy remained unchanged since the previous year.

The Group is subject to externally imposed capital requirements, other than the requirement of the Qatar Commercial Companies Law No. 11 of 2015 Article 298 which obliges the managers of a company to call a general assembly of the shareholders within 30 days from the date when the accumulated losses of the company exceed 50% its registered share capital with the purpose of finding ways to cover the shortage in capital.

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27 FAIR VALUES AND RISK MANAGEMENT

FINANCIAL INSTRUMENTS

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<i>Carrying amount</i>		<i>Fair Values</i>			
	<i>FVOCI – Equity investment</i>	<i>Amortized cost</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>As at 31 December 2021</i>						
Financial assets measured at fair value						
Equity investments	2,671,864	-	2,671,864	-	-	2,671,864
Financial assets not measured at fair value						
Trade and other receivables	-	170,725	-	-	-	-
Cash and bank balances	-	1,088,806	-	-	-	-
Financial liabilities measured at fair value and amortized cost						
Sukuk – listed	-	1,749,855	1,737,912	-	-	1,737,912
Islamic financing – others	-	11,481,315	-	-	-	-
Trade and other payables	-	4,106,114	-	-	-	-

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27 FAIR VALUES AND RISK MANAGEMENT (Continued)

FINANCIAL INSTRUMENTS (continued)

Accounting classification and fair values (continued)

	Carrying amount		Fair Values			
	FVOCI – Equity investment	Amortized cost	Level 1	Level 2	Level 3	Total
<i>As at 31 December 2020</i>						
Financial assets measured at fair value						
Equity investments	2,549,407	-	2,549,407	-	-	2,549,407
Financial assets not measured at fair value						
Trade and other receivables	-	170,001	-	-	-	-
Cash and bank balances	-	650,014	-	-	-	-
Financial liabilities measured at fair value and amortized cost						
Sukuk – listed	-	3,515,645	3,502,213	-	-	3,502,213
Islamic financing – others	-	11,298,826	-	-	-	-
Trade and other payables	-	1,880,827	-	-	-	-

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27 FAIR VALUES AND RISK MANAGEMENT (Continued)

INVESTMENT PROPERTIES

	Fair Values				
	Carrying amount	Level 1	Level 2	Level 3	Total
As at 31 December 2021					
Completed properties	41,339,034	-	-	41,339,034	41,339,034
Vacant land	1,052,337	-	1,052,337	-	1,052,337
Projects Under development	2,436,021	-	-	2,436,021	2,436,021
	44,827,392	-	1,052,337	43,775,055	44,827,392
	Carrying amount	Level 1	Level 2	Level 3	Total
As at 31 December 2020					
Completed properties	41,279,478	-	-	41,279,478	41,279,478
Vacant land	1,052,337	-	1,052,337	-	1,052,337
Projects Under development	2,180,770	-	-	2,180,770	2,180,770
	44,512,585	-	1,052,337	43,460,248	44,512,585

For all the Group's investment properties, the current use of the properties is considered the highest and best use.

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27 FAIR VALUES AND RISK MANAGEMENT (Continued)

INVESTMENT PROPERTIES (continued)

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values at 31 December 2021 and 2020 for assets and liabilities measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in Note 3.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment property – Vacant land and residential – State of Qatar/ commercial properties in UK	<p><i>Market comparison technique:</i> The fair values are calculated as derived from the current market prices available for the properties or nearby / adjacent properties adjusted for any differences with the comparable properties.</p> <p>Impact of Covid 19 on fair value of investment properties are mentioned in Note 31.</p>	Not Applicable	Not Applicable
Investment property – completed properties and projects under development – State of Qatar	<p><i>Discounted cash flows:</i> The valuation model considers the present value of expected net cash flows generated from investment property discounted using weighted average cost of the capital of the Group.</p> <p>Impact of Covid 19 on fair value of investment properties are mentioned in Note 31.</p>	<p><u>Expected net cash flows: (*)</u> (31 December 2021: from positive net cash flows of QR1,443,127 to positive net cash flows of QR 2,326,814 from year 2022 to 2026 and a terminal value of QR 35,966,768; 31 December 2020: from positive net cash flows of QR409,816 to positive net cash flows of QR 2,081,459 from year 2021 to 2025 and a terminal value of QR 34,024,283) <u>Weighted average cost of capital:</u> (31 December 2021: 7 % to 8.2%, 31 December 2020: 7% to 9%) <u>Terminal growth rate:</u> (31 December 2021: 3%, 31 December 2020: 2.75%) <u>Terminal yield rate:</u> (31 December 2021: 4% to 5.2%, 31 December 2020: 4.25% to 6.25%)</p>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - Expected net cash flows were higher (lower) ; - Weighted average cost of capital were lower (higher) ; - Terminal growth rate were higher (lower) ; or - Terminal yield rate were lower (higher).

