ESHRAQ INVESTMENTS PJSC

(“Company” or “Eshraq”)

INTEGRATED REPORT

On the Company's activity for the fiscal year ended on 31/12/2021



- Board of Directors' Report on the Company's activity for the fiscal year ended on 31/12/2021
- Auditor's Report on the Company's activity for the fiscal year ended on 31/12/2021
- Financial Statements on the Company's activity for the fiscal year ended on 31/12/2021
- Governance Report for the year 2021
- Sustainability Report for the year 2021

Board of Directors' Report on the Company's activity for the fiscal year ended on 31/12/2021

Report of the Board of Directors for the year ended 31 December 2021

The Directors present their annual report together with the audited consolidated financial statements of Eshraq Investments PJSC and its subsidiaries (the "Group") for the year ended 31 December 2021.

Principal activities

The Group is principally engaged in commercial enterprise investments and real estate business, which includes development, sale, investment, construction, management and associated services. The Group also owns a hotel apartment building.

Results for the year

During the year, the Group earned revenues of AED 26,216 thousand (2020: AED 18,082 thousand) and profit for the year amounted to AED 38,429 thousand (2020: loss of AED 80,032 thousand).

Directors

The Directors who served during the year and as of the reporting date is as follows:

Mr. Jassim Mohammed Alseddiqi	Chairman
Mr. Saleh Hashem Alhashemi	Vice Chairman
Mr. Fraih Saeed Alqubaisi	Director
Mr. Jasim Hussain Ahmed Al Ali	Director
Mr. Ajit Vijay Joshi	Director
Mr. Omar Zeyad Abdulla Ibrahim Galadari	Director
Mrs. Maha Abdulmajeed Alfahim *(Appointed with effect from 27 April 2021)*	Director
Mr. Ahmed Salem Abdulla Salem Alhosani *(Resigned with effect from 27 April 2021)*	Director

Release

The Directors propose to discharge the Chairman and Members of the Board of Directors and external auditors from liabilities related to the performance of their duties for the year ended 31 December 2021.

Auditor

The Directors propose the re-appointment of Deloitte & Touche (M.E.) as the external auditor of the Group for the financial year ending 31 December 2022.

On behalf of the Board of Directors

Chairman
Abu Dhabi, UAE

Auditor’s Report on the Company’s activity for the fiscal year ended on 31/12/2021

Deloitte & Touche (M.E.)
Level 11, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 990
Abu Dhabi
United Arab Emirates

Tel: +971 (0) 2 408 2424
Fax:+971 (0) 2 408 2525
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Eshraq Investments PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Codes of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. We have communicated the key audit matters to the Audit Committee but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit Committee. On the following pages, we have described the key audit matters we identified and have included a summary of the audit procedures we performed to address those matters.

The key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Akbar Ahmad (1141), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of Investment properties	
The aggregated value of the Group's investment properties was AED 1,006 million as of 31 December 2021, representing 60% of total assets (2020: AED 1,005 million and 63% of total assets). The unrealised fair value loss recorded in the consolidated statement of profit or loss amounted to AED 9.1 million (2020: AED 79.2 million). The Group measures these investment properties at their fair value and its measurement is inherently subjective due to the individual nature and location of each investment property which considerably influences the expected rental income or sales price. The determination of the fair value of Group's investment properties is based on valuations performed by independent valuers by using the market comparable approach and income capitalisation approach. The Group's determination of fair value for the investment properties requires valuers and management to make significant estimates and assumptions related to sales of comparable properties, future rental rates, capitalisation rates and discount rates when observable information is not available or when significant adjustments are made to the observable market information. The valuation of these investment properties is a significant judgement area and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements.	We evaluated the design and implementation of controls in the determination of fair value of properties. . We assessed the skills, competence, independence and objectivity of the independent valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work. We reviewed a sample of investment properties valued by external valuers, and also involved our internal real estate valuation expert to review a sample of those properties, and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRS 13 Fair Value Measurement. We have also evaluated the approach applied by the Group to measure the impact of COVID-19 on determination of fair value for investment properties on selected properties. We assessed the accuracy of the input data, on a sample basis, used by the independent valuers and challenged the key assumptions used by the independent valuers, including sale prices per square meter. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We performed a sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We reperformed the mathematical accuracy of the valuations, where applicable. We agreed the results of the valuations performed by the independent valuers to the amounts reported in the consolidated financial statements.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of Investment properties and Investment properties under development (continued)	
COVID-19 continues to impact many aspects of daily life and the global economy. New strains of the COVID-19 virus have been discovered in 2021, which are characterised by higher transmission rates. Travel, movement and operational restrictions have been implemented by many countries including the United Arab Emirates ("UAE"), with some real estate markets having experienced lower levels of transaction activity and liquidity. Nevertheless, the third party valuers have indicated that, as at the valuation date, property markets are mostly functioning again with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of the values. We have identified the valuation of investment properties as a key audit matter as the fair value is determined based on non-observable inputs and requires management to apply significant judgements in determining the fair value of investment properties. Refer to note 3 in the consolidated financial statements for accounting policy on investment properties, note 4 for significant accounting estimates involved with the fair valuation of investment properties and note 6 and 7 in the consolidated financial statements for the disclosures notes related to the investment properties.	We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Report of Board of Directors, which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

Other Information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we will read the Group's Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the applicable provisions of the articles of association of the Company and the UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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; and
- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Deloitte.

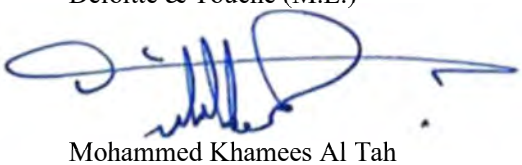
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);
- The Group has maintained proper books of account;
- The financial information included in the Report of the Board of Directors is consistent with the books of account and records of the Group;
- As disclosed in Note 8, 9, 10 and 14, the Group has invested in shares during the financial year ended 31 December 2021;
- Note 22 reflects the disclosures relating to related party transactions and the terms under which they were conducted;
- During the year ended 31 December 2021, the Group has not made any social contributions; and
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or, its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2021.

Deloitte & Touche (M.E.)



Mohammed Khamees Al Tah
Registration Number 717
8 March 2022
Abu Dhabi
United Arab Emirates

Financial Statements on the Company's activity for the fiscal year ended on 31/12/2021

ESHRAQ INVESTMENTS PJSC

Reports and consolidated financial statements for the year ended 31 December 2021

ESHRAQ INVESTMENTS PJSC

Reports and consolidated financial statements for the year ended 31 December 2021

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Report of the Board of Directors for the year ended 31 December 2021

The Directors present their annual report together with the audited consolidated financial statements of Eshraq Investments PJSC and its subsidiaries (the "Group") for the year ended 31 December 2021.

Principal activities

The Group is principally engaged in commercial enterprise investments and real estate business, which includes development, sale, investment, construction, management and associated services. The Group also owns a hotel apartment building.

Results for the year

During the year, the Group earned revenues of AED 26,216 thousand (2020: AED 18,082 thousand) and profit for the year amounted to AED 38,429 thousand (2020: loss of AED 80,032 thousand).

Directors

The Directors who served during the year and as of the reporting date is as follows:

Mr. Jassim Mohammed Alseddiqi	Chairman
Mr. Saleh Hashem Alhashemi	Vice Chairman
Mr. Fraih Saeed Alqubaisi	Director
Mr. Jasim Hussain Ahmed Al Ali	Director
Mr. Ajit Vijay Joshi	Director
Mr. Omar Zeyad Abdulla Ibrahim Galadari	Director
Mrs. Maha Abdulmajeed Alfahim *(Appointed with effect from 27 April 2021)*	Director
Mr. Ahmed Salem Abdulla Salem Alhosani *(Resigned with effect from 27 April 2021)*	Director

Release

The Directors propose to discharge the Chairman and Members of the Board of Directors and external auditors from liabilities related to the performance of their duties for the year ended 31 December 2021.

Auditor

The Directors propose the re-appointment of Deloitte & Touche (M.E.) as the external auditor of the Group for the financial year ending 31 December 2022.

On behalf of the Board of Directors

Chairman
Abu Dhabi, UAE
8 March 2022

Deloitte & Touche (M.E.)
Level 11, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 990
Abu Dhabi
United Arab Emirates

Tel: +971 (0) 2 408 2424
Fax:+971 (0) 2 408 2525
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Eshraq Investments PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Codes of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. We have communicated the key audit matters to the Audit Committee but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit Committee. On the following pages, we have described the key audit matters we identified and have included a summary of the audit procedures we performed to address those matters.

The key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Akbar Ahmad (1141), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of Investment properties	
The aggregated value of the Group's investment properties was AED 1,006 million as of 31 December 2021, representing 60% of total assets (2020: AED 1,005 million and 63% of total assets). The unrealised fair value loss recorded in the consolidated statement of profit or loss amounted to AED 9.1 million (2020: AED 79.2 million). The Group measures these investment properties at their fair value and its measurement is inherently subjective due to the individual nature and location of each investment property which considerably influences the expected rental income or sales price. The determination of the fair value of Group's investment properties is based on valuations performed by independent valuers by using the market comparable approach and income capitalisation approach. The Group's determination of fair value for the investment properties requires valuers and management to make significant estimates and assumptions related to sales of comparable properties, future rental rates, capitalisation rates and discount rates when observable information is not available or when significant adjustments are made to the observable market information. The valuation of these investment properties is a significant judgement area and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements.	We evaluated the design and implementation of controls in the determination of fair value of properties. . We assessed the skills, competence, independence and objectivity of the independent valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work. We reviewed a sample of investment properties valued by external valuers, and also involved our internal real estate valuation expert to review a sample of those properties, and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRS 13 Fair Value Measurement. We have also evaluated the approach applied by the Group to measure the impact of COVID-19 on determination of fair value for investment properties on selected properties. We assessed the accuracy of the input data, on a sample basis, used by the independent valuers and challenged the key assumptions used by the independent valuers, including sale prices per square meter. Where we identified estimates that were outside acceptable parameters, we discussed these with the valuers and management to understand the rationale behind the estimates made. We performed a sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values. We reperformed the mathematical accuracy of the valuations, where applicable. We agreed the results of the valuations performed by the independent valuers to the amounts reported in the consolidated financial statements.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of Investment properties and Investment properties under development (continued)	
COVID-19 continues to impact many aspects of daily life and the global economy. New strains of the COVID-19 virus have been discovered in 2021, which are characterised by higher transmission rates. Travel, movement and operational restrictions have been implemented by many countries including the United Arab Emirates ("UAE"), with some real estate markets having experienced lower levels of transaction activity and liquidity. Nevertheless, the third party valuers have indicated that, as at the valuation date, property markets are mostly functioning again with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of the values. We have identified the valuation of investment properties as a key audit matter as the fair value is determined based on non-observable inputs and requires management to apply significant judgements in determining the fair value of investment properties. Refer to note 3 in the consolidated financial statements for accounting policy on investment properties, note 4 for significant accounting estimates involved with the fair valuation of investment properties and note 6 and 7 in the consolidated financial statements for the disclosures notes related to the investment properties.	We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Report of Board of Directors, which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

Other Information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we will read the Group's Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the applicable provisions of the articles of association of the Company and the UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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; and
- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Deloitte.

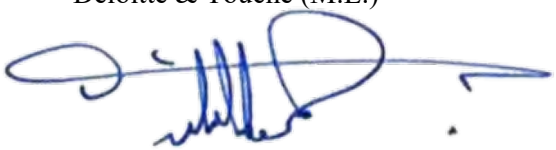
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESHRAQ INVESTMENTS PJSC (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);
- The Group has maintained proper books of account;
- The financial information included in the Report of the Board of Directors is consistent with the books of account and records of the Group;
- As disclosed in Note 8, 9, 10 and 14, the Group has invested in shares during the financial year ended 31 December 2021;
- Note 22 reflects the disclosures relating to related party transactions and the terms under which they were conducted;
- During the year ended 31 December 2021, the Group has not made any social contributions; and
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or, its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2021.

Deloitte & Touche (M.E.)



Mohammed Khamees Al Tah
Registration Number 717
8 March 2022
Abu Dhabi
United Arab Emirates

Consolidated statement of financial position as at 31 December 2021

	Notes	2021 AED'000	2020 AED'000
ASSETS			
Non-current assets			
Property and equipment	**5**	**97,253**	101,479
Investment properties	**6**	**1,006,352**	826,681
Investment properties under development	**7**	**-**	178,780
Financial assets at fair value through other comprehensive income	**8**	**73,469**	56,560
Investment in an associate	**14**	**8,285**	7,404
Debt investment at amortised cost	**9**	**18,274**	18,363
Wakala investments	**13**	**85,000**	**-**
Other receivables		**544**	827
Total non-current assets		**1,289,177**	1,190,094
Current assets			
Inventories		**75**	51
Trade and other receivables	**11**	**18,700**	14,439
Financial assets at fair value through profit or loss	**10**	**268,472**	248,135
Financial assets at fair value through other comprehensive income	**8**	**20,542**	31,862
Due from a related party	**22**	**19,816**	24
Wakala investments	**13**	**-**	85,000
Cash and bank balances	**12**	**72,037**	16,100
Total current assets		**399,642**	395,611
Total assets		**1,688,819**	1,585,705
EQUITY AND LIABILITIES			
Equity			
Share capital	**15**	**2,325,000**	2,325,000
Treasury shares	**15**	**(15,609)**	(15,609)
Statutory reserve	**16**	**141,125**	137,283
Accumulated losses		**(1,039,304)**	(1,074,128)
Investment revaluation reserve	**17**	**(47,957)**	(67,074)
Total equity		**1,363,255**	1,305,472

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 December 2021 (continued)

	Notes	2021 AED'000	2020 AED'000
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	**18**	**1,151**	888
Lease liability	**19**	**-**	3,367
Bank borrowings	**20**	**250,079**	198,533
Total non-current liabilities		**251,230**	202,788
Current liabilities			
Trade and other payables	**21**	**30,818**	32,673
Lease liability	**19**	**-**	1,742
Bank borrowings	**20**	**43,516**	43,030
Total current liabilities		**74,334**	77,445
Total liabilities		**325,564**	280,233
Total equity and liabilities		**1,688,819**	1,585,705

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the consolidated financial condition, financial performance and cash flows of the Group as of, and for, the periods presented therein.

Chairman **Director**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss for the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
Revenue from commercial operations	23	**26,216**	18,082
Direct operating expenses	24	**(12,825)**	(11,033)
Gross profit from commercial operations		**13,391**	7,049
Finance income	25	**14,225**	16,528
Finance costs	26	**(6,363)**	(8,206)
Net finance income		**7,862**	8,322
Dividend income		**11,712**	8,143
Net changes in fair value of financial assets at fair value through profit or loss	10	**33,496**	(9,487)
Share of profits from an associate	14	**881**	279
Net gain/ (loss) from investments		**46,089**	(1,065)
Total operating income		**67,342**	14,306
General and administrative expenses	27	**(19,399)**	(15,210)
Net loss on fair value of investment properties	6	**(9,110)**	(62,406)
Net loss on fair value of investment properties under development	7	**-**	(16,749)
Selling and marketing expenses		**(712)**	(668)
(Allowance for)/reversal of impairment on debt investments at amortised cost	9	**(89)**	442
Other income		**397**	253
Profit/ (loss) for the year		**38,429**	(80,032)
Basic and diluted earnings/ (loss) per share (AED)	28	**0.0168**	(0.0350)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2021

	Note	**2021 AED'000**	2020 AED'000
Profit/(loss) for the year		**38,429**	(80,032)
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Net changes in the fair value of equity instruments designated at fair value through other comprehensive income	**8**	**19,354**	(21,254)
Total other comprehensive income/(loss) for the year		**19,354**	(21,254)
Total comprehensive income/(loss) for the year		**57,783**	(101,286)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2021

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	Accumulated losses AED'000	Investment revaluation reserve AED'000	Total equity AED'000
Balance at 1 January 2020	2,325,000	(9,189)	137,283	(994,096)	(45,820)	1,413,178
Loss for the year	-	-	-	(80,032)	-	(80,032)
Other comprehensive loss for the year	-	-	-	-	(21,254)	(21,254)
Total comprehensive loss for the year	-	-	-	(80,032)	(21,254)	(101,286)
Treasury shares purchased (Note 15)	-	(6,420)	-	-	-	(6,420)
Balance at 1 January 2021	2,325,000	(15,609)	137,283	(1,074,128)	(67,074)	1,305,472
Profit for the year	-	-	-	38,429	-	38,429
Other comprehensive income for the year	-	-	-	-	19,354	19,354
Total comprehensive income for the year	-	-	-	38,429	19,354	57,783
Transfer to retained earnings on disposal of financial assets at FVTOCI	-	-	-	237	(237)	-
Transfer to statutory reserve	-	-	3,842	(3,842)	-	-
Balance at 31 December 2021	**2,325,000**	**(15,609)**	**141,125**	**(1,039,304)**	**(47,957)**	**1,363,255**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
Cash flows from operating activities			
Profit/(loss) for the year		**38,429**	(80,032)
Adjustments for:			
Change in fair value of financial assets at fair value through profit or loss	**10**	**(33,496)**	9,487
Depreciation of property and equipment	**5**	**4,676**	5,398
Share of profits from an associate	**14**	**(881)**	(279)
Provision for employees' end of service benefits	**18**	**268**	208
Finance income	**25**	**(14,225)**	(16,528)
Finance cost		**5,637**	7,588
Net fair value loss on investment properties	**6**	**9,110**	62,406
Net fair value loss on investment properties under development	**7**	**-**	16,749
Amortisation of borrowing cost	**20**	**726**	569
Allowance for/(reversal of) impairment on debt investments at amortised cost	**9**	**89**	(442)
Loss on disposal of property and equipment	**5**	**851**	-
Gain on termination of lease liabilities	**19**	**(468)**	-
Dividend income		**(11,712)**	(8,143)
Receivables written-off		**-**	1,892
Operating cash flows before changes in working capital		**(996)**	(1,127)
(Increase)/decrease in trade and other receivables		**(1,297)**	282
(Increase)/decrease in inventories		**(24)**	13
(Increase)/decrease in due from a related party		**(19,792)**	720
Increase/(decrease) in trade and other payables		**14,476**	(32,866)
Cash used in operating activities		**(7,633)**	(32,978)
Employees' end of service benefits paid	**18**	**(5)**	(20)
Net cash used in operating activities		**(7,638)**	(32,998)
Cash flows from investing activities			
Purchase of financial assets at FVTPL	**10**	**(22,456)**	(66,226)
Proceeds from sales of financial assets at FVTPL	**10**	**41,915**	87,829
Interest received		**13,745**	14,043
Dividends received		**8,607**	8,143
Purchase of debt investments at amortised cost	**9**	**-**	(28,363)
Proceeds from disposal of financial assets at fair value through other comprehensive income	**8**	**7,484**	-
Purchase of property and equipment	**5**	**(2,759)**	(376)
Proceeds from sale of property and equipment	**5**	**500**	-
Additions to investment properties	**6**	**(2,440)**	(1,577)
Addition to investment properties under development	**7**	**(20,412)**	(41,296)
Restricted cash released	**12**	**(29)**	8,223
Wakala investments placed	**13**	**-**	(85,000)
Investment made in an associate	**14**	**-**	(7,125)
Term deposits matured		**6,618**	132,910
Term deposits placed		**(6,641)**	(81,778)
Net cash generated from/(used in) investing activities		**24,132**	(60,593)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2021 (continued)

	Notes	2021 AED'000	2020 AED'000
Cash flows from financing activities			
Proceeds from bank borrowings	**20**	**149,108**	81,415
Repayment of bank borrowings	**20**	**(97,120)**	(40,144)
Payment of issuance cost	**20**	**(807)**	-
Payment of borrowing finance cost	**20**	**(7,052)**	(5,908)
Finance costs paid		**(3,837)**	(1,817)
Interest paid on lease liability	**19**	**(188)**	(346)
Lease principal paid	**19**	**(684)**	(1,398)
Treasury shares purchased	**15**	**-**	(6,420)
Net cash flows generated from financing activities		**39,420**	25,382
Net increase/(decrease) in cash and cash equivalents		**55,914**	(68,209)
Cash and cash equivalents at the beginning of the year		**5,819**	74,057
Cash and cash equivalents end of the year	**12**	**61,733**	5,848
Non-cash transactions:			
Settlement of financial assets at FVTOCI received in the form of financial assets at FVTPL	**8, 10**	**6,175**	-
Settlement of financial assets at FVTOCI against accrued interest receivables	**8, 10**	**107**	-
Dividends received by way of bonus shares for financial assets at FVTPL	**10**	**125**	-
Purchase of financial assets at FVTOCI through a related party	**8**	**22,456**	-
Transfer of debt investments at amortised cost to FVTPL	**9, 10**	**-**	94,024
Transfer of investment properties under development to property and equipment	**5, 7**	**3,000**	-
Transfer of investment properties under development to investment properties	**6, 7**	**186,341**	-

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2021

1 General information

Eshraq Investments PJSC (the "Company") was initially registered as a private joint stock company in the Emirate of Abu Dhabi on 24 December 2006. On 7 July 2011, the Company converted to a public joint stock company. The Company is listed on the Abu Dhabi Securities Exchange.

The Company is registered under commercial license No. 1005631 and Abu Dhabi Chamber of Commerce and Industry membership No. 223393. The registered head office of the Company is at P.O. Box 108737, Abu Dhabi, United Arab Emirates ("UAE").

The Company, its subsidiaries and an associate (together referred to as the "Group") are principally engaged in commercial enterprise investment and real estate business which includes development, sale, investment, construction, management and associated services. The Company also owns a hotel apartment building.

The principal activities, country of incorporation and operation, and ownership interest of the Company in its subsidiaries and an associate are set out below:

Name of the subsidiary	Country of incorporation	Percentage of holding	Principal activities	Classification
Nuran Marina Serviced Residence LLC*	UAE	100	Hotel apartments	Subsidiary
Eshraq International Company LLC	Cayman Islands	100	Real estate	Subsidiary
Eshraq Management Ltd**	UAE	100	Asset management	Subsidiary
Alkonost Investment Ltd***	Cayman Islands	40	Asset management	Associate

* Eshraq International Company LLC has a 49% ownership in Nuran Marina Serviced Residence LLC and the remaining 51% is held by the heirs of a former board member on behalf of the Company who had irrecoverably assigned the beneficial ownership to Eshraq International Company LLC.

** Eshraq Management Ltd is an entity registered at Abu Dhabi Global Market. The entity is currently dormant.

*** Eshraq International Company LLC owns 40% ownership in Alkonost Investment Ltd.

During the year-ended 31 December 2021, the Group has not made any social contributions.

2 Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group's future transactions or arrangements.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements (continued)

Amendments to Interest Rate Benchmark Reform in IFRS 9 and IFRS 7

In September 2020, the IASB issued Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

In the current year, the ISAB issued the Phase 2 amendments Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of consolidated financial statements. The entities can apply the amendments retrospectively with any adjustments recognising in the appropriate components of equity as at 1 January 2021, instead of restating the prior period.

Both the Phase 1 and Phase 2 amendments are not relevant to the Group given that they have not applied hedge accounting to its benchmark interest rate exposures and therefore do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 16 Leases relating to Covid-19-Related Rent Concessions

In May 2021, the IASB issued Covid-19-Related Rent Concessions (amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements (continued)

Amendments to IFRS 16 *Leases* relating to Covid-19-Related Rent Concessions (continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and
- There is no substantive change to other terms and conditions of the lease.

The amendments are not relevant to the Group given that there are no any rent concessions occurred as a direct consequence of COVID-19 and therefore do not have any impact on the Group's consolidated financial statements.

