

## 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.

## 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
<p><b>Valuation of Investment properties</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>We evaluated the design and implementation of controls in the determination of fair value of properties. .</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>We performed a sensitivity analyses on the significant assumptions to evaluate the extent of their impact on the determination of fair values.</p> <p>We reperformed the mathematical accuracy of the valuations, where applicable.</p> <p>We agreed the results of the valuations performed by the independent valuers to the amounts reported in the consolidated financial statements.</p>



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

**Key Audit Matters (continued)**

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<b>Valuation of Investment properties and Investment properties under development (continued)</b>	
<p>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.</p> <p>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.</p> <p>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.</p>	<p>We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.</p>

**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.



## 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:



## 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's 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.

## 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