*The projected cash flows for year 2022 includes revenues from signed contract with Qatar 2022 Local Organizing Committee L.L.C. (the organizing committee for FIFA world cup Qatar 2022) for the exclusive use of 80% of available rooms of Hotel and suites at the agreed night rates (as per contractual terms) depending on the respective class of rooms for the period of world cup event.

27 FAIR VALUES AND RISK MANAGEMENT (Continued)**INVESTMENT PROPERTIES (continued)****Sensitivity Information for investment property**

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's investment property are:

- Projected rental revenue per annum
- Projected rent growth per annum
- Projected occupancy per annum
- Exit / terminal yield rate
- Projected operating expenses per annum
- Discount rate
- Terminal growth rate

Significant increases (decreases) in project rental value per annum, projected rent growth per annum, projected occupancy rate per annum and terminal growth rate in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in projected operating expenses per annum, discount rate and exit or terminal yield in isolation would result in a significantly (lower) higher fair value measurement. The effect of the COVID-19 pandemic has meant that the range of reasonably possible changes is lesser for the 2021 compared to comparative year.

A quantitative sensitivity analysis is as shown below:

As at 31 December 2021	Sensitivity Level		Sensitivity Level	
	+0.50%	+0.50%	-0.50%	-0.50%
	Completed Properties	Project under Development	Completed Properties	Project under Development
Projected rental revenue per annum	203,875	20,685	(201,101)	(20,685)
Projected rent growth per annum	907,205	139,713	(890,544)	(152,173)
Projected occupancy per annum	217,952	12,390	(221,208)	(13,146)
Projected operating expenses per annum	(225,134)	(24,750)	225,134	24,750
Discount rate	(864,257)	(158,046)	888,053	165,919
Terminal growth rate	161,157	13,439	(161,157)	(13,439)
Exit / terminal yield rate	(3,344,881)	(242,842)	4,190,952	294,510

As at 31 December 2020	Sensitivity Level		Sensitivity Level	
	+0.50%	+0.50%	-0.50%	-0.50%
	Completed Properties	Project under Development	Completed Properties	Project under Development
Projected rental revenue per annum	165,660	15,970	(165,660)	(15,970)
Projected rent growth per annum	836,000	119,150	(801,900)	(114,960)
Projected occupancy per annum	216,890	23,410	(204,250)	(23,380)
Projected operating expenses per annum	(11,020)	(590)	10,990	610
Discount rate	(981,640)	(291,130)	1,040,240	353,680
Terminal growth rate	636,130	325,720	(600,860)	(269,050)
Exit / terminal yield rate	(3,199,030)	(10,340)	4,050,090	10,430

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28 OPERATING SEGMENTS

Basis for segmentation

For management purposes, the Group is organised into business units based on its business activities and has four reportable segments. These divisions offer different products and services and are managed separately because they require different technology and marketing strategies.

Reportable segments

- Residential and commercial properties
- Investments
- Hotel and suites
- Malls

Operations

- Developing, owning, and renting of real estate properties.
- Investing activities including shares.
- Managing hotels, suites and restaurants.
- Management of shopping malls.

No operating segments have been aggregated to form the above reportable operating segments. The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The following table presents revenues and expenses regarding the Group's operating segments.