2.2 New and revised IFRS in issue but not yet effective

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

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 *Insurance Contracts* IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policy holders' options and guarantees. In June 2020, the IASB issued amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.	1 January 2023

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 *Insurance Contracts (continued)*	1 January 2023
At the same time, the Board issued extension of the temporary exemption from applying IFRS 9 (amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	
Amendments to IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Effective date not yet decided
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively.	1 January 2023
Amendments to IFRS 3 *Business Combinations: Reference to the Conceptual Framework* The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment* related to proceeds before intended use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.	1 January 2022

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 16 *Property, Plant and Equipment* related to proceeds before intended use (continued) Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.	1 January 2022
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract* The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.	1 January 2022

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract (continued)* Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 cycle amending IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, and IAS 41 *Agriculture* The annual improvements include amendments to four standards: IFRS 1 *First-time adoption of international financial reporting standards* The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). IFRS 9 *Financial Instruments* The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IFRS 16 *Leases* The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.	The amendments to IFRS 1, IFRS 9 and IAS 41 are effective from 1 January 2022 and the effective date for amendments to IFRS 16 Leases are not yet decided.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2018-2020 cycle amending IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, and IAS 41 *Agriculture (continued)* IAS 41 *Agriculture* The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	The amendments to IFRS 1, IFRS 9 and IAS 41 are effective from 1 January 2022 and the effective date for amendments to IFRS 16 Leases are not yet decided.
Amendments to IAS 1 *Presentation of financial statements* and IFRS Practice Statement 2 *Making materiality judgements* related to disclosure of accounting policies The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	The amendments to IAS 1 are effective from 1 January 2023 and the amendment to IFRS Practice Statement 2 does not contain an effective date or transition requirements

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 *Presentation of financial statements* and IFRS Practice Statement 2 *Making materiality judgements* related to disclosure of accounting policies (continued) The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.	The amendments to IAS 1 are effective from 1 January 2023 and the amendment to IFRS Practice Statement 2 does not contain an effective date or transition requirements
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* related to definition of accounting estimates The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications: • A change in accounting estimate that results from new information or new developments is not the correction of an error • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.	1 January 2023
IFRS 16 *Leases* amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 April 2021

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 12 related to deferred tax related to assets and liabilities arising from a single transaction The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises: • A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: - Right-of-use assets and lease liabilities - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset • The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.	1 January 2023

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and applicable provisions of UAE Federal Law No. (2) of 2015 (as amended). Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial assets measured at fair value, investment properties and investment properties under development, which are carried at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:

- Level 1 input are quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the functional currency of the Group.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately form the Group's equity therein. Those interest of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group losses control of a subsidiary, the gain or losses on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or joint venture.

Business combination

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange of control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in profit or loss.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to shared-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquired are measured in accordance with IFRS 2 at the acquisition date and;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Business combination (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests (including joint operations) in the acquired entity is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period ends as soon as the Group receives the necessary information about the facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period cannot exceed one year from the acquisition date

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Investment in an associate

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. 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.

The results and assets and liabilities of an associate are accounted for using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated financial statements at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

Profit or loss reflects the Group's share of the results of operations of an associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, 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 investees are eliminated to the extent of the interest in the investees.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of profit or loss outside operating profit and represents profit or loss and non-controlling interests in the subsidiaries of the associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group and having same accounting policies. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Investment in an associate (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, The Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the 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 the 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.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1 Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

The Group recognises revenue from the following major sources:

- Hospitality revenues
- Rental revenues
- Finance income

Rental income

Rental income represents income from commercial and residential apartments rented out by the Group during the year. The Group's policy for recognition of revenue from operating leases is described below under "Leases".

Hospitality revenues

Hotel revenue corresponds to revenues received from guests of the hotels. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

Finance income

Finance income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset net carrying amount on initial recognition.

Dividend income

Dividend income from investments is recognised when the rights to receive payments have been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Leases

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all the risks and rewards incidental to ownership of an investment property. In addition, the Group subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Group's subleases are classified as operating leases.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. 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 Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when the right to receive them arises.

Amounts from leases under finance lease are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Leases (continued)

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Leases (continued)

The Group as lessee (continued)

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented under the property and equipment in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the Property and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'General and administrative expenses' in the consolidated statement of profit or loss.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. There are no material non-lease components applicable to the Group.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Foreign currencies

For the purpose of these consolidated financial statements, the UAE Dirham (AED) is functional and presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings	16-25
Right to use assets of building	5
Leasehold improvements	5
Motor vehicle	4
Software and computers	2 - 4
Furniture, decor and office equipment	2 - 3

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Property and equipment (continued)

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 value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Investment properties and investment properties under development

Investment properties comprise completed properties and properties under development. Completed properties are held to earn rentals and/or for capital appreciation and property under being constructed is for future use as investment properties.

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated profit or loss in the period in which they arise.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. If a property and equipment becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Group considers as evidence the commencement of development with a view to sale/use for earn income (for a transfer from investment property to property under development).

Upon completion of construction or development, a property is transferred from properties under development to completed properties. Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefits are expected from the disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

The carrying values of investment properties 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 value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on a weighted average cost basis.

Net realisable value is based on estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Employees' end of service benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date.

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with UAE Labour Law, for their period of service up to the reporting date. With respect to its national employees, the Group makes contributions to a UAE Government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

Classification and measurement of financial assets and liabilities

Initial recognition

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI").

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

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

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Initial recognition (continued)

Equity instruments designated as at FVOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Business model assessment

The Group entities make an assessment of the objective of a 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 frequency, volume and timing of trades of financial assets in prior periods, the reasons for such trades and its expectations about the future trading activity. However, information about trading activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised;
- how the performance of the portfolio is evaluated and reported to the management; and
- 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.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Initial recognition (continued)

Business model assessment (continued)
Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding principal, 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.

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 are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities, at initial recognition, may be designated at FVTPL if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
- the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- the financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated statement of profit or loss.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial assets and liabilities (continued)

Subsequent measurement and gain or 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 the profit or loss. Any gain or loss on derecognition is recognised in the consolidated income statement.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the consolidated income statement.

Equity instruments designated as at FVOCI

These assets are subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in financial assets are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

Financial liabilities at amortised cost

Mainly includes borrowings and trade and other payables. After initial recognition, the aforementioned liabilities are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated income statement.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Reclassification

Financial assets

Group only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Group's operations and demonstrable to external parties.

Financial liabilities

Group determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not permitted.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated income statement.

Financial liabilities

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the consolidated statement of profit or loss.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in transferred financial assets that qualify for derecogniton that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Measured at amortised cost

Any gain or loss on derecognition of financial assets measured at amortised cost is recognised in the consolidated statement of profit or loss.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Modifications of financial assets and financial liabilities (continued)

Impairment of financial assets

In relation to the impairment of financial assets, the Group applies the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. It is not necessary for a credit event to have occurred before credit losses are recognised.

The Group recognises loss allowances for ECLs on the following instruments that are not measured at FVTPL:

- financial assets measured that are debt instruments carried at amortised cost or FVOCI; and
- financial guarantee contracts issued.

The Group measures loss allowances either using general or simplified approach as considered appropriate.

Under general approach, loss allowances are measured at an amount equal to 12-month expected credit loss except when there has been a significant increase in credit risk since inception. In such cases, the Group measures loss allowances at an amount equal to lifetime expected credit loss.

Under simplified approach, loss allowances are always measured at an amount equal to lifetime expected credit loss.

Lifetime ECL: These losses are the ECL that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach.

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

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Modifications of financial assets and financial liabilities (continued)

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive); and
- financial assets that are credit-impaired: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the consolidated statement or profit or loss.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-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.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in note 3, Management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. 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.

Key estimates in applying the Group's accounting policies

Fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation experts using market comparable approach for lands classified as investment properties and income capitalisation approach for investment properties currently being using for income generation (2020: market or sales comparison approach for investment properties and income capitalisation approach for investment properties under development). These valuation approaches are suitable methods of valuation that is normally used to value investment property and approaches those would be adopted for use in the local market. The fair value is determined in comparing the property's characteristics with those of comparable properties which recently have been sold in similar transactions in the market. Adjustments are made to reflect the period of time that has passed between the transaction date and the date of valuation, or the price that is expected to be achieved following a negotiated sale. Data source of market evidence has been obtained from sources such as anecdotal information/evidence obtained from various sources and real estate brokers active in the locality, the expert's internal research/enquiries and personal knowledge of certain sales transactions that have taken place.

Notes to the consolidated financial statements
for the year ended 31 December 2021 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key estimates in applying the Group's accounting policies (continued)

Fair value of investment properties (continued)

Such estimations are based on certain assumptions, which are subject to uncertainty, however, management does not expect such assumptions to materially differ from the actual results. During the year, the Group recorded a reduction in fair value of AED 9,110 thousand (2020: AED 62,406 thousand) for investment properties. There are no investment properties under development as of 31 December 2021 hence there is no fair value increase or decrease recorded for those assets as of 31 December 2021 (2020: fair value decrease of AED 16,749 thousand).

COVID-19 continues to impact many aspects of daily life and the global economy. Travel, movement and operational restrictions have been implemented by many countries including UAE with real estate market having experienced lower levels of transaction volume and liquidity in certain period of time during the year. Therefore, in arriving at fair values estimates of the investment properties as at 31 December 2021, the third-party valuers have used their market knowledge and professional judgment and have attached less weight to previous market evidence for comparison purposes. In these circumstances, there is greater degree of uncertainty than which exists in a more active market in estimating fair values of investment properties.

Calculation of loss allowance on financial assets

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group uses estimates for the computation of loss rates. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. During the year, the Group recognised AED 89 thousand of ECL impairment loss on debt investments at amortised cost (2020: The Group reversed AED 442 thousand of ECL impairment loss previously made on debt investments at amortised cost). There are no written off of unrecoverable receivable balances during 2021 (2020: AED 1,892 thousand).

Impairment of property and equipment

Property and equipment are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss.

In assessing whether there is any indication that the property and equipment at the end of the reporting period may be impaired, the Group considered the following:

- Changes in the technological, market, economic or legal environment in which the Group operates that had or would have an adverse effect on the Group;
- Physical damage of the assets under construction;
- Plans to discontinue or restructure the operation to which the assets under construction belong; and
- Evidence from internal reporting that indicates a significant decline in budgeted net cash flows flowing from the asset.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key estimates in applying the Group's accounting policies (continued)

Impairment of property and equipment (continued)

Hotel property classified under property and equipment is assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is carried out by determining the recoverable amount which takes into account the fair value of the hotel property under consideration. The fair value of the hotel property was determined by an independent real estate valuation expert using income capitalisation method.

Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements and estimations over the useful lives of the assets and discounted using a range of discounting rates that reflects current market assessments of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any probable impairment. Based on such detailed assessment performed, the management concluded that there is no impairment loss for its hotel property as of 31 December 2021 and 2020.

Useful lives of property and equipment

The useful lives and residual values of the property and equipment are based on management's judgement of the historical pattern of useful lives and the general standards in the industry. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technical obsolete or non-strategic assets that have been abandon or sold. Management has reviewed the residual values and the estimated useful lives of property and equipment in accordance with IAS 16 *Property, Plant and Equipment* and has determined that these expectations do not significantly differ from previous estimates.

Valuation of financial assets at FVTOCI and FVTPL

Valuation of financial assets at FVTOCI and FVTPL is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses its own valuation models which are usually based on valuation methods and techniques generally recognised as standard within the industry including Net Asset Value (NAV) method and other methods allowed as per International Private Equity and Venture Capital Valuation (IPEV) Guidelines and IFRS 13 *Fair Value Measurement*.

The valuations of unquoted equity and debt investments and private equities are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in Note 31.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

5 Property and equipment

	Land AED'000	Building AED'000	Leasehold improvement AED'000	Motor vehicles AED'000	Software and computers AED'000	Furniture décor and office equipment AED'000	Construction work-in-progress AED'000	Total AED'000
Cost								
At 1 January 2020	47,801	78,566	2,636	155	2,427	6,844	-	138,429
Additions	-	53	-	-	55	268	-	376
Disposal	-	-	-	-	-	(207)	-	(207)
At 1 January 2021	47,801	78,619	2,636	155	2,482	6,905	-	138,598
Additions	-	64	-	-	34	578	2,083	2,759
Transfer from investment properties under development (Note 7)	-	-	-	-	-	-	3,000	3,000
Disposal	-	-	(2,636)	-	-	-	-	(2,636)
Derecognition of right of use asset upon termination of lease contract	-	(8,116)	-	-	-	-	-	(8,116)
At 31 December 2021	**47,801**	**70,567**	**-**	**155**	**2,516**	**7,483**	**5,083**	**133,605**
Accumulated depreciation								
At 1 January 2020	-	23,011	395	120	1,941	6,461	-	31,928
Charge for the year	-	4,367	527	35	240	229	-	5,398
Disposal	-	-	-	-	-	(207)	-	(207)
At 1 January 2021	-	27,378	922	155	2,181	6,483	-	37,119
Charge for the year	-	3,889	363	-	138	286	-	4,676
Disposal	-	-	(1,285)	-	-	-	-	(1,285)
Derecognition of amortisaion on right of use asset	-	(4,158)	-	-	-	-	-	(4,158)
At 31 December 2021	**-**	**27,109**	**-**	**155**	**2,319**	**6,769**	**-**	**36,352**
Carrying amount								
At 31 December 2021	**47,801**	**43,458**	**-**	**-**	**197**	**714**	**5,083**	**97,253**
At 31 December 2020	47,801	51,241	1,714	-	301	422	-	101,479

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

5 Property and equipment (continued)

All of the Group's property and equipment are located in the UAE.

Property and equipment included a right-of-use assets over leased office space with a net carrying value of AED 5,024 thousand as of 31 December 2020. During the year, the Group terminated its lease contract with the related party and related right-of-use assets with a net book value of AED 3,958 thousand was derecognised (Note 19).

In 2021, the Group completed the development of one of its property located in Abu Dhabi. Management decided to use a part of this property as the office premise of the Group. As a result, the Group transferred an amount of AED 3,000 thousand from investment properties under development (Note 7) to property and equipment. The Group further incurred AED 2,083 thousand on the development of such construction of the office premise. Development activities of the office premise are in progress as of the reporting date and therefore accounted as construction work-in-progress.

Included in property and equipment, a building used by Nuran Marina Serviced Residences LLC is mortgaged as security for a loan obtained by the Group from a local bank (Note 20).

The depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	2021	2020
	AED'000	AED'000
Direct operating expenses (Note 24)	**3,225**	3,300
General and administrative expenses (Note 27)	**1,451**	2,098
	4,676	5,398

During the year, the Group carried out a review of recoverable value of its hotel property. The recoverable value of hotel property is based on fair value less cost to sell determined by independent valuer and has been determined by reference to the income approach using exit yield of 8% and a discount rate of 10%. Based on such assessment performed, management concluded that there is no impairment on the hotel property for the year ended 31 December 2021 (2020: AED Nil).

In estimating the recoverable amounts of the hotel property, the highest and best use of the property was considered as its current use. The inputs used in the valuation are not based on observable market data, and thus, the valuation techniques were considered to be Level 3 fair value measurement.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

6 Investment properties

Investment properties represent certain plots of land located in the UAE, rented out properties in the United Arab Emirates and a building in the United States of America ("USA").

Movement in investment properties is as follows:

	2021 AED'000	2020 AED'000
Balance at 1 January	**826,681**	841,440
Additions	**2,440**	1,577
Transferred from investment properties under development (Note 7)	**186,341**	46,070
Net decrease in fair value	**(9,110)**	(62,406)
Balance at 31 December	**1,006,352**	826,681

Investment properties are carried at fair value. The fair value of the investment properties has arrived at on the basis of valuations carried out by accredited independent valuers not related to the Group. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations. In estimating the revalued amounts of the investment properties, the highest and best use of the land have been considered.

The fair value was determined using using the market comparable approach and income capitalisation approach. The approaches involve measuring the present value of the business resources based on the flow of prices of these resources on the free market and exchange between willing persons (seller and buyer) on such market. The valuation has been conducted as at 31 December 2021. There were no changes to the valuation techniques adopted to the investment properties during the year.

The inputs used in the valuation are not based on observable market data, and thus, the valuation techniques were considered to be Level 3 fair value measurement.

Significant unobservable inputs used in determining the fair value of the properties are as follows:

Net average sales price/sqft for vacant plots	AED 75 - AED 290
Net average sales price/sqft for developed property valued using comparable method	AED 1,340 - AED 1,510
Discount rate for developed property valued using income capitalisation method	7.5%
Exit Yield for developed property valued using income capitalisation method	7.5%
Rental rates for residential units for developed property valued using income capitalisation method	AED 50,000 – 220,000 per annum
Rental rates for retail units for developed property valued using income capitalisation method	AED 80 per sq.ft – AED 130 per sq.ft

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

6 Investment properties (continued)

The Group conducted a sensitivity analysis for their investment properties on the average sales price, capitalisation rates and rental rates. Based on this sensitivity analysis:

- an increase in average sales price per square meter by 10% would result in AED 81,305 thousand increase in the valuation, whilst a decrease of 10% would result in AED 81,305 thousand decrease in properties valued using comparable method.
- a decrease of capitalisation rates by 50 bps would result in AED 13,500 thousand increase in the valuation, whilst an increase of 50 bps would result in AED 11,900 thousand decrease in valuation of those properties valued using income capitalisation method ; and
- An increase in expected rental rates by 10% would result in AED 18,700 thousand increase in the valuation, whilst a decrease of 10% would result in AED 18,800 thousand decrease in valuation of those properties valued using income capitalisation method.

The valuation was carried out by an independent registered third party valuer ("the Valuer") in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors ("RICS").

In 2021, the Group completed the development of one of its property located in Abu Dhabi. As a result, the Group transferred an amount of AED 186,341 thousand from investment properties under development (Note 7) to investment properties.

In 2020, the management decided to cease the development work planned and carried out for one of Group's investment property and reinstate the land into its original condition. Accordingly, the related investment property that previously had been accounted under investment properties under development was transferred to investment properties during the year ended 31 December 2020 (Note 7). Any further costs incurred on back filling and excavation activities were charged to the statement of profit or loss for the year ended 31 December 2020.

During 2021, the Group recognised rental income from letting investment properties of AED 10,160 thousand (2020: AED 7,900 thousand).

Included in investment properties, i) a building with a fair value of AED 146,574 thousand; and ii) a building and a land with a fair value of AED 193,300 thousand are mortgaged as securities for loans obtained by the Group from local banks (2020: a building with a fair value of AED 141,563 thousand) (Note 20).

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

7 Investment properties under development

Movement in investment properties under development is as follows:

	2021 AED'000	2020 AED'000
Balance at 1 January	**178,780**	184,397
Additions	**10,561**	57,202
Transfer to investment properties (Note 6)	**(186,341)**	(46,070)
Transfer to property and equipment (Note 5)	**(3,000)**	**-**
Net change in fair value	-	(16,749)
Balance at 31 December	-	178,780

During the year, the Group completed the development of one if its property located in Abu Dhabi. As a result, the Group transferred an amount of AED 186,341 thousand to investment properties (Note 6) and AED 3 thousand to property and equipment (Note 5).

Investment properties under development were carried at fair value.

The fair value of the investment properties under development as at 31 December 2020 were determined by an independent valuer not related to the Group using the income approach. The valuers were members of professional valuers' associations and had appropriate qualifications and experience in the valuation of properties at the relevant locations. The fair values of the investment properties under development were categorised into level 3 of the fair value hierarchy.

In 2020, the management decided to cease the development work planned and carried out for one of Group's property and reinstate the land into its original condition. Accordingly, the related property that previously had been accounted under investment properties under development was transferred to investment properties during the year ended 31 December 2020 (Note 6). Any further costs incurred on back filling and excavation activities were charged to the statement of profit or loss for the year ended 31 December 2020.

Included in investment properties under development, a building and a land with a fair value of AED 178,780 thousand was mortgaged as a security for a loan obtained by the Group from a local bank.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

8 Financial assets at fair value through other comprehensive income

The Group's financial assets at fair value through other comprehensive income ("FVOCI") comprise of strategic investments in equity securities that were irrevocably designated as measured at FVOCI. Financial assets at FVOCI breakdown as at the end of the reporting period comprises the following:

	2021 **AED'000**	2020 AED'000
Unquoted equity securities (i)	**53,115**	64,436
Unquoted funds (ii)	**40,542**	23,749
Quoted equity securities	**354**	237
	94,011	88,422

(i) Comprised of 1) an investment in an equity stake of an unlisted entity established in the Cayman Islands to acquire, develop, hold, market, lease, operate, dispose of, sub-divide, and otherwise deal with a property situated in the UAE; and 2) an investment in a financial institution in the UAE that provides Islamic financing, corporate financing, and asset management services. The secondly explained entity is currently under the liquidation where the Group is receiving the recoveries in tranches as per the final settlement plan received from the investee. In 2021, the Group received cash and investment securities in line such plan with a carrying value of AED 13,528 thousand for a total value of AED 13,765 thousand. The Group recognised AED 237 thousand gain on disposal of securities and subsequently transferred to retained earnings. The Group expects to receive the full recovery of the fair value of the investment. Accordingly, the remaining balance of the investment has been classified as a current asset in the consolidated statement of financial position; and

(ii) Comprised of an investment in an open-ended fund incorporated in UAE with the objective to generate return from those entities.

Movement in the financial assets at fair value through other comprehensive income is as follows:

	2021 **AED'000**	2020 AED'000
Balance at 1 January	**88,422**	109,676
Disposals	**(13,765)**	-
Net change in fair value recognised in other comprehensive income	**19,354**	(21,254)
Balance at the end of the year	**94,011**	88,422
Less: non-current portion	**(73,469)**	(56,560)
Current portion	**20,542**	31,862

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

9 Debt investments at amortised cost

Movement in the debt investment at amortised cost is as follows:

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**18,363**	79,558
Additions	**-**	28,363
Disposals	**-**	(90,000)
(Allowance for)/reversal of impairement loss	**(89)**	442
Balance at the end of the year	**18,274**	18,363

Debt investment at amortised cost includes a term investment certificate issued by an UAE based holding company with investment maturity on 31 December 2024. This is denominated in USD and carried an anticipated interest rate of 10% per annum.

In 2020, the Group swapped in a non-cash transaction, two of their debt investment at amortised cost into an investment in a closed-ended credit fund established in the Cayman Islands whereas the new investment was classified under the financial assets at fair value through profit or loss (Note 10).

Finance income on debt investment at amortised cost for the year ended 31 December 2021 amounted to AED 1,836 thousand (2020: AED 4,593 thousand). Accrued interest on debt investment at amortised cost amounted to AED 6 thousand as of 31 December 2021 (2020: AED 5 thousand).

The following table shows the movement in expected credit loss that has been recognised for debt investment at amortised cost in accordance with IFRS 9.

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	-	442
Net measurement of loss allowance	**89**	**-**
Reversal of loss allowance during the year	-	(442)
Balance at the end of the year	**89**	**-**

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

10 Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss ("FVTPL") comprise financial assets that are held for trading. The financial assets at FVTPL breakdown at the end of the reporting period comprise the following:

	2021 AED'000	2020 AED'000
Fixed income securities (i)	**36,520**	57,468
Quoted equity securities (ii)	**107,815**	94,402
Unquoted funds (iii)	**124,137**	96,265
	268,472	248,135

(i) Comprised of a listed bond and a listed sukuk denominated in US Dollar (USD) and issued by UAE-based issuers. The debt securities carry a coupon rate of 7.50% - 12.00%;

(ii) Comprised of sharia-compliant equity shares quoted in UAE and denominated in UAE Dirhams (AED). Part of these securities is held as collateral for a loan obtained from a local bank (Note 20).

(iii) Comprised of 1) an investment in a closed-ended fund established in the Cayman Islands to generate returns from credit exposures into different commercial sectors (Note 9); and 2) an investment in an equity stake of an unlisted educational tech entity established in India.

Movement in the balance of financial assets at FVTPL is as follows:

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**248,135**	185,201
Additions	**28,756**	160,250
Disposals	**(41,915)**	(87,829)
Net change in fair value recognised in profit or loss	**33,496**	(9,487)
Balance at the end of the year	**268,472**	248,135

In 2020, the Group entered into a repurchase agreement with a related party for 23,135 thousand quoted equity shares for a period of one year. In this agreement, the Group deposited its shares to a related party and agreed to reclaim it only on the termination date in exchange for a repurchase yield of 4% on the agreed market value of the shares amounting to AED 16,357 thousand. All the risk and reward of the deposited quoted equity shares are still held by the Group as of the reporting date and it can be withdrawn at any period of time subject to early termination fees. In 2021, the Group renewed its repurchase agreement for 23,135 thousand of quoted equity shares at the same repurchase yield on the agreed marker value of the shares amounting to AED 25,449 thousand for a period of one year.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

10 Financial assets at fair value through profit or loss (continued)

Finance income on the repurchase agreement for the year ended 31 December 2021 amounted to AED 718 thousand (2020: AED 116 thousand). Accrued interest on fixed income on the repurchase agreement amounted to AED 178 thousand as at 31 December 2021 (2020: AED 116 thousand).

Finance income on fixed income securities for the year ended 31 December 2021 amounted to AED 4,244 thousand (2020: AED 4,454 thousand). Accrued interest on fixed income securities amounted to AED 986 thousand as at 31 December 2021 (2020: AED 1,297 thousand).

Included in the financial assets at FVTPL, quoted securities with a fair value of AED 83,291 thousand is mortgaged as a security for a loan obtained by the Group from a local bank (2020: AED 73,168 thousand) (Note 20).

11 Trade and other receivables

	2021	2020
	AED'000	AED'000
Trade receivables	**853**	348
Accrued interest	**6,850**	6,263
Dividend receivable	**2,980**	**-**
Prepayments	**381**	630
Advance to suppliers	**-**	1,019
Other receivables	**7,636**	6,179
	18,700	14,439

The average credit period on rendering of services is 60 days (2020: 60 days). No interest is charged on outstanding trade receivables.

The Group has adopted a policy of dealing with only creditworthy counterparties. An adequate credit assessment is made before accepting a new customer. Of the trade receivables balance at the end of the reporting period, AED 621 thousand (2020: AED 189 thousand) representing 73% (2020: 55%) of the total trade receivables is due from 4 (2020: 6) major customers of the Group.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL in accordance with the simplified approach under IFRS 9. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. There are no written off of unrecoverable receivable balances during 2021 (2020: AED 1,892 thousand).

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

12 Cash and bank balances

Cash and cash equivalents are comprised of the following:

	2021 AED'000	2020 AED'000
Cash on hand	**23**	3
Cash at bank	**65,373**	9,479
Term deposits	**6,641**	6,618
	72,037	16,100
Less: short-term deposits with an original maturity of more than three months	**(6,641)**	(6,618)
Less: restricted cash	**(3,663)**	(3,634)
Cash and cash equivalents	**61,733**	5,848

Term deposits represent deposits held with financial institutions in the UAE and denominated in AED. These deposits carry an interest rate 0.20% - 0.45% (2020: 0.20% - 9.5%) per annum.

Finance income on term deposits for the year ended 31 December 2021 amounted to AED 23 thousand (2020: AED 2,522 thousand). Accrued interest on term deposits amounted to AED 2 thousand as at 31 December 2021 (2020: AED 2 thousand).

Restricted cash includes unclaimed dividends which were declared in 2012 and 2013 collectively amounting to AED 3,635 thousand (2020: AED 3,635 thousand), restricted cash placed in a local bank amounting to AED 28 thousand (2020: AED 28 thousand).

13 Wakala investment

	2021 AED'000	2020 AED'000
Wakala investment	**85,000**	85,000

In 2020, the Group invested AED 85 million in Wakala deposits held with non-financial institutions in the UAE and denominated in AED. These investments carry interest rates ranging from 8%-9.5% per annum and maturity in March and June 2021. During March 2021, both these Wakala deposits were matured and rolled over at same interest rates with the maturity date of 28 March 2024.

Finance income on Wakala investments for the year ended 31 December 2021 amounted to AED 7,405 thousand (2020: AED 4,842 thousand). Accrued interest on term deposits amounted to AED 5,677 thousand as of 31 December 2021 (2020: AED 4,842 thousand).

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

14 Investment in an associate

During 2020, the Group made an investment in a company established in Cayman Island called Alkonost Investment Ltd (hereafter referred to as "the associate"). The Group holds 40% of the voting rights of the associate and has a significant influence over the associate. The associate engaged in the business of asset management.

Movement in the balance of investment in an associate is as follows:

	2021	2020
	AED'000	AED'000
Balance at the beginning of the year	**7,404**	**-**
Invested during the year	**-**	7,125
Share in profit during the year	**881**	279
Balance at the end of the year	**8,285**	7,404

Summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs:

	2021	2020
	AED'000	AED'000
Total assets	**20,713**	18,509
Total liabilities	**-**	**-**
Net assets	**20,713**	18,509
Group's share in the net assets	**8,285**	7,404
Profit for the year	**2,203**	698
Group's share in the profit during the year	**881**	279

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

15 Share capital

	2021 AED'000	2020 AED'000
Authorised, issued and paid up capital		
2,325,000,000 ordinary shares of AED 1 each	**2,325,000**	2,325,000

On 14 October 2018, the Group obtained an approval from SCA to proceed with the buy-back of the Group's shares in accordance with the laws of the UAE and SCA regulations.

There are no treasury share purchases for the year ended 31 December 2021. During 2020, the Company purchased additional 17,586 thousand ordinary shares with an aggregate value of AED 6,420 thousand and are held in treasury.

The movement of treasury shares is as follows:

	2021 AED'000	2020 AED'000
Balance at the beginning of the year (number of shares: 36,458 thousand as of 1 January 2021 and 18,872 thousand as of 1 January 2020)	**15,609**	9,189
Additional shares purchased during the year (Nil for the year ended 31 December 2021 and 17,586 thousand for the year ended 31 December 2020)	-	6,420
Balance at the end of the year (number of shares: 36,458 thousand as of 31 December 2021 and 2020)	**15,609**	15,609

16 Statutory reserve

In accordance with the Articles of Association of the Company and in line with the provisions of the UAE Federal Law No. 2 of 2015, the Company is required to transfer annually to a statutory reserve account an amount equal to 10% of its annual profit, until such reserve reaches 50% of the share capital of the Company. This reserve is not available for distribution.

17 Investments revaluation reserve

Investments revaluation reserve represents the net unreleased gains or losses that are recognised on the financial assets at fair value through other comprehensive income.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

18 Provision for employees' end of service benefits

	2021 AED'000	2020 AED'000
Balance at 1 January	**888**	700
Charge for the year	**268**	208
Paid during the year	**(5)**	(20)
Balance at 31 December	**1,151**	888

19 Lease liability and right to use asset

The Group has leased an asset as their office premise. The lease term was 5 years (2020: 5 years). During the year, the Group terminated the lease contract and derecognised the lease liability and right-of-use assets.

The movement in lease liability is as follows:

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**5,109**	6,507
Interest expense	**188**	346
Payments	**(872)**	(1,744)
Derecognition upon termination of lease contract	**(4,425)**	**-**
Balance at the end of the year	-	5,109
Less: non-current portion	-	(3,367)
Current portion	-	1,742

The movement in right-of-use assets is as follows:

	2021 AED'000	2020 AED'000
Balance at the beginning of the year	**5,024**	6,570
Depreciation expense during the year	**(1,065)**	(1,546)
Derecognition upon termination of lease contract	**(3,959)**	**-**
Balance at the end of the year	-	5,024

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

19 Lease liability and right to use asset (continued)

During the year, the Group terminated its lease contract with a related party and related lease liability and right-of-use assets were derecognised (Note 5). The lease termination resulted a net gain AED 466 thousand.

The Group's expenses related to short-term leases are AED 31 thousand (2020: AED 32 thousand). There are no lease contracts where the Group is the lessee contain variable lease payment terms.

The total cash outflow for leases amounts to AED 872 thousand during the year (2020: AED 1,762 thousand).

20 Bank borrowings

	2021 AED'000	2020 AED'000
Term loan 1	**129,282**	136,748
Term loan 2	**-**	70,713
Term loan 3	**25,119**	34,102
Term loan 4	**139,194**	**-**
	293,595	241,563
Less: Amount due for settlement after 12 months from the end of reporting year (classified under non-current liabilities)	**(250,079)**	(198,533)
Amount due for settlement within 12 months from the end of reporting year (classified under current liabilities)	**43,516**	43,030

The term loans comprise the following:

Term loan 1

A term loan facility from a local bank amounting to AED 145,000 thousand under the terms and conditions defined in the term loan agreement. The loan is repayable in quarterly installments over a period of 12 years and carries a variable interest rate. The loan is secured by a mortgage over the building used by Nuran Marina Serviced Residences LLC (the "Subsidiary") (Note 5), 58 apartment units at Burj Daman, Dubai (Note 6), corporate guarantee issued by the Subsidiary in favor of the lender and collections made by the subsidiary are assigned to the lender to repay the quarterly principal repayment of the loan. The loan was obtained to repay another previous loan from the same local bank and to finance the Group's general obligations. The loan was fully drawdown as of the reporting date.

As of 31 December 2021, the Group has an unamortised loan arrangement fee of AED 1,318 thousand (2020: AED 1,452 thousand) and recognised finance costs of AED 3,760 thousand (2020: AED 5,433 thousand) in relation to this facility.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

20 Bank borrowings (continued)

Term loan 2

A term loan facility from a local bank amounting to AED 104,000 thousand under the terms and conditions defined in the term loan agreement. The total drawdown from the facility as of 31 December 2021 was AED 78,741 thousand (2020: AED 69,633 thousand). The loan was repayable in quarterly installments over a period of 10 years starting from September 2021 and carried a variable interest rate. The loan was secured by a mortgage over the land and building of the Group located in Al Reem Island (Note 7), Abu Dhabi, and a reserved account maintained in the name of the Group with an amount equal to at least one quarterly installment of the term loan. The loan was obtained to partially finance the development of the mortgaged property. As of 31 December 2021, the loan was fully repaid by using the term loan 4 obtain in 2021.

As of 31 December 2021, there is no unamortised loan arrangement fee on this loan (2020: AED 592 thousand) The finance costs on this loan was AED 2,282 thousand for the year ended 31 December 2021 (2020: AED 1,890 thousand) and has been capitalised to the cost of the development of the mortgaged property (Note 7).

Term loan 3

In 2020, the Group availed a margin facility from a local bank amounting to AED 69,000 thousand under the terms and conditions defined in the agreement to finance the working capital requirements of the Group and repay one of an existing loan. The total drawdown from the facility as of 31 December 2021 is AED 25,119 thousand (2020: AED 34,000 thousand). The facility is secured by a pledge of over-quoted shares held in the name of the Group (Note 10). The facility is repayable on demand and carries a variable interest rate. As at 31 December 2021, the Group has an unutilised facility of AED 43,881 thousand (2020: AED 35,000 thousand) and recognised finance costs of AED 863 thousand (2020: AED 567 thousand).

Term loan 4

In 2021, the Group obtained a sharia-compliant term loan facility from a local bank amounting to AED 140,000 thousand under the terms and conditions defined in the agreement to settle the existing debt exposure of its project loan and to finance general corporate purposes. The loan is repayable in quarterly installments over a period of 10 years and carries a variable interest rate. The loan is secured by a mortgage over the land and building of the Group located in Al Reem Island (Note 6), Abu Dhabi, and a reserved account maintained in the name of the Group with an amount equal to at least one quarterly installment of the term loan. The loan was fully drawn as of the reporting date.

As of 31 December 2021, the Group has an unamortised loan arrangement fee of AED 806 thousand and recognised finance costs of AED 42 thousand.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

20 Bank borrowings (continued)

Reconciliation of term loan movement to the cash flows arising from financing activities is as follows:

	2021 AED'000	2020 AED'000
At 1 January	**241,563**	198,195
Cash flows		
Loan drawdown	**149,108**	81,415
Loan repaid	**(97,120)**	(40,144)
Payment of loan issuance cost	**(807)**	-
Payment of accrued interest	**(3,441)**	(1,817)
Other non-cash items		
Amortisation of transaction cost	**726**	569
Accrual of interest	**3,566**	3,345
At 31 December	**293,595**	241,563

21 Trade and other payables

	2021 AED'000	2020 AED'000
Trade payables	**129**	18
Advances from customers	**10,431**	6,832
Retention payables	**7,041**	13,058
Unclaimed dividends	**3,635**	3,634
Accruals	**1,473**	5,671
Other payables	**8,109**	3,460
	30,818	32,673

Advances from customers include an amount of AED 4,216 thousand (2020: AED 4,216 thousand) received as advance rentals against land given under operating leases as per Musataha agreements.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

22 Related party balances and transactions

In the ordinary course of business, the Group enters into transactions at agreed terms and conditions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24. Related parties comprise shareholders, directors, key management staff, and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

Terms and conditions of transactions with related parties

The services to and from related parties are made at normal market prices.

Balances with these related parties generally arise from commercial transactions in the normal course of business on an arm's length basis. Balances with related parties reflected in the consolidated statement of financial position at the reporting date comprised:

	2021	2020
	AED'000	AED'000
Cash and bank balances:		
Entities under common directorship	**53,257**	6,693
Shareholder	**21**	21
	53,278	6,714
Wakala investments:		
Entities under common directorship	**85,000**	85,000
Financial assets at FVOCI:		
Entities under common directorship	**93,656**	88,185
Shareholder	**215**	204
	93,871	88,389
Financial assets at FVTPL:		
Entities under common directorship	**121,072**	131,118
Debt investments at amortised cost:		
Entity under common directorship	**18,274**	18,363

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

22 Related party balances and transactions (continued)

	2021 AED'000	2020 AED'000
Due from a related party:		
Entity under common control	**19,816**	24
Investment in an associate:		
Entity under common directorship	**8,285**	7,404
Loan from a bank:		
Entities under common directorship	**164,313**	104,815
Lease liability:		
Entity under common control	-	5,109
Interest receivables:		
Entities under common directorship	**6,032**	5,441
Interest payable:		
Entities under common directorship	**42**	420
Other payables:		
Entities under common directorship	-	4
Other receivables:		
Entities under common directorship	**3,357**	-

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

22 Related party balances and transactions (continued)

Significant transactions with related parties during the year were as follows:

	2021 AED'000	2020 AED'000
Purchase of financial assets at FVTPL:		
Entities under common directorship	-	61,267
Disposal of financial assets at FVTPL:		
Entities under common directorship	**41,915**	49,083
Disposal of financial assets at FVTOCI:		
Entities under common directorship	**13,765**	**-**
Net (disposal)/purchase of debt investments at amortised cost:		
Entities under common directorship	-	(61,638)
Net term deposits (uplifted)/placed:		
Entity under common directorship	**6**	(80,001)
Wakala investments placed:		
Entities under common directorship	–	85,000
Loan taken from a bank during the year:		
Entity under common directorship	**149,108**	81,172
Loan payment during the year:		
Entity under common directorship	**92,501**	809
Borrowing cost during the year:		
Entity under common directorship	**3,061**	1,890
Interest expense on loan from related party:		
Entity under common directorship	**1,051**	913
Loan arrangement fees paid:		
Entity under common directorship	**807**	**-**
Net fund transfer made to related parties:		
Entities under common directorship	**335**	19,575
Share of profit from an associate:		
Entities under common directorship	**881**	279

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

22 Related party balances and transactions (continued)

	2021 AED'000	2020 AED'000
Dividend income:		
Entities under common directorship	**9,832**	8,143
Lease liability payment during the year:		
Entities under common directorship	**872**	1,745
Derecognition of lease liability upon termination of lease contract:		
Entities under common directorship	**4,425**	-
Derecognition of right-of-use asset upon termination of lease contract:		
Entities under common directorship	**3,959**	-
Gain on derecognition of lease liability upon termination of lease contract:		
Entities under common directorship	**470**	-
Broker fees paid to related parties:		
Shareholder	**75**	126
Interest income:		
Entities under common directorship	**12,287**	14,541
(Allowance for)/reversal of impairment loss on debt investments at amortised cost:		
Entities under common directorship	**(89)**	442

There were no loans provided to directors for the year ended 31 December 2021 and 2020.

Other than an impairment allowance recognised/ (reversed) for debt investments at amortised cost (Note 9), the Group has not recorded any impairment of receivables relating to amounts owed by related parties as of 31 December 2021 and 2020.

Key management compensation

	2021 AED'000	2020 AED'000
Short term benefits and fees	**2,192**	2,154
Board of Directors' remuneration	**3,325**	550
Long term end of service benefits	**92**	75
	5,609	2,779

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

23 Revenue from commercial operations

	2021 AED'000	2020 AED'000
Room revenue	**15,623**	9,432
Rental income	**10,250**	8,288
Food and beverages	**272**	294
Other	**71**	68
	26,216	18,082

Timing of revenue recognition

	2021 AED'000	2020 AED'000
Overtime	**25,873**	17,720
At a point in time	**343**	362
	26,216	18,082

24 Direct operating expenses

	2021 AED'000	2020 AED'000
Depreciation (Note 5)	**3,225**	3,300
Rooms, food, beverages and other	**2,641**	1,806
Utilities	**2,524**	1,293
Service charges	**2,358**	2,667
Property operation and maintenance expenses	**1,168**	539
Facility management fees	**909**	1,428
	12,825	11,033

25 Finance income

	2021 AED'000	2020 AED'000
Interest income on term deposits and wakala investments	**7,427**	7,364
Interest income on bonds	**4,244**	4,454
Interest income on debt investments at amortised cost	**1,836**	4,593
Interest income on repurchase shares	**718**	117
	14,225	16,528

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

26 Finance costs

	2021 AED'000	2020 AED'000
Interest expense on borrowings	**5,304**	7,244
Interest expense on margin service charges	**863**	567
Interest expense on lease liability	**188**	346
Exchange loss	**8**	49
	6,363	8,206

27 General and administrative expenses

	2021 AED'000	2020 AED'000
Staff costs	**5,960**	5,171
Professional fees	**5,659**	1,625
Depreciation (Note 5)	**1,451**	2,098
Security and maintenance fees	**305**	307
Rent expense	**31**	32
Write-off of receivables	**-**	1,892
Other	**5,993**	4,085
	19,399	15,210

28 Basic and diluted earnings/(loss) per share

Basic earnings per share is calculated by dividing the profit/(loss) for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding during the year, adjusted for the effects of dilutive instruments.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

28 Basic and diluted earnings per share (continued)

The following reflects the earnings and share data used in the earnings per share calculation:

	2021	2020
Profit/ (loss) for the year (AED'000)	**38,429**	(80,032)
Weighted average number of ordinary shares outstanding (thousand)	**2,288,542**	2,288,542
Basic and diluted earnings/ (losses) per share (AED)	**0.0168**	(0.0350)

Weighted average number of ordinary shares outstanding have been adjusted for treasury shares, which are issued shares but not outstanding (Note 15).

As of 31 December 2021, and 2020, the Group has not issued any instruments which would have a diluting impact on earnings per share when converted or exercised.

29 Segment reporting

The Group's operating segments are established on the basis of those components that are evaluated regularly by Board of Directors (the chief operating decision-maker or "CODM"). They monitor the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, gross profit and a broad range of key performance indicators in addition to segment profitability.

For management purposes, at 31 December 2021 and 2020, the Group is organised into five major segments, as follows:

- Property development
- Investment properties
- Hospitality and leisure
- Investment and asset management
- Holding

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit or loss earned by each segment without allocation of central administration, directors' salaries, finance income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance. The Group operated mainly in one geographical segment, i.e., United Arab Emirates.

Information regarding these segments is presented below.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

29 Segment reporting (continued)

31 December 2021	Property development AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Investment and asset management AED'000	Holding AED'000	Eliminations AED'000	Total AED'000
Revenue							
Timing of revenue recognition							
Overt time	-	10,160	15,713	-	-	-	25,873
At a point in time	-	-	343	-	-	-	343
	-	10,160	16,056	-	-	-	26,216
Direct operating expenses	-	(4,205)	(5,395)	-	-	-	(9,600)
Depreciation	-	-	(3,225)	-	-	-	(3,225)
Gross profit	-	5,955	7,436	-	-	-	13,391
Net finance income	-	-	-	-	7,862	-	7,862
Dividend income	-	-	-	11,712	-	-	11,712
Changes in fair value of financial assets at FVTPL	-	-	-	33,496	-	-	33,496
Share of profits from associate	-	-	-	881	-	-	881
Total operating income	-	5,955	7,436	46,089	7,862	-	67,342
General and administrative expenses	-	-	(1,720)	-	(16,228)	-	(17,948)
Depreciation	-	-	-	-	(1,451)	-	(1,451)
Selling and marketing expense	-	-	(652)	-	(60)	-	(712)
Loss on the valuation of properties	-	(9,110)	-	-	-	-	(9,110)
Reversal of impairment on debt investments at amortised cost	-	-	-	(89)	-	-	(89)
Other income	-	(347)	734	-	10	-	397
(Loss)/ profit for the year	-	(3,502)	5,798	46,000	(9,867)	-	38,429
At 31 December 2021							
Total assets	6,313	1,015,340	106,672	504,215	56,766	(487)	1,688,819
Total liabilities	7,496	149,775	145,363	-	35,602	(12,672)	325,564

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

29 Segment reporting (continued)

31 December 2020	Property development AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Investment and asset management AED'000	Holding AED'000	Eliminations AED'000	Total AED'000
Revenue							
Timing of revenue recognition							
Overt time	-	7,900	9,820	-	-	-	17,720
At a point in time	-	-	362	-	-	-	362
	-	7,900	10,182	-	-	-	18,082
Direct operating expenses	-	(2,764)	(4,969)	-	-	-	(7,733)
Depreciation	-	(1)	(3,299)	-	-	-	(3,300)
Gross profit	-	5,135	1,914	-	-	-	7,049
Net finance income	-	-	-	-	8,322	-	8,322
Dividend income	-	-	-	8,143	-	-	8,143
Changes in fair value of financial assets at FVTPL	-	-	-	(9,487)	-	-	(9,487)
Share of profits from associate	-	-	-	279	-	-	279
Total operating income	-	5,135	1,914	(1,065)	8,322	-	14,306
General and administrative expenses	-	-	(1,624)	-	(11,488)	-	(13,112)
Depreciation	-	-	-	-	(2,098)	-	(2,098)
Selling and marketing expense	-	-	(610)	-	(58)	-	(668)
Loss on the valuation of properties	(16,749)	(62,406)	-	-	-	-	(79,155)
Reversal of impairment on debt investments at amortised cost	-	-	-	442	-	-	442
Other income	-	18	231	-	4	-	253
Loss for the year	(16,749)	(57,253)	(89)	(623)	(5,318)	–	(80,032)
At 31 December 2020							
Total assets	185,271	829,863	97,720	454,138	19,200	(487)	1,585,705
Total liabilities	88,396	7,549	143,800	-	46,597	(6,109)	280,233

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

30 Contingent liabilities and commitments

Capital commitments

As of 31 December 2021, the Group has capital commitments amounting to AED 14,929 thousand (2020: AED 12,099 thousand).

Operating leases

The Group as lessor

The Group has leased out units of one of their investment property and accounted for the rent income. These operating leases relate to certain lease agreements with terms that range between one to two years. The lessees do not have an option to purchase the property at the expiry of the lease period. Future lease payments to be received by the Group are as follows:

	2021	2020
	AED'000	AED'000
Within one year	**10,038**	5,124
In the second year	**-**	218
	10,038	5,342

31 Financial instruments

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies, or processes during the years ended 31 December 2021 and 2020.