	Residential and commercial properties	Investments	Hotel and suites	Malls	Adjustments and eliminations	Total
Rental income	1,091,591	-	122,321	56,939	(10,596)	1,260,255
Dividends income from equity investments	-	70,215	-	-	-	70,215
Share from the results of equity-accounted investees and joint venture	-	7,545	-	-	-	7,545
Other operating revenues	40,104	-	19,571	27,418	-	87,093
Other income	15,616	50	302	7	-	15,975
Operating expenses	(1,163,372)	-	(133,442)	(79,531)	1,081,107	(295,238)
General and administrative expenses	(74,730)	(254)	(15,023)	-	6,489	(83,518)
Loss from foreign currency exchange	(43,377)	-	-	-	-	(43,377)
Depreciation	(29,023)	-	(1,166)	(1)	-	(30,190)
Impairment loss of trade and other receivables	9,000	-	(224)	(6,950)	-	1,826
Loss on valuation of investment property	1,001,974	-	(581,809)	(620,673)	-	(200,508)
Loss on disposal of investment property	(949)	-	-	-	-	(949)
Segment profit	846,834	77,556	(589,470)	(622,791)	1,077,000	789,129
Finance costs	(728,063)	-	-	-	-	(728,063)
Net profit	118,771	77,556	(589,470)	(622,791)	1,077,000	61,066

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28 OPERATING SEGMENTS (Continued)

31 December 2020	Residential and commercial properties	Investments	Hotel and suites	Malls	Adjustments and eliminations	Total
Rental income	1,034,616	-	121,651	31,578	(10,448)	1,177,397
Dividends income from equity investments	-	93,205	-	-	-	93,205
Share from the results of equity-accounted investees and joint venture	-	26,801	-	-	-	26,801
Other operating revenues	31,136	-	15,007	23,947	-	70,090
Other income	28,916	89	4,689	5	-	33,699
Operating expenses	(162,644)	-	(72,113)	(22,309)	4,487	(252,579)
General and administrative expenses	(77,504)	(285)	(9,028)	-	5,961	(80,856)
Loss from foreign currency exchange	(13,168)	-	-	-	-	(13,168)
Depreciation	(30,944)	-	(1,768)	(84)	-	(32,796)
Impairment loss of trade and other receivables	(16,075)	-	(523)	(4,776)	-	(21,374)
Segment profit	794,333	119,810	57,915	28,361	-	1,000,419
Finance costs	(652,436)	-	-	-	-	(652,436)
Net profit	141,897	119,810	57,915	28,361	-	347,983

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28 OPERATING SEGMENTS (Continued)

The following table presents assets and liabilities of the Group's operating segments as at reporting dates.

	Residential and commercial properties	Investments	Hotel and suites	Malls	Adjustments and eliminations	Total
31 December 2021						
Segment assets						
Cash and bank balances	1,079,189	728	6,538	2,637	-	1,089,092
Trade and other receivables	2,183,331	-	53,085	72,136	(2,215,678)	92,874
Inventories	5,353	-	4,544	232	-	10,129
Equity investments	-	2,671,864	-	-	-	2,671,864
Equity-accounted investees and joint venture	-	788,278	-	-	-	788,278
Investment properties	40,093,793	-	3,399,937	1,333,662	-	44,827,392
Property and equipment	6,845	-	698,045	1	-	704,891
Total assets	43,368,511	3,460,870	4,162,149	1,408,668	(2,215,678)	50,184,520
Segment liabilities						
Trade and other payables	6,048,539	758,127	152,136	38,633	(2,214,643)	4,782,792
Sukuk and Islamic financing	13,187,750	-	-	-	-	13,187,750
Total liabilities	19,236,289	758,127	152,136	38,633	(2,214,643)	17,970,542

Geographically, the Group operates in the State of Qatar and the United Kingdom. Qatar operations contributed approximately 100% of the Group's profit for the year ended 31 December 2021 (31 December 2020: 100%) and approximately 99.75 % (31 December 2020: 99.97%) of its assets.

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28 OPERATING SEGMENTS (Continued)

31 December 2020	Residential and commercial properties	Investments	Hotel and suites	Malls	Adjustments and eliminations	Total
Segment assets						
Cash and bank balances	643,981	211	4,078	2,041	-	650,311
Trade and other receivables	2,316,634	-	54,804	79,826	(2,326,366)	124,898
Inventories	4,945	-	4,613	187	-	9,745
Equity investments	-	2,549,407	-	-	-	2,549,407
Equity-accounted investees and joint venture	-	816,653	-	-	-	816,653
Investment properties	38,668,655	-	3,890,240	1,953,690	-	44,512,585
Property and equipment	8,680	-	725,519	3	-	734,202
Total assets	41,642,895	3,366,271	4,679,254	2,035,747	(2,326,366)	49,397,801
Segment liabilities						
Trade and other payables	3,909,306	833,399	144,987	43,563	(2,325,997)	2,605,258
Sukuk and Islamic financing	14,760,938	-	-	-	-	14,760,938
Total liabilities	18,670,244	833,399	144,987	43,563	(2,325,997)	17,366,196

Major customer

Revenues from one customer of the Group's residential and commercial properties segment represented approximately 2.30% (2020: 3.05%) of the Group's total rental revenue.