Classes of financial instruments

	2021	2020
	AED'000	AED'000
Financial assets		
Financial assets at FVTPL	**268,472**	248,135
Financial assets at FVOCI	**94,011**	88,422
Wakala investments	**85,000**	85,000
Cash and bank balances	**72,037**	16,100
Due from a related party	**19,816**	24
Trade and other receivables	**18,863**	13,617
Debt investment at amortised cost	**18,274**	18,363
	576,473	469,661

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

31 Financial instruments (continued)

Classes of financial instruments (continued)

	2021 AED'000	2020 AED'000
Financial liabilities		
Bank borrowings	**293,595**	241,563
Trade and other payables	**20,387**	25,841
	313,982	267,404

Financial risk management objectives

The Group is exposed to the following risks related to financial instruments - credit risk, liquidity risk, foreign currency risk and price risk. The Group has not framed formal risk management policies, however, the risks are monitored by management on a continual basis.

The Group does not enter into or trade in financial instruments for speculation.

The Group has not entered into option trading in order to economically hedge its prices of its quoted equity securities.

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to its shareholders through the optimisation of the debt and equity balances. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives. The Group's overalls strategy remains unchanged from the prior year.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. Key areas where the Group is exposed to credit risk are trade and other receivables and bank and cash balances (liquid assets).

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

31 Financial instruments (continued)

Credit risk (continued)

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Details on concentration of trade receivable balances are disclosed in Note 11. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its trade customers

Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE and are highly regulated by the central bank. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value.

Maximum exposure to credit risk:

The Group's maximum exposure to credit risk is represented by the carrying amounts of its financial assets. There are no agreements concluded or collateral held which reduced the maximum exposure to credit risk as at 31 December 2021 and 2020.

Credit quality per class of financial asset:

The Group used the credit ratings for those counter parties available externally to manage the credit quality of financial assets.

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

31 Financial instruments (continued)

Liquidity risk (continued)

The table below summarises the maturities of the Group's undiscounted financial liabilities as of 31 December 2021 and 2020 based on contractual payment dates and current market interest rates.

	Weighted average effective interest rate	On demand AED'000	Less than 6 months AED'000	6 to 12 months AED'000	1 to 5 years AED'000	More than 5 years AED'000	Total AED'000
At 31 December 2021							
Bank borrowings	**2.86%**	**25,119**	**7,675**	**10,722**	**101,174**	**148,905**	**293,595**
Trade and other payables	-	**3,635**	**16,752**	-	-	-	**20,387**
Total		**28,754**	**24,427**	**10,722**	**101,174**	**148,905**	**313,982**
At 31 December 2020							
Bank borrowings	4.69%	34,101	3,706	5,223	60,420	138,113	241,563
Lease liability	5.85%	-	878	864	3,367	-	5,109
Trade and other payables	-	3,634	22,207	-	-	-	25,841
Total		37,735	26,791	6,087	63,787	138,113	272,513

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

All lease obligations are denominated in AED.

Market risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Group is indirectly exposed to market price risk with respect to quoted investment in funds. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Group actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees.

The Group is exposed to equity price risks arising from unquoted equity investments. Equity investments are held for strategic as well as trading purposes. The Group actively trades in certain equity investments

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

31 Financial instruments (continued)

Market risk (continued)

Equity price sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risks at the reporting date. At the end of the reporting period, if the equity prices are 5% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Group's financial assets at fair value through profit or loss would increase/decrease by AED 7,217 thousand (2020: increase/decrease by AED 7,594 thousand) and financial assets at fair value through other comprehensive income and investment revaluation reserve would increase/decrease by AED 18 thousand (2020: AED 12 thousand) as a result of the movement in market price.

Foreign currency risk

The Group's transactions are principally in UAE Dirhams or US Dollars, to which the UAE Dirham is pegged, and therefore the Group does not face any foreign currency risks.

Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to interest rate risk on its financial assets at fair value through profit or loss, debt investment at amortised cost, term deposits, Wakala investments and bank borrowings that carry both fixed and floating interest rates, which are detailed in Note 9, 10, 12, 13 and 20 respectively.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable interest rates mainly arising from bank borrowings, assuming the amount of liability at the end of the reporting period was outstanding for the whole year.

At 31 December 2021, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, profit for the year would have been AED 294 thousand (2020: AED 242 thousand) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Group's borrowings are denominated in UAE Dirhams.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

31 Financial instruments (continued)

Fair value of financial instruments

The Group's management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – fair value measurements are those derived from inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- **Level 3** – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Carrying value	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**
At 31 December 2021					
Financial assets at FVTPL	**268,472**	**144,335**	**–**	**124,137**	**268,472**
Financial assets at FVOCI	**94,011**	**354**	**40,542**	**53,115**	**94,011**
	362,483	**144,689**	**40,542**	**177,252**	**362,483**

	Carrying value	Fair Value			
		Level 1	Level 2	Level 3	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
At 31 December 2020					
Financial assets at FVTPL	248,135	151,870	-	96,265	248,135
Financial assets at FVOCI	88,422	237	23,749	64,436	88,422
	336,557	152,107	23,749	160,701	336,557

During the year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

There were no transfers between any levels during the year.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

31 Financial instruments (continued)

Fair value of financial instruments (continued)

Movements in the fair value of investments categorised within Level 3 is as follows:

	2021 **AED'000**	2020 AED'000
At 1 January	**160,701**	82,598
Additions	**22,455**	94,024
Disposals	**(13,765)**	-
Change in fair value	**7,861**	(15,921)
At 31 December	**177,252**	160,701

Fair value of financial assets and financial liabilities that are not measured at fair value

The directors consider that the carrying amounts of those financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

32 Impact of Covid 19 pandemic

On 11 March 2020, COVID-19 was declared as pandemic by the World Health Organisation and is causing disruptions to businesses and economic activities.

COVID-19 has brought uncertainties in the local and global economic environment. The Group is closely monitoring the situation and its effects to the operations of the Group as it progresses and has activated its business continuity planning and other risk management practices to manage the potential business operations disruption and financial performance in current and future financial years. Also, the Group is closely considered whether any adjustments and changes in management's judgments, estimates and risk management are required to be considered and reported in the financial statements in the light of virus spread. The Group's financial results are getting affected due to the market volatility of the financial instruments and real estate properties and operations of the properties of the Group as direct and indirect consequences of COVID 19 spread locally and internationally. These effects are reflected in the fair values at which the underlying financial instruments were recorded as of the reporting date in these consolidated financial statements.

Going concern

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and 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 and its going concern position remains largely unaffected and unchanged from 31 December 2021. As a result, these consolidated financial statements have been prepared on a going concern basis.

Notes to the consolidated financial statements for the year ended 31 December 2021 (continued)

32 Impact of Covid 19 pandemic (continued)

Going concern (continued)

The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance in 2022.

33 Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 8 March 2022.

Governance Report for the year 2021

Eshraq Investments PJSC

Governance report for the fiscal year 2021

+971 2 635 4854
info@eshraquae.com
www.eshraquae.com

Eshraq Investments PJSC
PO Box 108737, Abu Dhabi
United Arab Emirates

إشراق للاستثمار – شركة مساهمة عامة
صندوق بريد 108737، أبو ظبي
الإمارات العربية المتحدة

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+971 2 635 4854
info@eshraquae.com
www.eshraquae.com

Eshraq Investments PJSC
PO Box 108737, Abu Dhabi
United Arab Emirates

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+971 2 635 4854
info@eshraquae.com
www.eshraquae.com

Eshraq Investments PJSC
PO Box 108737, Abu Dhabi
United Arab Emirates

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Recitals

Eshraq Investments PJSC ("***Eshraq***" or "***Company***") exerts its entire capabilities to accomplish the objectives for which it was incorporated, maximizing the Company's revenues, developing and promoting its businesses by adopting an ambitious strategic business plan to contribute to supporting the overall economic development of the Emirate of Abu Dhabi.

The fiscal year 2021 witnessed significant developments due to the COVID pandemic, which resulted a slow down in all business sectors worldwide, and in particular the hospitality aector. Despite this, Eshraq succeeded, as a result of the relevant actions taken by the Board of Directors and the senior management, in limiting the impact of the pandemiuc on its business as well as controlling the losses.

The year 2021 was one of the best years for Eshraq and this is due to the wise and bold decisions of the Board of Directors of Eshraq who has focused on investing in profitable projects.

Finally, we present to your esteemed Authority the Governance Report of the Company for the fiscal year 2021 including the main items in accordance and pursuant to the requirements of the Securities and Commodities Authority ("SCA").

1- Company's corporate discipline standards applications (Governance)

This section will include the following items:

- First item: The pillars upon which the Company's Governance principles are based
- Second item: The procedures taken to finalize the Governance Manual for the fiscal year 2021 and modalities of implementation.

We will address those two items in details as follows:

- First item: The pillars upon which the Company's Governance principles are based

Eshraq has abided by the terms and conditions of the following Sources ("Sources") in the draft of its Articles of Association, Internal Policies and Administrative Regulations:

- Federal law (2) of 2015 pertaining to the commercial companies as amended from time to time and mainly the Federal Decree Law no. (32) of year 2021 concerning the amendments to the Federal Law no. (2) of 2015 pertaining to the commercial companies.
- SCA's board of directors' Decision No. (3) of 2000 concerning the regulations as to Disclosure and Transparency and its amendments.
- SCA's Chairman of board of directors' resolution No. (7/R.M.) of 2017 concerning the standards of institutional discipline and governance of public joint stock companies.
- SCA's Chairman of board of directors' resolution No. (3/R.M.) of 2020 concerning the approval of Joint Stock Companies Governance guide.
- The provisions of the Company's Articles of Association as amended from time to time.

The Company deals with the Governance Manual as a document of prime importance that incorporates the Company's Corporate Discipline Standards which may not be breached or altered for any reason. The Governance Manual addresses the internal policies and procedures of the Executive Management hence the entire adherence to disclosure, transparency and monitoring by all the departments of the Company.

+971 2 635 4854
info@eshraquae.com
www.eshraquae.com

Eshraq Investments PJSC
PO Box 108737, Abu Dhabi
United Arab Emirates

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- Second item: The procedures taken to finalize Governance Manual for the fiscal year 2021 and modalities of implementation: The most significant actions taken in 2021 are the following:
  - Amend some of the provisions of the Memorandum of Association of the Company to adapt it to the changes stipulated in the Federal Decree Law no. (26) of year 2020 amending some of the provisions of the Federal Law no. (2) of 2015 concerning the Commercial Companies (which was later amended by the Decree by Federal Law no. (32) of year 3031), and the decision of the Chairman of SCA no. (3/Chairman) of year 2020 concerning approval of Joint Stock Companies Governance Guide
  - Adopting a totally revised and new website in Arabic and English where the website contains a special icon for Company's Governance and constantly keeping abreast with legal and administrative developments, and where all the advertisements and the resolution passed by the Board of Directors and the General Assembly are published.
  - The Board of Directors of the Company spared no effort in meeting the shareholders, stakeholders …etc and ongoing communication with them, resolving any issues or obstacles to ensure that the Company functions efficiently and in a controlled way. The following steps have been taken to ensure adherence of everyone at the Company to the Governance Manual:
    - Following up the implementation of the Corporate Discipline in compliance with the Governance Manual of the Company.
    - Establishing Board of Directors Committees, fixing their roles and authorities namely:
      - Audit committee
      - Nomination and Remuneration Committee.
      - Investments and Treasury Committee.
      - Real Estate Projects Committee.
      - Insiders' Trading Follow-up and Supervision Committee.
    - Making sure to avoid cumulating between the positions of the Chairman of the Board of Directors, delegated member, CEO or the general manager.
    - Ensuring, through the Compliance department, that all the members of the Board of Directors, Executive Management and all Company's employees have committed to disclose their trades and the trades of their first tier relatives in the Company's securities.
    - Adherence by the members of the Board of Directors, the Executive Management and all Company employees to the code of Ethics and the Corporate Discipline Standards and their amendments through regular instructions on the updates in this regard.
    - Confirmed the appointment of an experienced and qualified Compliance Officer to assume such critical position.

2- Report of the trades in the Company's securities concluded by the members of the Board of Directors, their spouses and sons, during the fiscal year 2021

After reviewing the Company's records and registers, and upon receiving the confirmation of the Board Members, we can conclude that the none of the Board members of Eshraq, neither their spouse and kids hold share in the Company:

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Name	Position/ Relationship	Shares held as at 31/12/2021	Total sale Transactions	Total purchase Transactions
NA				-

The members of the Board of Directors of Eshraq are committed to regularly disclose their trading with the Company's securities.

3- Board of directors

3-A Composition of the Board of Directors of the Company

The Board of Directors of the Company has been established pursuant to the provisions of the amended article (19) of the Company's Articles of Association to comply with the provisions of the Federal Law no. (2) of 2015 pertaining to the commercial companies as amended by the Decree by Federal Law no. (26) for year 2020 (which was re-amended by Decree by Federal Law no. (32) of year 2021). The members were elected by the General Assembly on 27/04/2021 by way of secret cumulative ballot. The Board of Directors comprises (7) highly skilled and qualified members who are experts in their respective fields. Such expertise and qualifications help the Board of Directors to take the proper resolutions for the benefit of the Company. These members are listed below:

	Mr. Jassim Mohamed Alseddiqi
Capacity	Chairman of the Board of Directors
Category	Non executive/ non independent
Membership term from	24/07/2016- (five years and seven month)
Qualifications and experiences	Bachelor of Electrical Engineering from University of Wisconsin-Madison. MSc in Electrical Engineering from Cornel University, USA with vast experience in business, real estate investment and private investments. He is the CEO of Abu Dhabi Financial Group/Shuaa Capital PJSC.
Membership in other joint stock companies	Chairman of the Board of Directors of each of Islamic Arab Insurance Company (Salama) PJSC, GFH Financial Group BSC and Khaleeji Commercial Bank BSC, and Board member in First Abu Dhabi Bank PJSC, and Dana Gas PJSC.
Position in any other important supervisory, governmental or business entities	Member of the Board of Directors of the Abu Dhabi Chamber of Commerce and Industry

	Dr. Saleh Hashem Alhashemi
Capacity	Vice-Chairman of the Board of Directors
Category	Non executive/ independent
Membership term from	27/04/2021- (ten month)
Qualifications and experiences	PhD in Chemical Engineering from Tufts University- Boston-USA, with vast experience in business Management. He served until

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	June 2021 as the CEO of Algorythma and the Managing Director of Krypto Labs and Saal in Abu Dhabi. Most recently, he acted as the Executive Director of the Infrastructure and Environment at the General Secretariat of Abu Dhabi's Executive Council. He has more than 20 years of experience in senior leadership positions across businesses, government, and academia. He currently work as Director of Commercial and ICV at ADNOC.
Membership in other joint stock companies	Chairman of Dubai Islamic Insurance and Reinsurance Co PJSC and Reem Finance PrJSC
Position in any other important supervisory, governmental or business entities	NA

Mr. Fraih Saeed Alqubaisi	
Capacity	Member of the Board of Directors
Category	Non executive/ independent
Membership term from	19/09/2017 (four years and five month)
Qualifications and experiences	Bachelor in Law and Police Sciences from the Faculty of Police-UAE, with more than 24 years experience in law and business administration fields. He is the Executive Director of the Architectural Engineering Company LLC.
Membership in other joint stock companies	Board Member of Islamic Arab Insurance Company (Salama) PJSC
Position in any other important supervisory, governmental or business entities	NA

Mr. Jasim Hussain Al Ali	
Capacity	Member of the Board of Directors
Category	Non executive/ independent
Membership term from	14/06/2017 (four years and eight month)
Qualifications and experiences	Graduated from the UK with more than twenty-five years' experience in business administration, real estate investment field and development companies. He is currently the CEO of FAB Properties and Mismak Properties Co. LLC
Membership in other joint stock companies	Board member in Al-Qudra Holding PJSC.
Position in any other important supervisory, governmental or business entities	Vice-Chairman of the Board of the Emirates Institute for the Banking and Financial Studies

P.O.Box : 108737 Abu Dhabi U.A.E 1 ESHRAQ INVESTMENTS P.J.S.C.

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info@eshraquae.com
www.eshraquae.com
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Mr. Ajit Vijay Joshi	
Capacity	Member of the Board of Directors and Delegated member
Category	Non-Executive/ non-independent
Membership term from	14/06/2017 (Four years and eight month)
Qualifications and experiences	Bachelor of Engineering in computer science, Master Degree in Business Administration from the Indian Institute for Management Lucknow. He works as Managing Director- Head of Public and Private Markets at Shuaa Capital PJSC.
Membership in other joint stock companies	Board member in Takaful Emarat Insurance PJSC and Dana Gas PJSC.
Position in any other important supervisory, governmental or business entities	NA

Mrs. Maha Abdelmajeed Alfahim	
Capacity	Member of the Board of Directors
Category	Non executive/ independent
Membership term from	27/04/2021 (ten month)
Qualifications and experiences	Bachelor of Arts with double major in Political Science and International Comparative Studies (with Honors), minor in Middle Eastern and North African Studies from the University of Michigan- Ann Arbor, USA. with more than 10 years experience in the investment field. She currently works as Research Specialist, Macro Research, Fixed Income and Treasury Department at the Abu Dhabi Investment Auhtority (ADIA) and serve as Investment Manager, Investment & Fiscal Policy Team at the Supreme Council for Financial & Economic Affairs (Department of Finance).
Membership in other joint stock companies	NA
Position in any other important supervisory, governmental or business entities	NA

Mr. Omar Zeyad Galadari	
Capacity	Board member
Category	Non executive/independent
Membership term from	13/08/2020 (One year and si month)
Qualifications and experiences	Bachelors in Science in Business Administration with a concentration in Finance and Management from the American University of Sharjah. He

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	has (10) years of experience in the senior management of investment with an emphasis on Investments and Real Estate investments. He is currently the Head of the Real Estate and Investment Department of Galadari Investments LLC.
Membership in other joint stock companies	NA
Position in any other important supervisory, governmental or business entities	NA

	Mr. Ahmed Salem Alhosani
Capacity	Board member
Category	Non executive/ independent
Membership term from	From 21/05/2020 to 26/07/2021 **(Did not submit his candidature)**
Qualifications and experiences	BA from the American University of Dubai and an MBA from the University of Wales. He has (10) years of experience in the senior management of investment with an emphasis on Real Estate investments and is currently the Head of the Real Estate Department of Alsalem Trading Ltd (Holding Company).
Membership in other joint stock companies	Board Member of Sharjah Cement & Industrial Development Co (PJSC); Delegated Member of the Board of Directors of Sharjah Insurance Company (PJSC). Vice-Chairman of the Al Khaleej Investments Co (PJSC). Board Member of Um Al Quwain General Investments Co (PJSC)
Position in any other important supervisory, governmental or business entities	NA

The Board of Directors of the Company has one female member, Mrs. Maha Alfahim, as a result of her election on 27/04/2021. Only two ladies filed their candidature for the election of the new Board of Directors on 27/04/2021.

Discrimination between men and women is prohibited by the Company's policies and by-laws, and consequently there are no hurdles impeding or refraining the election/appointment of females assuming any administrative, professional, leadership or board membership office.

3-C- Reasons for absence of Female representation in the Board of Directors during the fiscal year 2021

Not applicable.

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3-D- Statement of Remunerations

3-D-1Aggregate remunerations of the members of the Board of Directors paid during the fiscal year 2020

The Company has not paid any remuneration to the member of the Board of Directors for the year 2020.

The Company paid for the year 2020 an aggregate remuneration of AED550,000 only to the independent members of the different Committees of the Board of Directors in accordance with what has been reported in the Corporate Governance Report of the year 2020.

3-D-2 Aggregate proposed remunerations to be paid to the Board of Directors during the fiscal year 2021 and that will be submitted to the vote of the Annual General Assembly

The Board of Directors will propose to the vote of the General Assembly the payment of a total remuneration of AED 3,325,000/-(three million three hundred and twenty-five thousand Emirati Dirhams) to all the members of the Board of Directors for the Fiscal year 2021, equally between them (AED 475,000 for each Member of the Board), in accordance with article (29) of SCA Chairman's decision no. (3/Chairman) of year 2020 concerning approval of Joint Stock Companies Governance Guide.

3-D-3 Report of the attendance allowances paid to the members of the Committees of the Board of Directors

The Board of Directors have suggested, based on the proposal of the Nomination and Remuneration Committee, to pay to Mr. Jasim Al Ali, the Board Member, authorized signatory and Independent Chairman of each of the Investment & Treasury, the Real Estate Project and the Follow-up & Supervision of the Insider Trading Committees, an amount of AED 200,000, and this to compensate him for the extra effort he spent in supporting and advising the management of the Company in his field of expertise.

3-D-4 Additional allowances, salaries or fees received by a Board member other than allowances for attending committees and resons

No additional allowances, salaries or fees were received by a Board member for works performed during or other than as a result of their membership in the Board of Directors or the Committees.

3-E- Number of the Board of Directors' meetings convened during the fiscal year 2021

The list of meetings of Eshraq Board of Directors convened during the year 2021 is as follows:

Ser	Meetings	Jassim Alseddiqi	Saleh Alhashemi	Fraih Alqubaisi	Jasim Al Ali	Ajit Joshi	Ahmed Alhosani (Did not submit candidature in 2021)	Omar Galadari	Maha Alfahim

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1	10/03/2021	✓	Not a member yet	✓	✓	✓	✓	✓	Not a member yet
2	17/03/2021	✓	Not a member yet	✓	✓	✓	☒	✓	Not a member yet
3	03/05/2021	✓	✓	✓	✓	✓	Not a member	✓	✓
4	10/05/2021	✓	✓	✓	✓	✓	Not a member	✓	✓
5	05/08/2021	✓	✓	✓	✓	✓	Not a member	✓	✓
6	23/09/2021	✓	✓	✓	✓	✓	Not a member	✓	✓
7	28/10/2021	✓	☒	✓	✓	✓	Not a member	✓	☒
	Total	**7**	**4**	**7**	**7**	**7**	**1**	**7**	**4**

3-F- Number of the Board resolutions passed during the 2021 fiscal year, along with its dates

The Board of Directors did not adopt any resolution by circulation during the fiscal year 2021.