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29 NON-CONTROLLING INTERESTS

The financial information of Group's subsidiaries are provided below. The summarized financial information below represent amounts before intragroup eliminations.

31 December 2021	Emtidad Real Estate for Projects W.L.L.	Ezdan World W.L.L.	Intragroup eliminations	Total
NCI percentage	32.50%	30.00%		
Non-current assets	2,610,968	-		
Current assets	130	1,106		
Current liabilities	(930,348)	(68,100)		
Net assets	1,680,750	(66,994)		
Net assets attributable to NCI	546,244	(20,098)	(805,180)	(279,034)
Revenue	-	-		
(Loss) / Profit	(199)	77		
OCI	-	-		
Total comprehensive (loss) / income	(199)	77		
Profit allocated to NCI	(65)	23	-	(42)
OCI allocated to NCI	-	-	-	-
Cash flows from operating activities	77,662	77		
Cash flows from investment activities	(406,355)	-		
Cash flows from financing activities	328,699	(62)		
Net decrease in cash and cash equivalents	6	15		
31 December 2020	Emtidad Real Estate for Projects W.L.L.	Ezdan World W.L.L.	Intragroup eliminations	Total
NCI percentage	32.50%	30.00%		
Non-current assets	2,204,470	-		
Current assets	124	1,092		
Current liabilities	(523,645)	(68,162)		
Net assets	1,680,949	(67,070)		
Net assets attributable to NCI	546,308	(20,120)	(805,180)	(278,992)
Revenue	-	-		
(Loss) / Profit	(93)	239		
OCI	-	-		
Total comprehensive (loss) / income	(93)	239		
Profit allocated to NCI	(30)	72	-	42
OCI allocated to NCI	-	-	-	-
Cash flows from operating activities	81,116	94		
Cash flows from investment activities	(404,532)	-		
Cash flows from financing activities	323,280	(103)		
Net decrease in cash and cash equivalents	(136)	(9)		

The NCI of the Group is negative due to share of its accumulated losses from subsidiaries of the Group.

30 COMPARATIVE FIGURES

The comparative figures for the previous year have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications did not affect the previously reported profit, gross assets or equity.

31 IMPACT OF COVID 19

The coronavirus outbreak ("Covid 19") has brought about a deceleration of the economic activity in the State of Qatar and globally. Fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

The Group's business operations and performance remain largely unaffected by the current situation. However, there may be uncertainty over how the future development of the outbreak will impact the Group's business and customer demand for its product and services. Further, the Group will continue to closely monitor as the situation progresses and has activated its business continuity planning and other risk management practices to manage the potential business operations disruption and financial performance in the future.

Below are the key assumptions about the future and other sources of estimation uncertainties:

(i) Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of Covid-19 may continue to evolve, but at the present time, the projections show that the Group has sufficient resources to continue in operational existence. As a result, these consolidated financial statements have been appropriately prepared on a going concern basis.

(ii) Fair value of investment properties

The general risk environment in which the Group operates has heightened largely due to the continued level of overall uncertainty of the future impact Covid-19 worldwide, which may have a significant impact on property values. The Group's investment properties were valued by professionally qualified third-party valuation companies with material valuation uncertainty. The outbreak of Covid-19 has resulted in the real estate market experiencing significantly lower levels of transactional activities and liquidity. The current response to Covid-19 means that the valuer is faced with an unprecedented set of circumstances on which to base a judgment. The valuation across all investment properties are therefore reported on best case basis given current circumstances.

(iii) Borrowings

During the year, the Group has availed the moratorium facility on one of its existing borrowings resulting into extension of payment period by three to six months.

(iv) Expected credit losses

The uncertainties caused by Covid 19 has required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 December 2021. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

32 SUBSEQUENT EVENTS

There were no significant subsequent events which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 1, 2, 3, 4 and 5.