3-G- Authorities of the the Board of Directors assumed by the executive management based on special authorization

In addition to the powers and proxies listed in the Corporate Governance report of 2020 and who are still in full force, the following authorities were granted to the executive management during 2021

#	Name of the authorized person	Power /authority	Duration of authorization
1	Mr. Ajit Joshi- Delegated Member And/or Mr. Jasim Al Ali- Board member **Board of Directors no. 4 of year 2021- Dated 10/05/2021**	individually and/or jointly, and to vest them with the following powers and authorities in accordance with and within the limits allowed by the Memorandum of Association of the Company, provided that the powers of the Delegated Member respect the banking authorities limited granted herein: 1) To set up the rules for the conduct of the company's business. 2) To set up the regulations of the company's personnel. 3) To effect all necessary procedures in order to submit the company to the law and regulations of the country where this company would operate. 4) To transact, manage, carry on and do all business matters and things requisite and necessary or in any matter connected with or having reference to the business and affairs of the Company's operations in the UAE and elsewhere and for such purposes to negotiate, accept, perform, sign, assign, amend, terminate, cancel and novate agreements, contracts, memorandum, letter of intent, letter of purchase, transactions, correspondence, arrangements, tenders and bids and dealings with third parties and all other activities related to the corporate objects of the Company. 5) To represent the Company in the UAE or abroad, either directly or by way of delegation, to sign and to submit and receive each and every document, application, paper before and from all government ministries, departments, institutions and official bodies, including but not limited to, the notary public, the Municipalities, the Chambers, and such other government departments as are necessary, desirable or convenient in connection with the Company's business activities. 6) To prepare, submit and proceed with all such applications and procedures as shall be necessary for the purposes of obtaining, renewing and cancelling all permits, licenses, and authorizations as may be required in relation to the ownership and operation of vehicles, plant, equipment and hotels as well as the import of all equipment, machinery and raw materials required by the Company for the purpose of its business and dealings; sign and endorse all the documents of imports and exports including invoices, bill of ladings. 7) To receive in the name of the Company any and all monies or property which may be due to the Company for any reason whatsoever, to grant discounts and/or compromise any amounts **which is not in excess of twenty% per transaction**, and to give receipts and releases on behalf of the Company. 8) To demand and enforce payment of all debts owing to the Company, to institute and defend legal proceedings in the Company's name (at all procedural stages), to settle such proceedings	Until 27/04/2024

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		on such terms as it shall in its absolute discretion determine appropriate (or to abandon the same) and to instruct lawyers, accountants and other experts in connection therewith. 9) To sign and place insurance in respect of any and all risks relating to the Company Property and in case of destruction, damage or loss, file claims with the insurers, receive the respective indemnifications and proceeds in the name of the Company and issue the necessary receipts and releases in accordance with the authorities' limit herein. 10) To engage, amend terms of appointment and dismiss employees (non-managers), consultants, agents, and representative on behalf of the Company, fix their salaries, fees and compensation and other conditions of appointment/ employment, determine their job descriptions, supervise their performance, amend, extend or terminate/revoke their employment/appointment and settle their entitlements, granting them the necessary authorities, mandates and powers of attorney and to revoke the same. 11) To deal with all matters relating to the protection of the Company's trademarks and all other intellectual property rights, including the registration thereof with the relevant authorities within the UAE and elsewhere and do all things, which may be necessary or desirable for the defence and protection of the trademarks, copyrights, patents and/or the commercial/industrial property of the Company. 12) To appoint lawyers and advocates to act on behalf of the Company and to represent the interests of the Company as defendant, claimant or other interested party in any action or case before the First Instance Courts, Appeal Courts, Court of Cassation, Federal, local or special (such as Sharia and other courts who has specific special authorities) courts and tribunal, and any other divisions of any court, forum of arbitration or tribunal inside or outside the UAE and to act on behalf of the Company in respect of any court or tribunal, with power (directly or through lawyers, as permitted by law) to institute, prosecute and pursue all kinds of case or legal procedure (criminal, civil, administrative, arbitration), to file, prosecute and perfect appeals, change the course of actions or withdraw the same, to demand indemnities, to counterclaim and defend counterclaims, to intervene in lawsuits as a third party, to refer to arbitration, to appoint and request dismissal of arbitrators and experts, to enjoin third parties to litigation, to issue executive writs and precautionary measures, pursue proceedings, to collect sums adjudged, to come to any settlement, abandon litigation or rights or waive a judgment or right wholly or in part or by any channel of appeal and give discharge, lift a lien or abandon a guarantee whilst the remainder of the debt remains unpaid, claim forgery, accept or reject a judge, arbitrator or expert, accept or reject an offer or undertake any and all other action for which the law requires special authorization. 13) Issue and receipt of invitations for tenders and bids, acceptance of their terms and conditions, pricing and signing of such tenders/ bids and all documents related to it in accordance with the authorities' limit herein. 14) To acquire, either by assignment from a third party, or through direct negotiations, all permits, licenses, concessions, exemptions, and other privileges from relevant Municipalities, Ministries, Chambers of Commerce and governmental departments, as are necessary or thought to be necessary or fit in the exercise of the Company's activities in the UAE or abroad in accordance with the authorities' limit herein. 15) To represent the Company in establishing new entities or branches of the Company in the UAE or abroad or enter into join ventures and partnerships with any third party as it deems appropriate, open and close branches, execute, sign, enter into, acknowledge and perform all such documents, deeds, agreements, including memorandums of association and its amendments including but not limited to conversion of the company's legal form, its liquidation or increase or decrease the capital to attend meetings, vote, pass and sign resolutions and to exercise rights in relation to such companies or undertakings and to attend to all formalities to give effect to such matters, acts and things which are necessary or desirable in respect of this matter. 16) To represent the Company with regard to its shares and/or directorship in Nuran Marina Serviced Apartments LLC (Registered in Dubai-UAE sub no. 581647) and Nuran LLC (Registered in Dubai-UAE sub no. 592057), Terra Real Estate Investments LLC (Registered in Abu Dhabi-UAE sub no. CN2200465), Alkonost Investment Ltd (registered in the Cayman Islands sub no. 367609), Eshraq Management Ltd (registered in ADGM- Abu Dhabi sub no. 000001589) and Eshraq International Ltd (Registered in the Cayman Island sub no. MC271002) and any Company where the Company is a shareholder or will acquire shares ("***Related Companies***"), and to attend partner's meeting, whether ordinary or extraordinary, pass all type of resolutions and to vote the way he deems it to the best interest of the Company, sign all minutes of meeting of the partners (whether ordinary or extraordinary), the amendments to the articles of association of the Related Companies, the reduction or increase of their respective capital, the merger, the liquidation and deregistration of the Related Companies, the sale and purchase agreement for all or part of the acquired shares in the	

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<table>
<tr><td></td><td></td><td>Related Companies and all type of decisions including but not limited to appointing managers/ directors/board member of the Related Companies even if it is himself, to open, close and operate bank accounts for the Related Companies and granting banking authorities, transferring the head office, of the Related Companies and all decisions pertaining to the management and operation of the Related Companies.
17) To sell and/or lease the Company Property to third parties or take on lease residential, business and other premises and facilities for the business of the Company on such terms and conditions as it deems fit, including offering guarantees and doing anything necessary for these purposes, and to acquire all forms of movable and immovable property ("Company Property") as he shall in its sole discretion think necessary or desirable for the purposes of the Company in accordance with the authorities' limit herein.
18) And generally, all of the powers necessary for the day-to-day management of the Company representing the Company and signing on its behalf and carrying out all acts required by its objects, which has not been reserved by law or the present statutes to the General Assembly or to the Board of Directors.</td><td></td></tr>
<tr><td>2</td><td>Banking Authorities to Board Members

Board of Directors no. 4 of year 2021- Dated 10/05/2021</td><td>The Board unanimously resolves, based on the recommendation of the Audit Committee, to approve the Banking authorities as follows:
<table><tr><th>Amount in (AED)</th><th>Signatory</th></tr><tr><td>Above 10,000,000.01</td><td>A and (B or C)</td></tr><tr><td>250,000.01 to 10,000,000</td><td>B and (B or C)</td></tr><tr><td>Up to 250,000</td><td>A or C</td></tr></table>A= Chairman or Vice-Chairman
B= Board Member (whatever his capacity- except Delegated Member)
C= Delegated Member

The Board unanimously resolves to empower the Delegated Member to inform the Banks and other institution with whom the Company is working the present resolution and to do all the necessary to enforce it. The Board further unanimously requests from the Audit Committee to develop a new Banking Authority if they deem that it is needed by the Company.</td><td>Until 27/04/2024</td></tr>
<tr><td>3</td><td>Mr. Ajit Joshi- Delegated Member
And/or
Mr. Jasim Al Ali- Board member

Board of Directors no. 7 of year 2021- Dated 28/10/2021</td><td>individually or jointly, to do all the necessary in order to represent the Company in the discussion and negotiation of the repayment terms of the Old Bank Loan, the terms of the New Bank Loan with the Bank and to do all the necessary in order to agree and approve the New Bank Loan and mainly the terms of financing, and to execute the decision referred to in this Resolution and signing the termination/ repayment of the Old BANK Loan, the New BANK Term Loan Agreement, the amendments to the Marina Rise Mortgage Agreement, the Mortgage Agreement of the MR Units, the mortgage of the moveable assets, the Security Documentations (and their amendments) and the ancillary documents, in the terms and conditions agreed upon, including but not limited to the mortgage agreements, assignment of revenues agreement, power of attorney, the agreement for opening, closing and operating bank accounts, all contracts, forms, bills, guarantees, promissory notes, trade confirmations and/or confirmation notes for the New BANK Loan entered into between the Company and BANK, and any settlement instructions and any other instructions pertaining to such new facility, and any acceptances, forms, notices or other documents incidental or ancillary to or expedient in connection with the New BANK Loan, the Old BANK Loan (repayment) and/or the Mortgages and/or any collateral or Security Documentation, and others documents needed for the execution of the New BANK Loan in the Company's name and granting the Mortgages on the land and the MR Units or any other guarantee, along with any amendments, changes, addition, novation, transfer or assignment related hereto; furthermore, the Representatives are empowered to negotiate, conclude and sign any document, correspondences, addendums, supplement, forms, contracts, agreements, memorandum, minutes of meetings, and any future enhancement, restructuring, renewal or extension of the New BANK Loan, the Mortgages on the MR Units, the mortgage of the moveable assets or the Security Documentations, in addition to attend and represent the Company in front of BANK, the Notary Public, or any governmental authority or non-governmental authority in order to do the necessary with regard to executing the current resolution and obtaining and executing the New BANK Loan, the Old BANK Loan (Repayment),the Mortgages of the land and the Marina Rise building, the mortgage of the MR Units, the mortgage of moveable assets and any other document.
The Representative is also hereby authorized and empowered in the Company's name or otherwise on behalf of the Company to give instructions verbally or in writing (including over the telephone, by e-mail or otherwise) to BANK in regard to the entry into, or variation or cancellation of any transaction with BANK, and is authorised to also sub-delegate all or any of the above powers to any third party, as he may deem appropriate.
The Representatives shall continue to bind the Company and BANK shall be entitled to rely upon and act pursuant to the same until such time as BANK shall have received actual notice, certified in writing by the Chairman, or the Delegated Member of the Board of Directors, or the CEO or the</td><td>Until 27/04/2024</td></tr>
</table>

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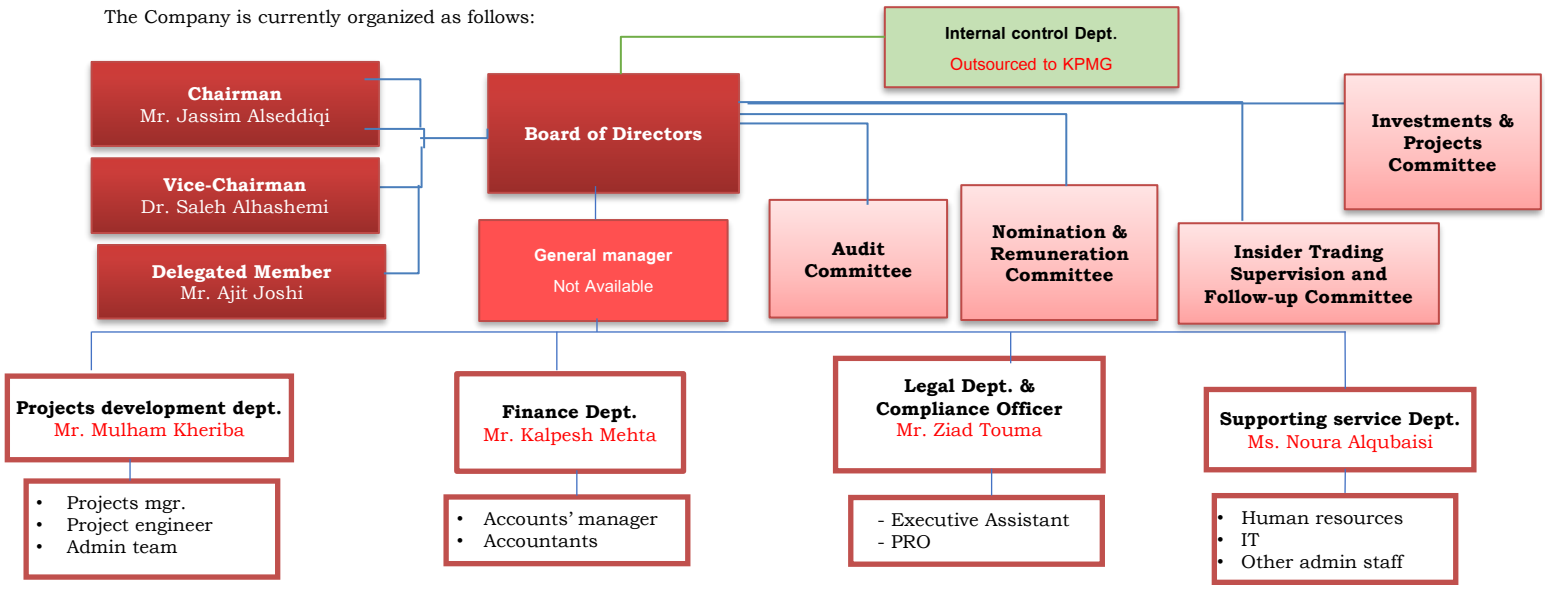
		Secretary of the Board of Directors of the Company, of the change in the identity of the Representatives or their powers.	
4	Mr. Jasim Al Ali- Board member And/or Mr. Omar Galadari, Board member **Board of Directors no. 7 of year 2021- Dated 28/10/2021**	individually or jointly, to contract, enter into, negotiate, agree, execute, sign, terminate, and cancel all documents, contracts, the REPO Agreement and its extension, and other documentation needed for performing such Transaction including any amendment, extension, transfer, assign, mortgage, novation, amendment, termination before the term or cancellation of such documents and the Transaction. The Proxies are also empowered to serve an early termination notice and reverse the Termination Amount and any other proceeds from the Securities, the investment and/or the Transaction upon exit, in the bank accounts of Eshraq. This mandate is given for a period of (18) month from the date of such Resolution after which date the Proxies shall report to the Board of Directors the results of such investment or whenever requested.	Until 27/04/2024

3-H Report on the Related Parties detailed transactions

During the year 2021, the Company has not contracted any transaction with a Related Party, as defined in the Law and the Regulations of SCA.

3-I- Company's organization chart during the fiscal year 2021

The Company is currently organized as follows:



3-J- Executive Management, Jobs, salaries, bonuses and other payments

The Executive Management of the Company performs all duties, roles and responsibilities referred to it by the Board of Directors and administers the daily activities of the Company. The Executive Management is currently chaired by a Delegated Member of the Board of Directors who is supervising and monitoring the daily operations and the administrative activities of the Company, and will regularly and effectively contribute to developing the Company, enhancing its performance and adding value to its shareholders.

+971 2 635 4854
info@eshraquae.com
www.eshraquae.com
Eshraq Investments PJSC
PO Box 108737, Abu Dhabi
United Arab Emirates
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Below, the most significant positions occupied by the Executive Management of the Company for the fiscal year 2021 and identification of their entitlements such as salaries, allowances and remunerations paid during 2021:

Position	Date of Appointment	Total Salaries and Allowances (AED)	Total Bonuses paid in 2021 (AED)	Any Other cash (AED)/ in-kind benefits for 2021 or payable in the future
Head of Engineering	31/05/2018	695,000	200,000	-
Financial controller	04/12/2016	407,900	135,000	-
General Counsel and Compliance Officer	01/05/2017	1,088,800	200,000	-
Head of Supporting Services	10/10/2021	81,290	15,000	-

4- External Auditors

4-A- Brief about the External Auditor

Deloitte, Touche Tohmatsu Limited, or Deloitte, is considered worldwide as one of the most renowned professional service firms. Established in 1845. Deloitte is the largest professional services network in the world by revenue and number of professionals with headquarters in London-UK. Deloitte provides audit, tax, consulting, enterprise risk and financial advisory services with approximately 312,000 professionals globally.

Furthermore, it is ranked as one of the big four companies alongside Ernst & Young, PWC and KPMG.

4-B- Statement of the fees or costs of auditing or the services provided by the External Auditor

Audit firm	Deloitte & Touche (M.E.)
Partner in charge	Mr. Mohammed Khamees Al Tah
Number of years served as the Company External Auditor	Three years; since 2019
Total fees of auditing financial statements of 2021 (in AED)	335,000 (Excluding VAT)
The fees and costs of the special services other than the auditing of the FS 2021 (in AED), if any, and in case of absence of any other fees, this shall be expressly stated.	– 10,450 (Excluding VAT) – 30,000US$

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The details and nature of other services provided (if any). If there are no other services, this matter shall be stated expressly	– Preparation of a report for capital reduction – Preparation of proforma financial information
A statement of the other services that an external auditor other than the company accounts auditor provided during 2021 (if any). In the absence of another external auditor, this matter is explicitly stated,	No other services provided by other external Auditors

4-C- Statement of the qualified opinions made in the interim and annual financial statements for 2021

No statement of qualified opinions by the External auditors in the interim and annual financial statements for the financial year 2021.

5- Audit Committee

5-A Audit Committee Chairman's acknowledgment

I, Fraih Alqubaisi, Audit Committee Chairman, acknowledge my responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness

5-B Functions and duties of the Audit Committee and name of the members

- Key duties and authorities of the Audit Committee:
- Developing and implementing policy on contracting with external auditors, submitting a report to the Board whereby it outlines the matters it deems necessary to take action upon along with submitting its recommendations on necessary steps to be taken …etc.
- Monitoring the soundness of the Company's financial statements and reports (annual – semi-annual – quarterly) and reviewing them as part of this regular activities during the year.
- Coordinating with the Board, the Executive Management and the Finance Director regarding the fiscal policy and the roles of each team member within the finance department …etc.
- Ensuring the Company's compliance with all legal and regulatory rules, monitoring the Company accounts and developing the Corporate Discipline and the Governance Standards of the Company.
- Reviewing internal financial control, internal control and risk management of the Company.
- Ensuring the coordination between the Internal Auditor and the External Auditor.
- Ongoing review of policies, financial and accounting procedures and seeking their sustainable development.
- Monitoring the extent to which the Company is adhered to the code of conduct.

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- The right to study any matter falling within its authorities and it is authorized to have access without limitation or restriction to the External Auditor and to obtain any professional consultation pertaining to the Company.

The Committee is vested with the power to request any needed information from any employee or Board member, and the Board members and employees are directed to cooperate with any request raised by the Committee.

The Board of Directors has appointed the following persons as members of the Audit Committee on 03/05/2021:

Name	Job title	Legal capacity
Mr. Fraih Alqubaisi	Chairman	Non-executive / Independent
Dr. Saleh Alhashemi	Member	Non-executive / Independent
Mr. Omar Galadari	Member	Non-executive / Independent
Mr. Jasim Al Ali	Member **(until 03/05/2021)**	Non-executive / Independent

5-C Meetings of the Audit Committee

Meeting	Name / Date	Fraih Alqubaisi	Jasim Al Ali (Until 03/05/2021)	Dr. Saleh Alhashemi	Omar Galadari	Total
1	24/03/2021	✓	✓	Not a member yet	✓	3/3
2	09/05/2021	✓	Not a member	✓	✓	3/3
3	01/08/2021	✓	Not a member	☒	✓	2/3
4	24/10/2021	✓	Not a member	✓	✓	3/3
	TOTAL	**4**	**1**	**2**	**4**	

6- Nomination and Remuneration Committee

6-A The Nomination and Remuneration Committee Chairman's acknowledgment

I, Dr. Saleh Alhashemi, Nomination and Remuneration Committee Chairman, acknowledge my responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

6-B Functions and duties of the Nomination and Remuneration Committee and name of the members

- Key roles, duties and authorities of the Nomination and Remuneration Committee:

+971 2 635 4854
info@eshraquae.com
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- Identifying the group of individuals and aggregate remunerations of Board members within the framework authorized by the shareholders.
- Setting remunerations policy of the Executive Management as linked to Company's performance, determining salaries ceiling including salaries, remunerations and incentives programs.
- Developing and reviewing the HR policies in compliance with the relevant laws and regulations.
- Overseeing the procedures of nominating Board members.
- Reviewing and ensuring the independency of Board members in exercising their roles and duties.
- Developing and reviewing the policy pertaining to granting remunerations and salaries of the Board and Executive Management.
- Identifying the Company's requirements for competent personnel at the Executive Management level.
- Organizing and reviewing the procedures of the nomination of Board members.
- Studying any matter falling with its authorities and it is authorized to have access without limitation or restriction to the External Auditor and to obtain any professional consultation pertaining to the Company.

The Committee is vested with the power to request any needed information from any employee or Board member, and the Board members and employees are directed to cooperate with any request raised by the Committee.

The Board of Directors has appointed the following persons as members of the Nomination and Remuneration Committee on 03/05/2021:

Name	Job title	Legal capacity
Dr. Saleh Alhashemi	Chairman	Non-executive / Independent
Mr. Jasim Al Ali	Member	Non-executive / Independent
Mr. Fraih Alqubaisi	Chairman **(until 03/05/2021)**	Non-executive / Independent
Mr. Ajit Joshi	Member	Non-executive /Non-Independent

6-C Meetings of the Nomination and Remuneration Committee

Meeting	Name / Date	Dr. Saleh Alhashemi	Jasim Al Ali	Fraih Alqubaisi (Until 03/05/2021)	Ajit Joshi	Total
1	10/02/2021	Not a member yet	✓	✓	✓	3/3
2	24/03/2021	Not a member yet	✓	✓	✓	3/3
3	18/04/2021	Not a member yet	✓	✓	✓	3/3
4	01/08/2021	✓	✓	Not a member anymore	✓	3/3
	TOTAL	1	**4**	**3**	**4**	

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7- Insiders' Trading Follow-up and Supervision Committee

7-A The Insider's Trading Follow-up and Supervision Committee Chairman's acknowledgment

I, Jasim Al Ali, acknowledge my responsibility for the follow-up and supervision system on transactions of the insiders in the Company, review of its work mechanism and ensuring its effectiveness.

7-B Functions and duties of the Insider's Trading Follow-up and Supervision Committee and name of the members

- Key roles, duties and authorities of the Insiders' trading Follow-up and Supervision Committee:
  - Administering the Policy and monitoring and enforcing compliance with all policy provisions and procedures.
  - Responding to all inquiries relating to this policy and its procedures.
  - Designating and announcing special trading blackout periods during which no employees may trade in Company securities.
  - Providing copies of this Policy and other appropriate materials to all current and new directors, officers and employees, and such other persons as the Insider Trading Supervision and Follow-up Committee determines have access to Material Non-public Information concerning the Company.
  - Administering, monitoring and enforcing compliance with federal and state insider trading laws and regulations.
  - Assisting in the preparation and filing of all required SCA reports relating to trading in Company securities.
  - Selecting designated brokers through which Insiders are authorized to trade Company securities.
  - Revising the Policy as necessary to reflect changes in federal or state insider trading laws and regulations.
  - Maintaining the Company records, including the originals or copies of all documents required by the provisions of this Policy or the procedures set forth herein, and copies of all required SCA reports relating to insider trading.
  - Maintaining the accuracy of the list of Insider Employees, and updating such list periodically as necessary to reflect additions or deletions.

The Board of Directors has appointed the following persons as members of the Insider's Trading Follow-Up and Supervision Committee on 03/05/2021:

Name	Job title	Position
Mr. Jasim Al Ali	Chairman	Board member Non-executive and Independent
Mr. Ajit Joshi	Member	Delegated Member of the Board of Directors
Mr. Ziad Touma	Member	Executive- Compliance Officer of the Company

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7-C Summary of the Insider's Trading Follow-up and Supervision Committee work

Meeting	Name / Date	Jasim Al Ali	Ajit Joshi	Ziad Touma	Total
1	12/01/2021	✓	✓	✓	3/3
2	24/06/2021	✓	✓	✓	3/3
	TOTAL	**2**	**2**	**2**	

8- Real Estate Projects Committee

8-A The Real Estate Projects Committee Chairman's acknowledgment

I, Jasim Al Ali, Real Estate Projects Committee Chairman, acknowledge my responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

8-B functions and duties of the Real Estate Projects Committee and name of the members

- Key roles, duties and authorities of the Real Estate Projects Committee (*previously denominated "Investments and Projects Committee" but amended by the Board of Directors during its meeting of 03/05/2021*):
- Review the Company's investment policy and guidelines to ensure they are appropriate and recommend it to the Board for approval;
- Oversee the implementation of the Company's investments, ensuring compliance with the investment guidelines, including approval of investment transactions in accordance with these guidelines;
- Annually review the Company's investment performance and strategy used to achieve its objectives and recommend to the Board any appropriate changes;
- Oversee investment-related risks taking into account the Company's strategies and risk appetite;
- Delegate authorities to the management to execute investment transactions on behalf of the Company that are consistent with the investment policy and guidelines, as well as consider for approval any proposed investment transactions on behalf of the Company that exceed such delegated authority;
- Evaluate the performance of those delegated by the Committee to perform the assigned duties;
- Consider investment and project development opportunities and present them to the management to perform the necessary research, feasibility, and required due diligence who will then submit such findings to the Committee and recommend it to the Board for approval;
- Perform any such other duties and responsibilities as may be assigned to the Committee, from time to time, by the Board.

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The Board of Directors has appointed the following persons as members of the Real Estate Projects Committee on 03/05/2021:

Name	Job title	Legal capacity
Mr. Jasim Al Ali	Chairman	Non-executive / Independent
Mr. Ajit Joshi	Member	Non-executive / Non-independent
Mrs. Maha Alfahim	Member	Non-executive / Independent
Mr. Ahmed Alhosani	Member **(until 03/05/2021)**	Non-executive / Independent

8-C Meetings of the Real Estate Projects Committee

Meeting	Name / Date	Jasim Al Ali	Ajit Joshi	Maha Alfahim	Ahmed Alhosani (until 03/05/2021)	Total
1	24/01/2021	✓	✓	Not a member yet	☒	2/3
	TOTAL	**1**	**1**	**0**	**0**	

9- Investment and Treasury Committee

9-A The Investment and Treasury Committee Chairman's acknowledgment

I, Jasim Al Ali, Investment and Treasury Committee Chairman, acknowledge my responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

9-B functions and duties of the Investment and Treasury Committee and name of the members

The Board of Directors of the Company established on 23/07/2019 the Treasury Committee (*renamed as Investment and Treasury Committee by the Board of Directors in its meeting of 03/05/2021*) and this with the following scope of work and authorities:

The Investment and Treasury Committee is vested with the widest powers to decide on all investment and treasury matters other than the general investments in projects and other companies and businesses that the Company undertakes. The scope will encompass the investment, the cash and liquidity management and the mitigation of its operational, financial and reputational risk. It also includes the collections, disbursements, trading in bonds, stock and equity, debt, sukuk, deposits with banks and financial institution for short terms, and other matters that comes under the treasury as per the international standards.

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info@eshraquae.com
www.eshraquae.com
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PO Box 108737, Abu Dhabi
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The Committee shall be composed of a minimum of three members out of which at least two are members of the Board of Directors. The Committee shall meet either physically or via phone or conference call whenever needed and all decision will be passed by the simple majority of the members of the Committee. The Committee will confirm the resolutions by minutes of meeting signed by all of the attendees.

The Board of Directors has appointed the following persons as members of the Investment and Treasury Committee on 03/05/2021:

Name	Job title	Legal capacity
Mr. Jasim Al Ali	Chairman	Non-executive / Independent
Mr. Ajit Joshi	Member	Non-executive / Non-independent
Mrs. Maha Alfahim	Member	Non-executive / Independent
Mr. Omar Zeyad Galadari	Member (until 03/05/2021)	Non-executive / Independent

9-C Meetings of the Treasury Committee

Meeting	Name / Date	Jasim Al Ali	Ajit Joshi	Maha Alfahim	Omar Galadari (until 03/05/2021)	Total
1	21/06/2021	✓	✓	✓	Not a Member anymore	3/3
	TOTAL	**1**	**1**	**1**	**0**	

10- Internal Audit/Control System

10-A Undertaking of the Board of Director's responsibility of the Internal Audit Control Chart

- The Board acknowledges its entire responsibility for the Internal Audit/ Control chart, its review and enforceability.
- The Board assumes the overall responsibility for ensuring that senior management develops and implements effective Internal Audit/Control Chart in order to provide reasonable assurances of the effectiveness and efficiency of the operations, and provides precise financial reports and abides by the provisions of the Decree by Federal Law no. (32) of 2021 pertaining to the commercial companies and the SCA's chairman resolution No. (7/R.M.) of 2016 pertaining to the standards of institutional discipline and governance of public joint stock companies.

- The Board assumes the responsibility for setting reporting policy on breaches as and according to the laws and the SCA's chairman of the board of directors' resolution No. (7/R.M.) of 2016 pertaining to the standards of institutional discipline and governance of public joint stock companies.

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10-B Internal Audit Officer

Persons assuming the responsibility of Internal Audit/Control department of the Company and his/her qualifications:

Internal control department			
Name	**Title**	**Appointment date**	**Qualifications and experiences**
M/s. KPMG	Outsourced Internal Audit Function	20/02/2020	Top 4 International Companies in auditing, financial advisory and other

10-C Compliance Officer

Compliance Officer			
Name	**Title**	**Appointment date**	**Qualifications and experiences**
Ziad Naji Touma	Compliance Officer	01/05/2017	Degree in law

10-D How Internal Audit/Control department handles any significant issues and breaches

The current Internal Audit department provides periodic assessment of the adequacy and effectiveness of Eshraq's processes for controlling its activities and managing its risks.

The department is accountable for reporting significant issues related to the processes for controlling the activities of Eshraq, including improvements to those processes.

The department conducts Internal Audits in line with the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors (IIA). The function also has an unrestricted access to the Audit Committee and any critical / significant audit findings are highlighted to the Department and Audit Committee with the corrective actions, responsibility and implementation timeline based on audit recommendations. The department also monitors the actions to be taken by the Management to correct the audit finding to ensure satisfactory implementation of the actions plans. The follow up audits are also conducted at the appropriate level.

10-E Number of Reports issued by the Internal Control Department to the Board of Directors

The Internal Audit department performed the following activities for the Year 2021:

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info@eshraquae.com
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- Execution of Internal Audit as per the approved 3-year based Internal Audit Plan for the following functions:
  - Sourcing and Procurement;
  - Finance and Accounts;
  - HR and Payroll;
  - Governance department;
  - Compliance department;
  - Investor Relations' department.

11- Details of the violations committed during 2021, demonstrating their causes and the manner of their resolution and avoiding repetition in future

No violations were detected during 2021.

12- Cash and in-kind contributions made during 2021 toward the local community Development and environmental conservation

During the year 2021, the Company did not contribute to any monetary and/or in-kind contributions for the development of the local communities and environmental conservation.

13-A Company share price in the market (closing price, highest price, lowest price) for each month end during the fiscal year 2021

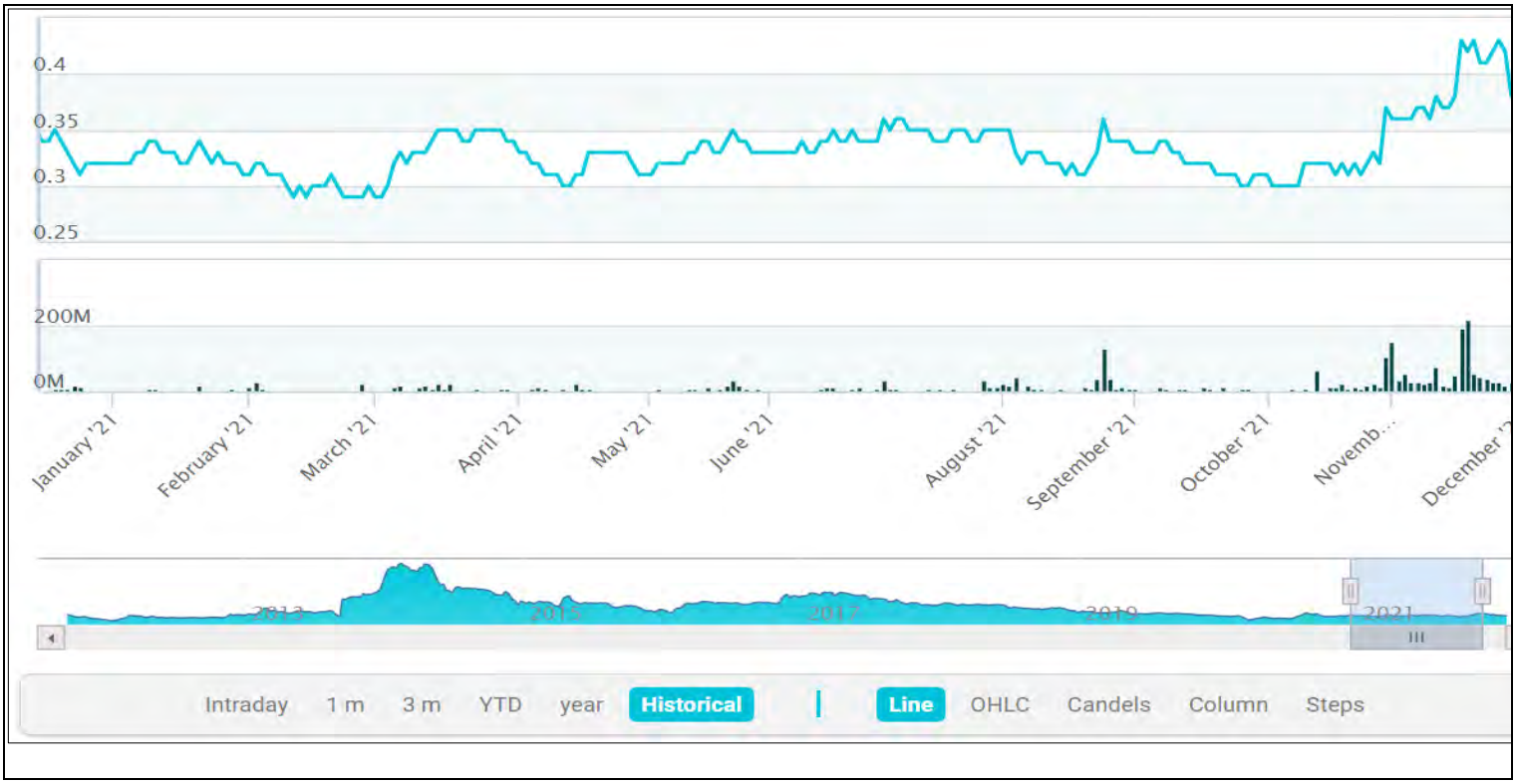
Month	Opening price	Closing Price	Highest Price	Lowest Price	No. of shares
January 2021	0.317	0.310	0.345	0.310	87,949,947
February 2021	0.310	0.297	0.328	0.288	102,164,457
March 2021	0.295	0.339	0.362	0.290	191,822,026
April 2021	0.340	0.312	0.341	0.290	135,664,159
May 2021	0.312	0.326	0.326	0.308	157,180,498
June 2021	0.326	0.360	0.367	0.325	161,992,880
July 2021	0.360	0.350	0.362	0.336	119,735,400
August 2021	0.354	0.335	0.369	0.300	416,705,765
September 2021	0.334	0.306	0.343	0.301	131,028,981
October 2021	0.304	0.371	0.371	0.293	340,378,833
November 2021	0.398	0.382	0.479	0.350	1,240,107,861
December 2021	0.380	0.356	0.424	0.350	538,773,885

+971 2 635 4854
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13-B Share comparative performance to market index and Company's related sector index to which the Company belongs during year 2021



13-C Statement of the shareholders ownership distribution as on 31/12/2021 (individuals, companies, governments) classified as follows: local, Gulf, Arab and foreign

INDIVIDUALS				
Nationality Types	**Volume**	**Net Value (AED)**	**%age**	**Number of Shareholders**
ARB	146,246,986	52,063,927.016	6.290	641
GCC	318,491,850	113,383,098.600	13.699	102
OTH	41,621,831	14,817,371.836	1.790	203
UAE	1,008,156,035	358,903,548.460	43.362	1,624

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TOTAL	1,514,516,702	539,167,945.912	65.141	2,570

COMPANIES				
Nationality Types	**Volume**	**Net Value (AED)**	**Percentage**	**Number of Shareholders**
ARB	6,902,165	2,457,170.740	0.297	11
GCC	122,549,788	43,627,724.528	5.271	25
OTH	72,254,956	25,722,764.336	3.108	32
UAE	608,776,389	216,724,394.484	26.184	35
TOTAL	810,483,298	288,532,054.088	34.859	103

The Government or Governmental owned entities do not own shares in Eshraq

13-D Statement of shareholders owning 5% or more of the Company's capital as of 31/12/2021

#	Investor	Number of owned shares	Ratio
1	Ajman Bank PJSC	268,586,006	11.552%
2	Jamal Hamad Saleh Alsoghair	117,976,626	5.074%

13-E Distribution of shareholders by size of equity as of 31/12/2021

Shares ownership (share)	No. of shareholders	No. of owned shares	Owned shares to capital ratio
Less than 50,000	988	16,435,449	0.707
50,000 to less than 500,000	1,238	206,828,929	8.896
500,000 to less than 5,000,000	377	513,430,327	22.083
More than 5,000,000	69	1,583,305,295	68.099
Equal 5,000,000	1	5,000,000	0.215
TOTAL	2,673	2,325,000,000	100.000

13-F Procedures taken pertaining to investors relations controls

Investors' relations officer name	Ziad Naji Touma
Tel:	02/6354854
Mobile:	054/7929157
Fax:	02/6354864

+971 2 635 4854
info@eshraquae.com
www.eshraquae.com

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Email address :	info@eshraquae.com; ziad@eshraquae.com
Investors relations link on Company website	https://eshraquae.com/investor-relation/

13-G Special resolutions presented to the General Assembly held in 2021 and the procedures taken thereon

On 27/04/2021 (adjourned meeting), the Company's General Assembly approved by special resolution the amendment of the articles (1), (14), (17), (18), (19), (26), (32), (34), (37), (41), (42), (47), and (52) of the Memorandum of Association of the Company to adapt it to the changes stipulated in the Federal Decree Law no. (26) of year 2020 amending some of the provisions of the Federal Law no. (2) of 2015 concerning the Commercial Companies (re-amended in 2021), and the decision of the Chairman of SCA no. (3/Chairman) of year 2020 concerning approval of Joint Stock Companies Governance Guide.

No other special resolutions were presented to the General Assembly during the year 2021.

13-H Board Secretary/Rapporteur

Board Secretary/Rapporteur

Name	Title	Appointment date	Qualifications & experiences
Ziad Naji Touma	General Counsel, and Compliance Officer	10/05/2018	Degree in Law

During the year 2021, the Board Secretary organized the Board meetings, arranged for the convocation and distribution of Board materials, communicated with the Board Members, arranged the agenda of such meetings.

Similarly, the Board Secretary arranged for the General Assembly meetings.

13-I Statement of significant events that occurred during the year 2021

The Company did not encounter any significant events during the year 2021 that would affect its operation.

13-J Emiratization ratios

During 2021, the Company recruited one Emirati national as head of supporting services. The Company is actively looking at increasing its Emiratization ratio during 2022.

13-K Innovations

The Company did not submit or develop any Innovation during the year 2021.

+971 2 635 4854
info@eshraquae.com
www.eshraquae.com

Eshraq Investments PJSC
PO Box 108737, Abu Dhabi
United Arab Emirates

إشراق للاستثمار – شركة مساهمة عامة
صندوق بريد 108737، أبو ظبي
الإمارات العربية المتحدة

Conclusion

Eshraq management is looking forward to opportunities during the fiscal year 2022. The Company is looking forward to enhancing the Marina Rise project rental rates in Abu Dhabi (Al Reem Island) which was completed and opened for rental in September 2021.

In addition to all the above-mentioned targets, the Company seeks to invest the excess liquidity in profitable investments projects and mainly in the technology sector.

Chairman of the Board of Directors Jassim Alseddiqi	**Audit Committee Chairman** Fraih Alqubaisi
Date: 07/03/2022	Date 07/03/2022

Nomination and Remuneration Committee Chairman Dr. Saleh Alhashemi	**Supervision and Follow-up of Insider Trading Committee Chairman** Jasim Al Ali
Date: 07/03/2022	Date: 07/03/2022

Real Estate Projects Committee Chairman Jasim Al Ali	**Investment & Treasury Committee Chairman** Jasim Al Ali
Date: 07/03/2022	Date 07/03/2022

Internal Control Department Director KPMG **Only with regard to the sections related to the Internal Control function, namely clauses 10 and 11 herein**
Date: 07/03/2022

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Sustainability Report for the year 2021

SUSTAINABILITY REPORT 2021



اشراق

ESHRAQ





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Chairman's Statement



Jassim Al Seddiqi
CHAIRMAN

The name "Eshraq" means "sunrise" in Arabic. The name describes our mission to implement sustainable development strategies and innovations in our business. It can also be translated to "lucidity" and "brilliance" which describe the commitment of our management to a more sustainable approach of the business.

Today, we remain strategically aligned with the UAE's vision of economic, social and environmental success, and Eshraq expands its wings in the field of real estate, technology, investment, hospitality, tourism, education and entertainment sector. Conserving our resources is a responsibility we have towards current and future generations and we will strive to positively contribute through sustainable practices to achieve our purpose of working towards people, planet and profit.

As we continue to maintain quality, innovation, and dynamism in all our projects and investments, sustainability is primarily focused on higher levels of resilience and awareness.

Eshraq's aim is to amplify the importance of prioritizing sustainability and to fuel commitment to protect the environment, social and governance discourse. Bringing the best and sustainable strategies to our stakeholders is the foundation of our values, principles, standards and norms of behavior.

"We are pleased with the progress of our diversification strategy, as well as the progress of our ESG strategy."

We remain committed for the value addition for our shareholders through higher operational efficiencies and stronger balance sheets.

Eshraq's board and management are taking advantage of this paradigm shift in the world to contribute towards a more sustainable future and take pride in the adaptability the company has shown during the pandemic.

Our 15th anniversary provides a moment for reflection, and in 2021, we re-examined our core purpose. Through these insights, we were able to fuel our culture transformation and lay the foundation for Eshraq's new mission: leveraging the power of finance to unlock the potential of people and organizations. Our new purpose encapsulates the importance we place on human potential, as well as how we will collaborate to make the Forum a better place for all of our stakeholders.

Finally, I want to extend my appreciation and gratitude to the visionary leaders of the UAE for their exceptional guidance and leadership throughout 2021 and beyond. I would also like to thank every member of the Eshraq family, our partners, our communities and our shareholders for their support and dedication during these challenging times.



About the Report

Welcome to Eshraq's second sustainability report highlighting commitment and performance with regards to Environmental, Social band Governance (ESG) parameters.

This report is developed in accordance with the ADX ESG guidelines.

Disclosure Guidance for listed companies, the UAE Vision 2021 and the UN SDGs.



We are proud to have taken steps to adopt a more sustainable perspective toward our business strategies. With the pandemic striking in 2019 and continuing in 2021, we must accept that we are in the midst of an Environmental, Social and Governance challenge.

This report highlights our action plans taken to achieve a balance between the functioning of the company and the implementation of essential environmental, social and governance measures.

The scope covered by this report is the UAE and the entities included are Eshraq PJSC and Nuran Marina Serviced Residences LLC. With this report, we strive to disclose our ADX sustainability disclosures, sustainability performance and progress on goals in 2021, to achieve this, the contents of this report have been verified by our internal stakeholders.

This report is in continuation of the 2020 the sustainability initiative undertaken by the management of Eshraq towards taking proactive measures to make our functions and operations more sustainable.

Reflecting sustainability, with the focus on:

Creating financial relief to our stakeholders

Responsibility towards Environment, Social and Governance (ESG) parameters



Eshraq at a Glance





OVERVIEW

A Public Listed company with a capital of 2.325 billion AED and total asset value of Billion 1.68 AED in 2021.

VISION

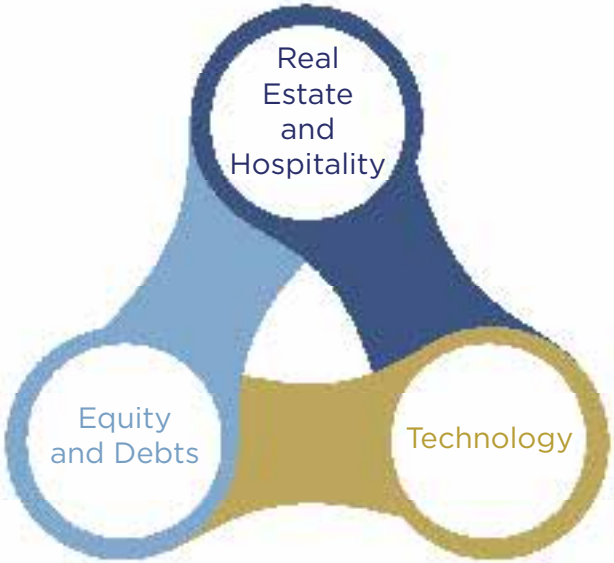
Our success is rooted in our contribution to the economy of the UAE. Our vision is to become one of the region's leading investment company and real estate developer of urban projects, with a wide network of partners and associates.

MISSION

We aim to achieve our vision through the delivery of high-quality real estate products and services, focusing on community development and fulfilling the expectations of our shareholders.

ABOUT US

Our investment portfolio:



With a total asset value of 1.68 billion AED in 2021, and listed in Abu Dhabi Securities Exchange (ADX), we aim to give an experience of property building and management under one umbrella.

Eshraq believes in the evolution of design and infrastructure with time. With an eye on the real estate industry in UAE, we are also diversifying our investments in domestic public sector companies whilst focusing on new technologies including e-tech industry.

We acknowledge its responsibilities towards environment and social sustainability and look at investing into projects catering to climate risk mitigation.

All of our suppliers have formally certified their compliance with the code of conduct and all of our workforce has formally certified its compliance with the work ethics and anti-corruption policies.





OUR LATEST PROJECTS

Marina Rise, Jumeirah Rise and The Gateway Project

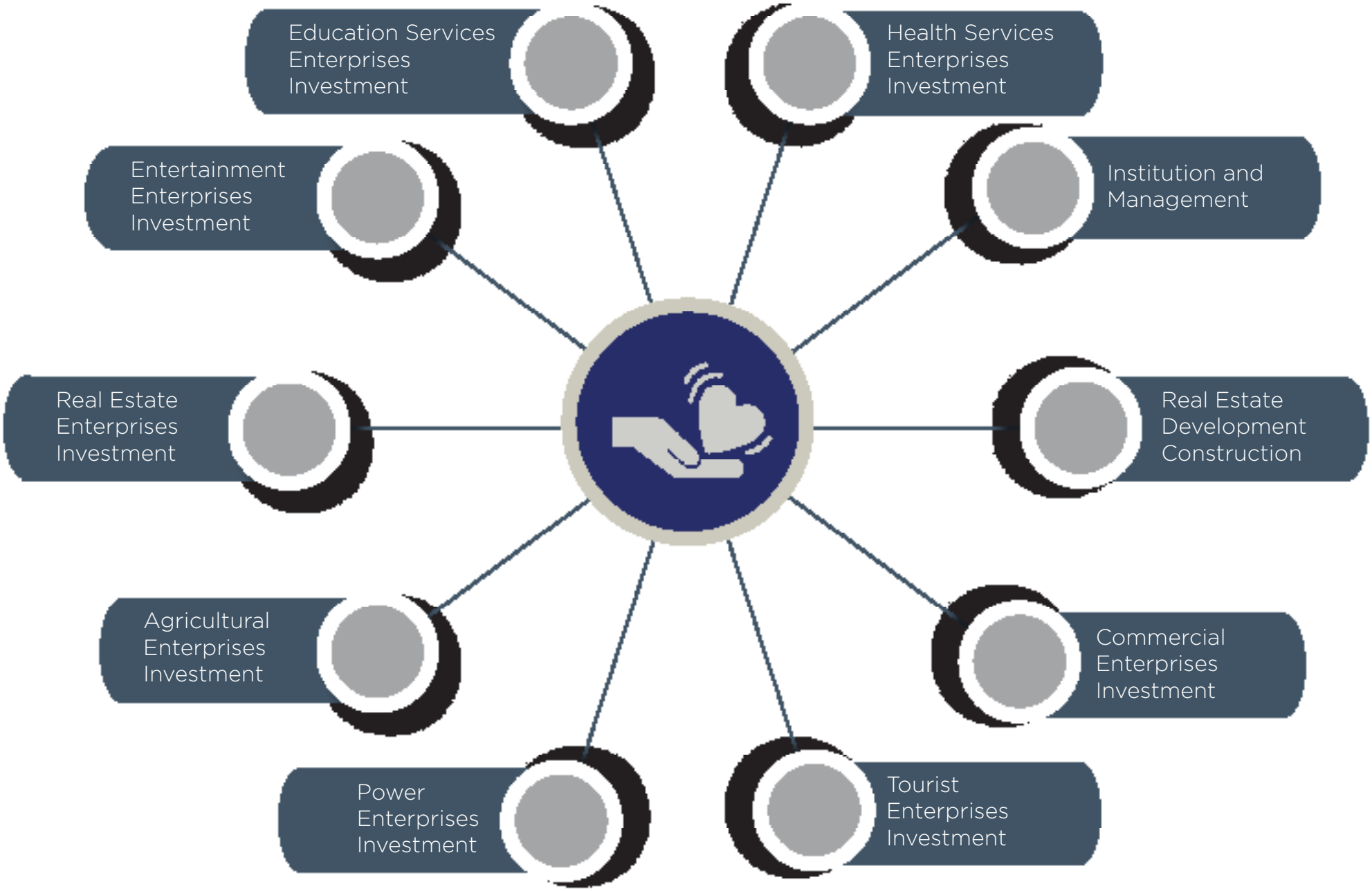
In our latest project, we have engaged consultants, contractors and subcontractors that are **committed to sustainability**, to construct Marina Rise tower in Reem island. Similarly, the design builders that were appointed to complete the fit-out works for Eshraq new headquarters in Marina Rise, Our team made sure that the Marina Rise Tower in Reem Island was developed with sustainability in mind and made sure to use environmentally friendlier material. We plan to continue to evolve so that we can bring significant impacts to our stakeholders and the communities in which we operate

We plan to continue to evolve so that we can bring in significant impacts to our stakeholders and in the communities we operate.

With studies backing up that UAE is constantly emerging as a strong revenue hub to the investors in sustainability, we aim at amalgamating sustainability along with our investment portfolio development.

From the very beginning, we have shown consistency with our financial, accounting and audit statements. Moreover, our COVID-19 contingency initiatives are reflected in the planning of the organisation, and the group has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic.

OUR OFFERINGS



Eshraq's asset value increased by **6.50%** in 2021.

Total Revenue

Mn 26.22 AED in 2021, increment of **45%** from the previous year.

Total Operational Cost

Mn 12.83 AED registered.

Marina Rise Tower was completed in

September 2021.

Fit out of the office to be located on the ground floor of Marina rise was not completed during 2021. Design builders to complete by

FEB/MAR 2022

the fitout works for the library and Eshraq offices in ground floor retail/Marina Rise tower.

Eshraq is developing a Library with a coffee shop in Marina Rise Tower whereby members can rent books

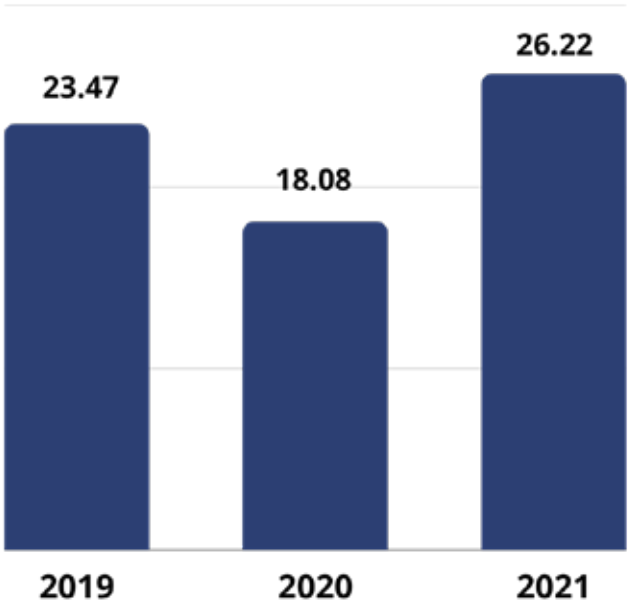
(11,000 books).

This is part of its social engagement that it believes might make an impact. The Library is set to open in

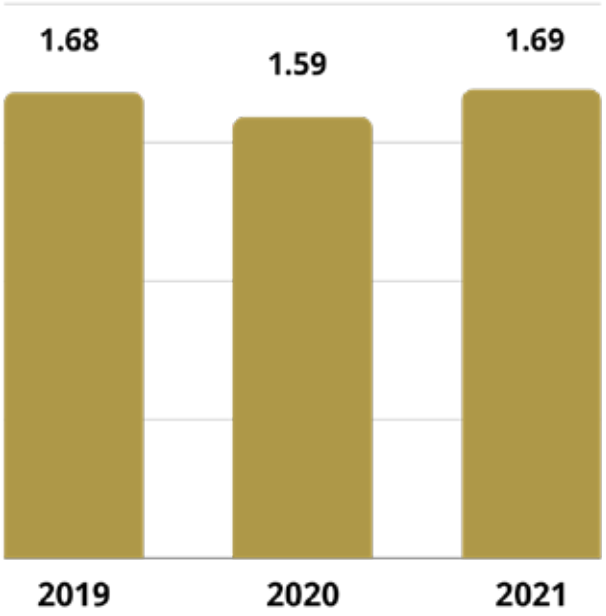
2022



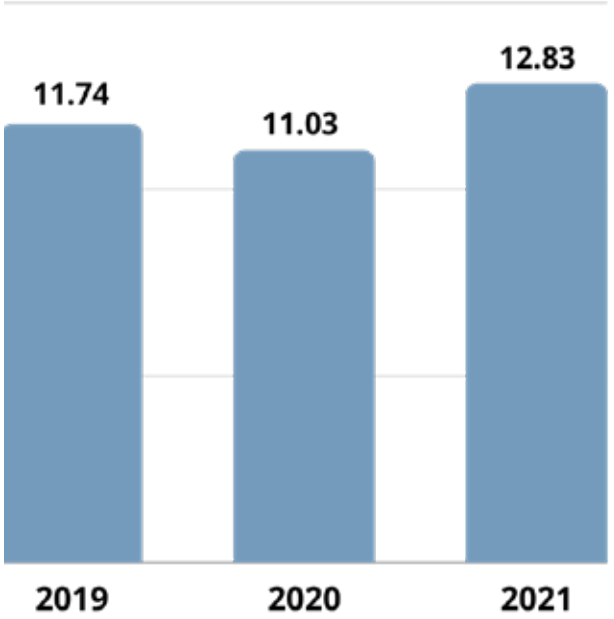
Net Sales in Million AED



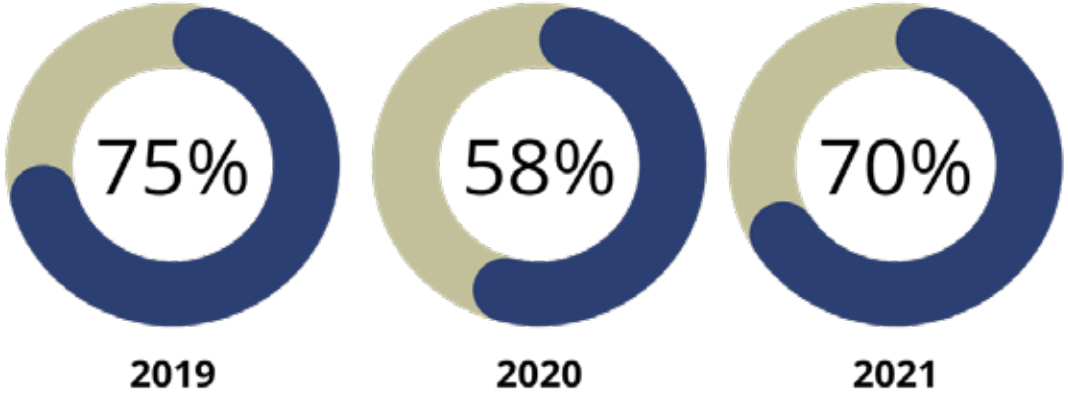
Net Assets Billion AED



Total Cost Incurred in Million AED



Occupancy rate of all properties of Eshraq:



Average occupancy rate (%) by Year:

Total Numbers of property owned

10 Undeveloped plots

1 Residential Tower

1 Hotel Apartments Tower

58 Residential Units

1 Commercial building



Eshraq Investments improves net profit by **67.25%,** returning to strong growth and profitability

Eshraq Investments returns to profitability and reports **Mn 10.26** AED of net profit as activities diversification pays off

Eshraq Investments posts net profit of **Mn 35.1** AED for the first nine months of **2021,** continuing its strong growth and profitability momentum

Eshraq Investments Marina Rise Development receives Building Completion Certificate.

Marina Rise Tower will be the first development executed by Eshraq Investments

Marina Rise development attracts strong leasing demand; expects full occupancy in **Q4.**



Environmental Stewardship

We continuously strive to strengthen Eshraq's sustainability programs in a valuable and impactful way. We aim at creating a culture of integrity to ensure ethical and responsible business conduct.

At Eshraq, we are committed to decreasing the consumption of fuel, electricity and water. However, in 2021 recovering from the COVID-19 pandemic the consumption of electricity has increased by approx 8%, whereas consumption of fuel and water has remained almost the same compared to previous. Eshraq is adopting a variety of actions to mitigate the consequences of climate change. In addition to this in past years, Eshraq is not utilizing any other form of non-renewable fuel.



We continue to appoint environment and Estidama consultants for all our new projects.

We comply with environmental and legal regulations and have been able to maintain a **zero-fault reputation.** We comply with all the federal and local environmental and sustainability regulations.



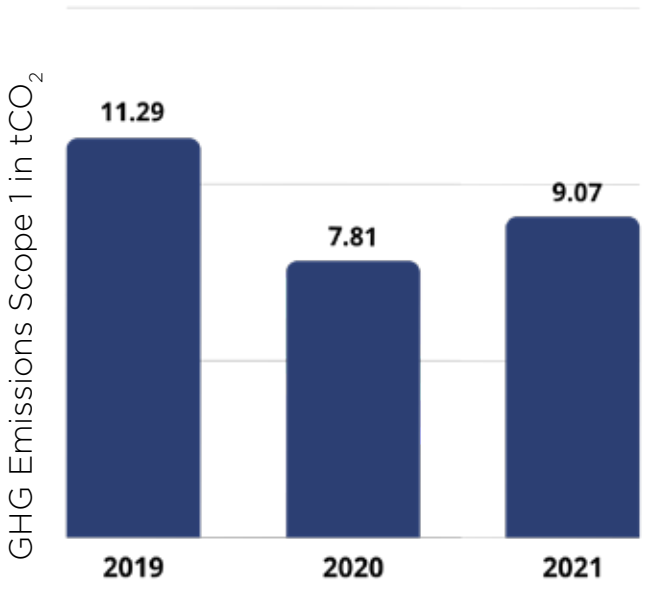
No impact at the sites adjacent to, protected areas and areas of high biodiversity value outside protected areas.

Our priority in 2021 was to optimise and upgrade our resources in all our projects and operations. The key focus was in, reducing the environmental footprint of our operations and supply chain.

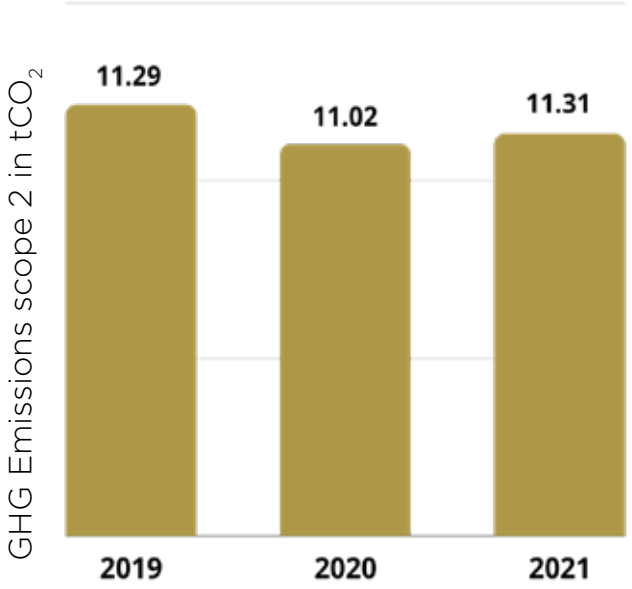
For this, we have been collaborating with our local communities to invest in projects that contribute to environmental stewardship and resiliency. We are committed to bringing our environmental saving protection actions to the forefront in our operations and value chain

GHG CALCULATIONS

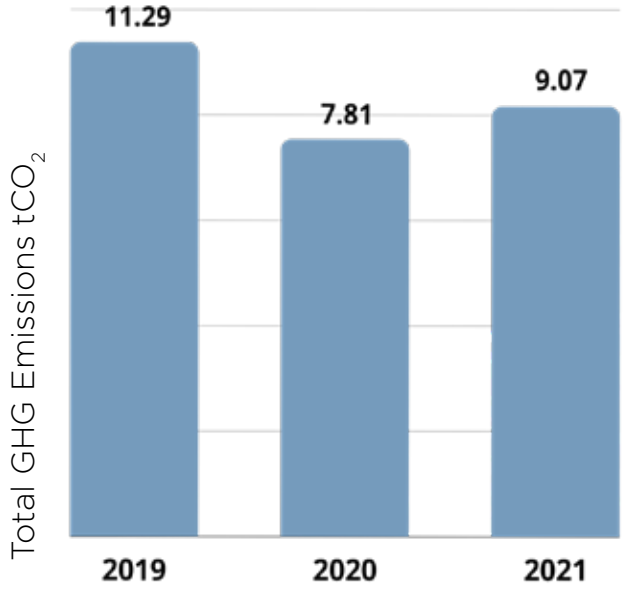
GHG Scope 1 Emissions
(Fuel Consumption)



GHG Scope 2 Emissions
(Electricity & Water Consumption)



Total GHG Emissions tCO_2



ENERGY CONSUMPTION AT ESHRAQ

Here's a look at the energy consumption over the years:

Electricity Consumption increased by

8% in 2021

as compared to 2020

Fuel consumption reduced by

20% in 2021

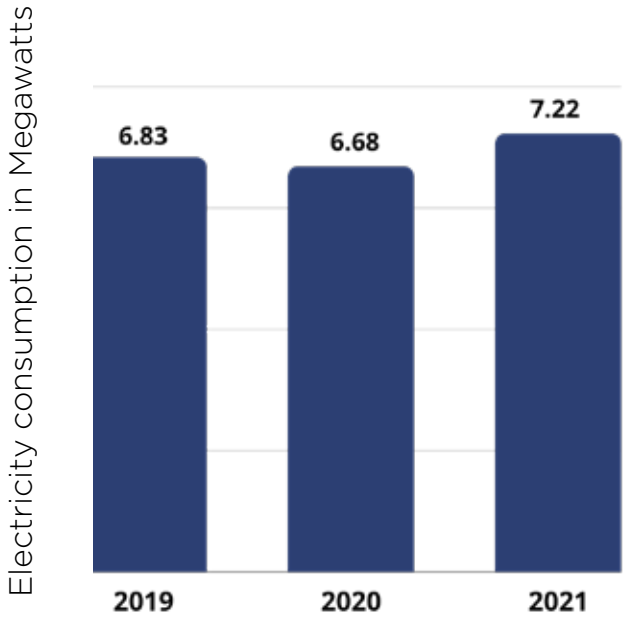
with the 2019 benchmark and has remained a constant trend for the year 2020 to 2021:

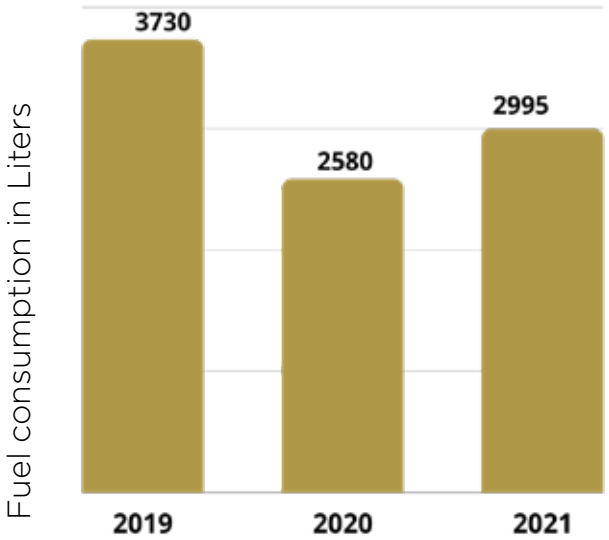
Water Consumption has been optimized and a decreasing trend is observed from 2019 to 2021, an overall

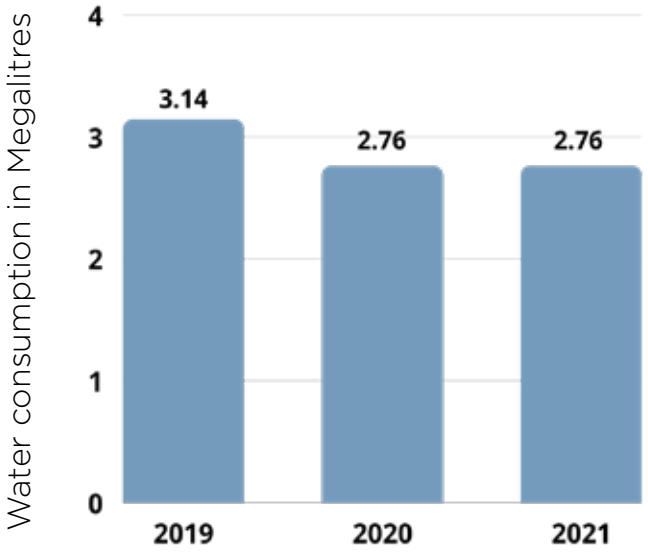
12%

reduction in water utilization is observed from the year 2019.

However, the water utilization has been almost the same in the year 2021, an increment of **0.06%** is observed.





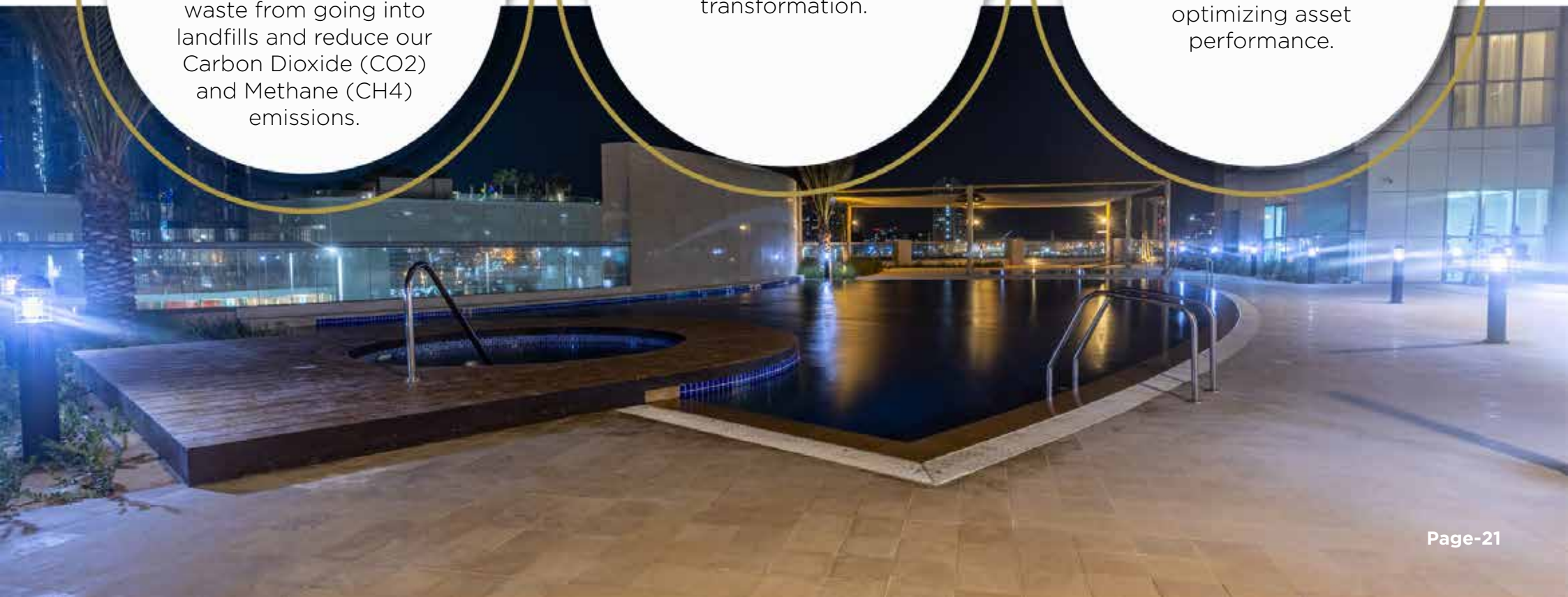


OUR 2021 GOALS:

Plan and manage our organic waste by in-house composting awareness and systems which save organic waste from going into landfills and reduce our Carbon Dioxide (CO2) and Methane (CH4) emissions.

Continue to reduce our paper consumption and take a step closer to the paperless transformation.

Monitor the use of our resources and set corporate targets on reducing GHG emissions and optimizing asset performance.





Our People

Our successes, new initiatives, developments and growth are due to the hard work and dedication of our employees.

While they have given their best over the years, we have made it our priority to constantly empower our employees job performance and satisfaction.



Work Culture

Diversity

Fair Pay

Learning Environment

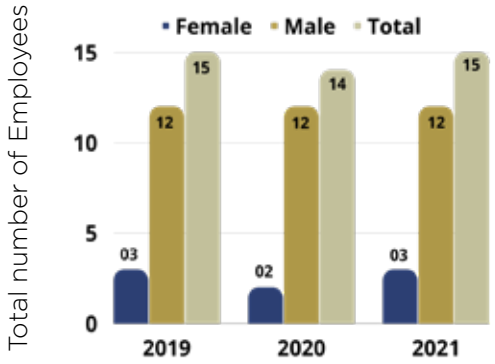
We have always created work environment that fosters employee engagement and overall development. We promote diversity in the workplace, pay fairly and recognise the success of our employees, encourage the employment of women, and provide an open learning environment for our employees to improve their skills and leadership quality.

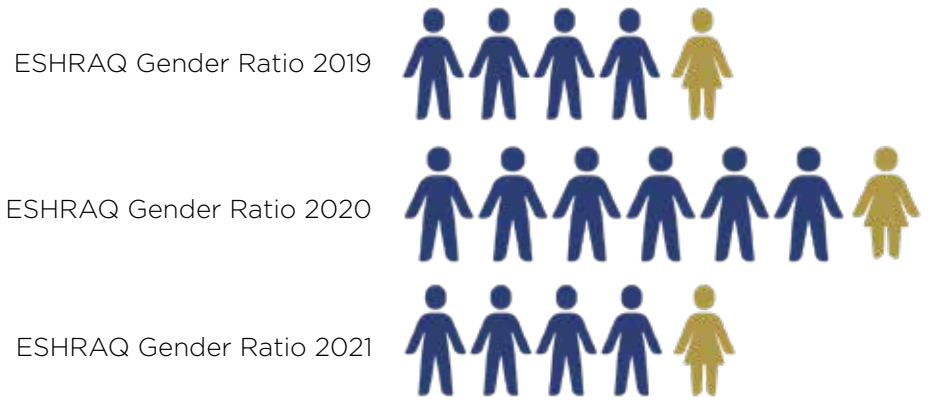
We also ensure that management-level employees at Eshraq are aware of their environmental and social responsibilities. These initiatives help build our stakeholders' trust in our company. We regularly evaluate our progress and how stakeholder input has impacted decision-making.

Our Male vs Female employees in the year 2021

Male: 12 **Female: 3**

Total number of employees











We would look at occupational health and safety management systems, work-related injuries and the average number of training hours per year per employee. We have a whistleblowing policy for gross misconduct.

We disclose compensation ratio in our regulatory filings Our CEO Compensation Ratio is

7.36:01

Our Median male compensation to median female compensation is

1:0.0

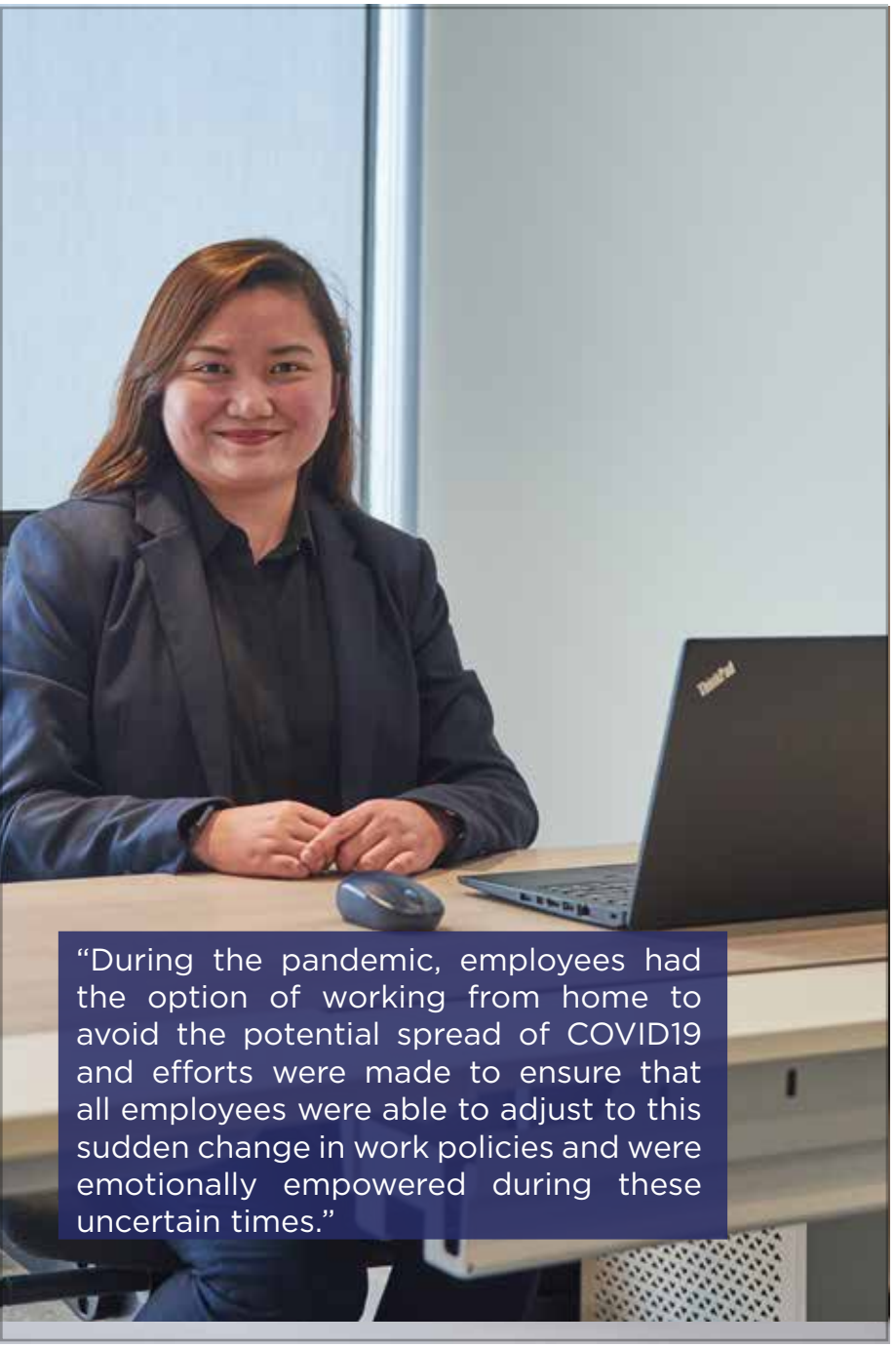
71%

of our total board seats are occupied by independent board members, complying the gender diversity in board, as per SCA regulations.

Our workforce is

100%

certified with our code of conduct.



No incidents of non-compliance concerning the customer's health and safety impacts.

No complaints concerning breaches of customer privacy and losses of customer data.

Compliance with laws and regulations in the social and economic area.

OUR 2022 GOALS:

We will continue to prioritize the safety and well-being of our employees in the coming year to ensure they are adequately protected against the ongoing risks of the pandemic, and any other emergency of such nature.

Increase percentage of Emiratis employees within the organization.

Increase the percentage of women employees in the organization.

Formulate a Non-Discriminatory Policy in line with GRI and ADX ESG guidelines, as a part of our strategic goal for the year 2022.



Our Governance

We are committed to following a corporate governance framework that ensures the effective functioning of the Board of Directors. To this end, the Board of Directors is fully involved in the strategic development of the company's various policies.



Our Board and Management are involved in the strategic development of policies, CSR & ESG initiatives, and the resolution of sustainability & operational issues that we face in the business.

For their part, our committees are responsible for ensuring that the guidelines are properly followed under the constant supervision of the Compliance Officer.

To strengthen accountability we have a Nomination and Remuneration Committee that regularly evaluates the performance of Board members.

Corporate governance standards in Eshraq are naturally pursued in a manner consistent with the applicable federal laws, regulations, and codes.

Even though 2021 was a year full of challenges, Eshraq was able to overcome them. The Board remains committed to diversifying Eshraq's income generating assets. The focus remains on profitability and cash generation potential. In the last quarter of the year 2021, there were signs of recovery as the UAE is in the verge of winning its fight with the pandemic.

Our conflict management is effective because we have regular board meetings where board members have the opportunity to resolve any conflict through voting system.



We plan extensive measures to improve the collective knowledge of the highest governance body on economic, environmental and social issues.

We pride ourselves on protecting the privacy of our customers and preventing the loss of customer data by complying with laws and regulations in our operating markets.


Occupancy rates in leasing
99%
Reason - Our proactive and agile leasing strategy
93%
Hospitality


Audit Committee
Nomination and Remuneration committee
Investments and Treasury Committee of the Board
Committee for the Follow-up and Supervision of the Insiders
Board of Directors
Real Estate Projects Committee
OUR PILLARS
Shareholders
Delegated Member of the Board



Stakeholder Consultation and Materiality Analysis

Our stakeholders are the most important source of our motivation to create a sustainable environment.

We value them and recognise that regular interaction with them can help us get to know them better, ensuring that we focus on the important environmental, social and governance issues.

We must include their point of view in order to find the common goals.



As we develop our growth plan, we work with our stakeholders to identify what is most important to our business, and we value their opinions and feedback as we formulate our business strategies. We are grateful for their support, without which we would not have been able to achieve our current position as an industry leader.

We ensure that we gain a thorough understanding of internal controls, operations, key procedures, and other external factors that could impact the Group, and ensure that strict adherence to these controls is carried out effectively and regularly.

Our stakeholders vary from:



Moreover, we take a priority-based approach to stakeholder engagement. Stakeholder groups are identified according to their importance to our company and their ability to influence our decisions. In an effort to increase transparency and share information with these stakeholders, we are submitting this report.

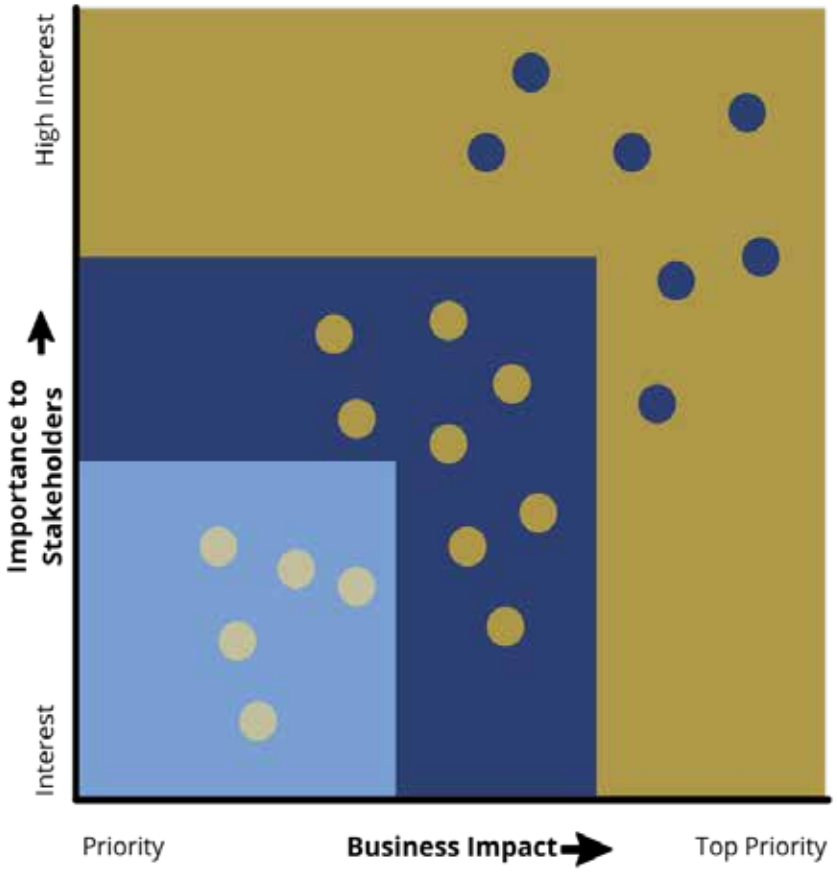
This second ESG report, as well as any future reporting, will act as a performance indicator for our sustainability journey which started in 2020.

In addition to the environmental, social and governance responsibilities, we have a strict data protection policy and ensure that GDPR rules are complied with.

MATERIALITY ANALYSIS

Materiality analysis stands as a crucial tool for us to identify the most relevant and societal goals that align with Eshraq's vision and business strategy and to determine the content of our sustainability report.

The analysis is based on data-driven extensive stakeholder consultation. The data, internal and external, is the most important tool in analyzing this report. The data is based on current and former government norms, seeking opinions with stakeholders and reviewing our sustainability measures.



- GRI 301 - Material
  GRI 302 - Energy
  GRI 303 - Water
  GRI 305 - Emissions
  GRI 306 - Waste
  GRI 307 - Environmental Compliance
  GRI 403 - Occupational Health & Safety

- GRI 401 - Employment
  GRI 402 - Labor/ Management Relations
  GRI 406 - Non-discrimination
  GRI 412 - Human Rights
  GRI 416 - Customer Health and Safety
  GRI 419 - Socioeconomic Compliance
  GRI 205: Anti-corruption
  GRI 207: Tax

- GRI 304 - Biodiversity
  GRI - 405 Diversity and Equal Opportunity
  GRI 418 - Customer Privacy
  GRI - 201 Economic Performance
  GRI 203 - Indirect Economic Impacts



Internal and external stakeholders were contacted, and strategic insights were included. We selected the issues that have a major impact on Eshraq's economic, social, and environmental performance, as well as those that may have a long-term impact on stakeholder perceptions and decisions, using this matrix.

Eshraq gives due importance to the plans and commitments that were made to the customers and to the stakeholders. The placement of issues on the materiality matrix clearly indicates a significant level of agreement between the opinions of internal and external stakeholders, which were obtained separately, as expected and desired.

The materiality matrix also reflects our attempts to develop and strengthen our external and internal stakeholder engagement approach. The main subjects of focus remain to be economic, social and environmental concerns that are crucial for us to build a sustainable, strong and long-term empire.

QUESTIONNAIRE DISTRIBUTION:

Conducting an in-depth examination of the sector, reporting guidelines, peer evaluations, and assessing our ability to influence the UAE's Sustainable Development Goals.



DEFINING TOPICS:

Each topic has a clear description as well as a scoring method.



PRIORITISATION OF ISSUES:

Stakeholder consultation was carried out with different stakeholder groups to assess their perspectives on the relevance and priority of issues in their interactions with Eshraq.



ALIGNMENT OF NATIONAL & INTERNATIONAL PLANS AND COMMITMENTS:

The process findings were validated to verify that we understand what matters most to our stakeholders and how it matches with our prioritisation of material concerns in order to generate value today, in the medium, and in the long run-in alignment with our corporate, national and global vision.

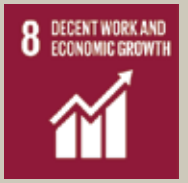


APPENDIX ADX ESG INDEX

METRIC	CALCULATION	GRI STANDARD	SDG	PAGE NO.
ENVIRONMENT				
E1. GHG Emissions	E1.1) Total amount in CO2 equivalents, for Scope 1	GRI 305: Emissions 2016		Page 19
	E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable)			
	E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)			
E2. Emissions Intensity	E2.1) Total GHG emissions per output scaling factor	GRI 305: Emissions 2016		We are working to provide these details in the next report.
	E2.2) Total non-GHG emissions per output scaling factor			
E3. Energy Usage	E3.1) Total amount of energy directly consumed	GRI 302: Energy 2016		Page 20
	E3.2) Total amount of energy indirectly consumed			
E4. Energy Intensity	Total direct energy usage per output scaling factor	GRI 302: Energy 2016		We are working to provide these details in the next report.

E5. Energy Mix	Percentage: Energy usage by generation type	GRI 302: Emissions 2016		We do not have direct control of energy usage mix. Primary energy is sourced through national grid.
E6. Water Usage	E6.1) Total amount of water consumed	GRI 303: Water and Effluents 2018		Page 20
	E6.2) Total amount of water reclaimed			
E7. Environmental Operations	E7.1) Does your company follow a formal Environmental Policy? Yes/No	GRI 103: Management Approach 2016		No, we are in consideration of developing the sustainability associated policies in the future.
	E7.2) Does your company follow specific waste, water, energy, and/or recycling policies? Yes/No			
	E7.3) Does your company use a recognised energy management system?			
E8. Environmental Oversight	Does your Management Team oversee and/or manage sustainability issues? Yes/No	GRI 102: General Disclosures 2016		Page 28
E9. Environmental Oversight	Does your Board oversee and/or manage sustainability issues? Yes/No	GRI 102: General Disclosures 2016		Page 28
E10. Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development			Page 10

SOCIAL				
S1. CEO Pay Ratio	S1.1) Ratio: CEO total compensation to median FTE total compensation	GRI 102: General Disclosures 2016		Page 24
	S1.2) Does your company report this metric in regulatory filings? Yes/No			
S2. Gender Pay Ratio	Ratio: Median male compensation to median female compensation	GRI 405: Diversity and Equal Opportunity 2016		Page 24
S3. Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees	GRI 401: Employment 2016		Page 24
	S3.2) Percentage: Year-over-year change for part-time employees			No Part Time Employees
	S3.3) Percentage: Year-over-year change for contractors/consultants			Data currently unavailable; we are working to provide requisite details in the next report.
S4. Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016		Page 23
	S4.2) Percentage: Entry- and midlevel positions held by men and women			Data currently unavailable; we are working to provide requisite details in the next report.
	S4.3) Percentage: Senior- and executive-level positions held by men and women			Data currently unavailable; we are working to provide requisite details in the next report.

S5. Temporary Worker Ratio	S5.1) Percentage: Total enterprise headcount held by part-time employees	GRI 102: General Disclosures 2016		No Part Time Employees
	S5.2) Percentage: Total enterprise headcount held by contractors and/ or consultants			Data currently unavailable; we are working to provide requisite details in the next report.
S6. Non-Discrimination	Does your company follow a non-discrimination policy? Yes/No	GRI 103: Management Approach 2016*		Yes
S7. Injury Rate	Percentage: Frequency of injury events relative to total workforce time	GRI 403: Occupational Health and Safety 2018		No reported injuries
S8. Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	GRI 103: Management Approach 2016*		No. We adhere to local health and safety policy requirements. We ensure that all of the employees have health insurance.
S9. Child & Forced Labour	S9.1) Does your company follow a child and/or forced labour policy? Yes/No	GRI 103: Management Approach 2016*		No
	S9.2) If yes, does your child and/ or forced labour policy also cover suppliers and vendors? Yes/No			
S10. Human	S10.1) Does your company follow a human rights policy? Yes/No	GRI 103: Management Approach 2016*		No

S11. Nationalisation	Percentage of national employees			Data currently unavailable; we are working to provide requisite details in the next report.
S12. Community Investment	Amount invested in the community, as a percentage of company revenues.	GRI 413: Local Communities 2016		No amount invested. Potential work areas are being evaluated to be considered in future.
GOVERNANCE				
G1. Board Diversity	G1.1) Percentage: Total board seats occupied by men and women G1.2) Percentage: Committee chairs occupied by men and women	GRI 405: Diversity and Equal Opportunity 2016		Data currently unavailable; we are working to provide requisite details in the next report.
G2. Board Independence	G2.1) Does company prohibit CEO from serving as Board chair? Yes/No			No
	G2.2) Percentage: Total Board seats occupied by independent board members			Page 24
G3. Incentivised Pay	Are executives formally incentivised to perform on sustainability?			We are planning on incentivising our employees in the coming years on sustainability parameters.
G4. Supplier Code of Conduct	G4.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No			Yes, Page 10
	G4.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?			Page 10

G5. Ethics & Prevention of Corruption	G5.1) Does your company follow an Ethics and/or Prevention of Corruption policy? Yes/No	GRI 102: General Disclosures 2016		Yes, Page 10
	G5.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?			Page 10
G6. Data Privacy	G6.1) Does your company follow a Data Privacy policy? Yes/No	GRI 103: Management Approach 2016*		Yes, Page 31
	G6.2) Has your company taken steps to comply with GDPR rules? Yes/No			Yes, Page 31
G7. Sustainability Reporting	Does your company publish a sustainability report? Yes/No			Yes, This is our second ESG report.
G8. Disclosure Practices	G8.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No			Yes, this is the second ESG report. We will be considering more information in future for necessary disclosures.
	G8.2) Does your company focus on specific UN Sustainable Development?			No, we will be considering in next report for necessary disclosures.
	G8.3) Does your company set targets and report progress on the UN SDGs? Yes/No			No, We will be considering in next report for necessary disclosures.
G9. External Assurance	Are your sustainability disclosures assured or validated by a third-party audit firm? Yes/No	*GRI 103: Management Approach 2016 is to be used in combination with the topic specific Standards		No, we chose to have internal assurance this year since it is our first year of reporting.



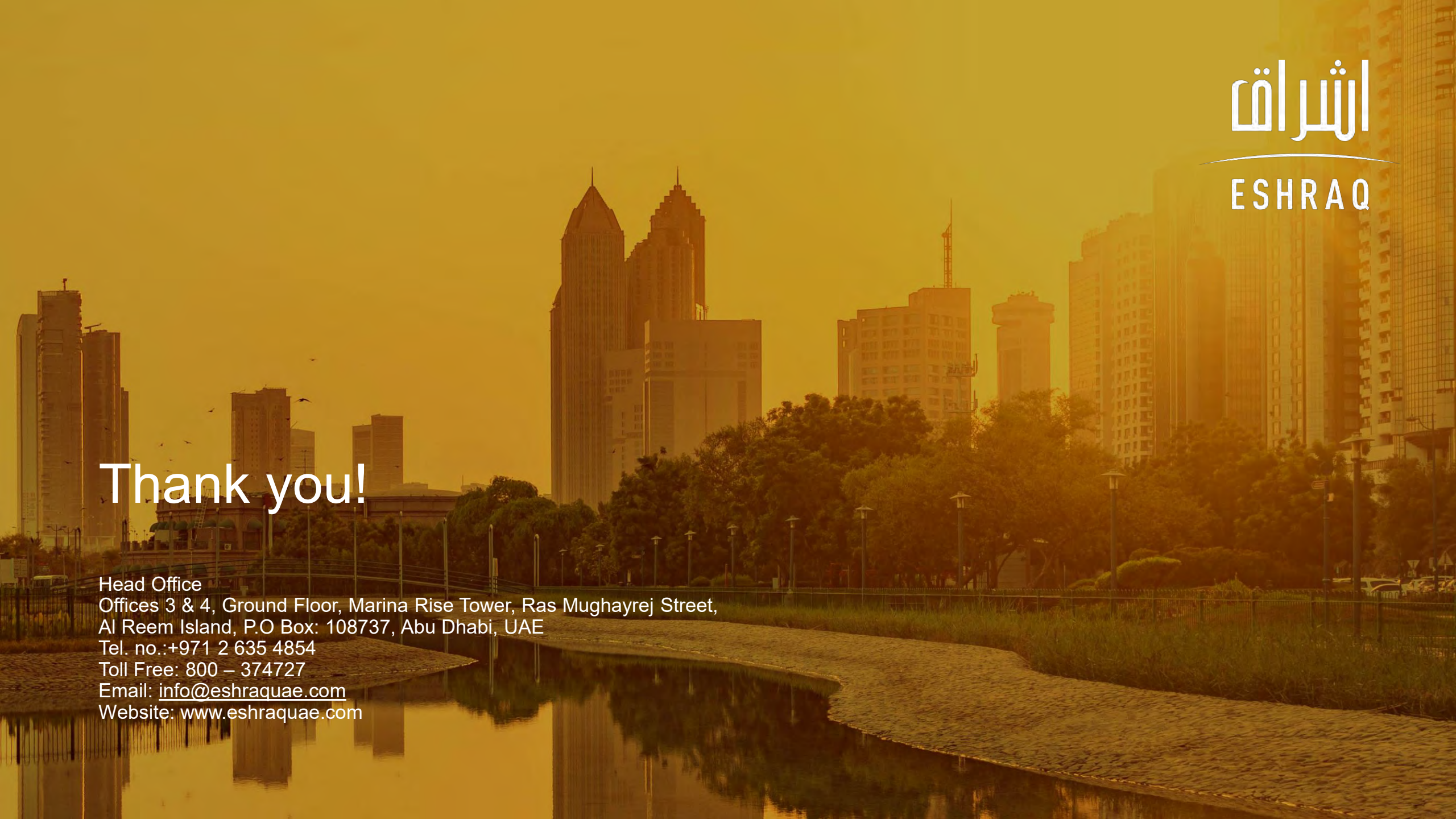
Head Office
Offices 3 & 4, Ground Floor, Marina Rise Tower, Ras Mughayrij Street
Al Reem island,
P.O Box: 108737, Abu Dhabi, UAE

+971 2 635 4854 , 800 – 374727

info@eshraquae.com

https://eshraquae.com/

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ESHRAQ



Thank you!

Head Office
Offices 3 & 4, Ground Floor, Marina Rise Tower, Ras Mughayrej Street,
Al Reem Island, P.O Box: 108737, Abu Dhabi, UAE
Tel. no.:+971 2 635 4854
Toll Free: 800 – 374727
Email: info@eshraquae.com
Website: www.eshraquae.com