Annual Report
2021


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Message from the

President of the State of Palestine

We, The Palestinian people, are proud to have a pioneering national institution such as the Palestine Investment Fund (PIF), which demonstrated a successful track record and economic and developmental achievements that positively impacts the daily life of our citizens. These achievements were made possible through a set of strategic projects and investment programs that contribute to our national aspirations by supporting the establishment of a strong, viable and sustainable economy.

PIF's Impact Investment strategy had a multiplier effect throughout 2021 in several vital sectors, especially traditional and renewable energy, healthcare, industry, agriculture, and SMEs. This positive impact was reflected in improved economic indicators, as well as in attracting a number of Arab and international institutions to invest in Palestine, thus highlighting a well-deserved image of the State of Palestine: A state with promising investment opportunities, and rich in human capital.

I thank the Chairman and Members of PIF Board of Directors for their efforts in developing and improving performance year after year, and my thanks are extended to the General Assembly, the Executive Management and PIF staff. You have set the utmost examples of high level of professionalism in managing and developing a well-established national economic institution that has contributed - and is still - to strengthening the foundations of our national economy, towards building our independent Palestinian State, with Jerusalem as its capital.

Yours,
Mahmoud Abbas
President of the State of Palestine

Message from the Chairman of the Board of Directors

Ladies and gentlemen,

It is my great pleasure to welcome you, on behalf of the board of directors of Palestine Investment Fund (PIF), to our Annual Report 2021.

After a challenging period globally, this report highlights some of our most important achievements and milestones, as well as our success stories working with a wide range of local, regional and international partners to implement vital programs and projects which constitute the core of our "Investing for Impact" strategy.

This strategy ensures that our projects fulfil our objectives and key performance indicators (KPIs) which includes the creation of new job opportunities, reduction in Palestine's dependence on imported goods, the development of competitive locally produced goods, and contribution to the Palestinian gross domestic product (GDP), while also supporting small and medium-sized enterprises (SMEs), which are the backbone of our national economy, and attracting investment.

Our Investing for Impact strategy aligns with national efforts to establish an independent national economy that is sustainable, able to create and sustain jobs, and that is creative and supported by a vibrant private sector.

PIF seeks to contribute to the establishment of a self-sustaining national economy by investing in a variety of strategic sectors that are central to PIF's investment portfolio

The challenges that our country faces, whether specifically related to Palestine (such as the Israeli Occupation) or generally (such as the recent COVID-19 pandemic), have proven that economies relying on consumption are the most vulnerable, while self-sufficient economies are stronger and more resilient. This is exactly what PIF is seeking to achieve by contributing to the establishment of a self-sustaining national economy through investing in a variety of vital strategic sectors, which are a priority to PIF's investment portfolio.

Areas of Strategic Importance

Considering the territorial unity of the State of Palestine, some areas enjoy special status and thus require special priority for investments to strengthen and empower Palestinian presence - especially Jerusalem and the Palestinian valleys (The Jordan Valley). As such, PIF invests in these specific areas to empower residents and emphasize its Palestinian identity.

PIF has prioritized the City of Jerusalem through programs that focus on SMEs, real estate and tourism sectors, with an aim of empowering the resilience of Jerusalemites. PIF also funds a variety of programs in the Palestinian Valleys (the Jordan Valley) in sectors that include agriculture, industry, renewable energy and land development, with a focus on promoting national products, protection of land, and empowering Palestinians. PIF's total direct investments in Jerusalem and the Palestinian Valleys, including the so-called Area C, reached $89 million.

Gaza Strip continues to experience difficult economic and political conditions that have led to a steady increase in poverty and unemployment. Despite these challenges, PIF has successfully implemented several programs to empower SMEs in Gaza through microfinance institutions (MFIs). These programs contributed $5.5 million to the Gazan economy, financed 654 projects and created and sustained 1,520 jobs. This is in addition to PIF's investments in local companies which continue to operate in Gaza such as Palestine Telecommunication Company (Paltel), Palestinian National Mobile Company (Ooredoo), Sanad Construction Resources PLC, Palestine Electric Company, Al-Mashtal Tourism Investment Company, and several national banks.

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A wide network of local, regional and international partners

PIF seeks to attract and motivate local, Arab, and international partners to complete its projects, thereby supporting the Palestinian private sector and encouraging integration rather than acquisition. In addition, we aim to attract foreign investment into the Palestinian market, subsequently magnifying the impact of PIF's investedcapital. In doing so, PIF is increasingly proud that its investment portfolio contains more than 60 investment programs and projects that are implemented in partnership with over 120 local, regional, and international partners.

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Having partners in such an extensive network allows us to benefit from their wide range of expertise in fields such as sustainable energy, real estate, SMEs, industry, agriculture. This network of partners allows us to enhance the potential of success with existing projects and launching new and innovative programs.

Success Stories of 2021

During 2021, PIF achieved success in a series of investments in vital sectors through achieving the desired impact in several economic indicators, thus positively reflecting on both the performance of our national economy and the daily life of the Palestinian people.

Telecommunications Infrastructure

Transformation towards a digital economy is one of the most important means to stimulate growth, and this requires support to launch new areas in the economy including harnessing technology and knowledge in economic development. It also demands increased investment and development of associated infrastructure. Reaching this goal depends upon the provision of the specific infrastructure, namely through a national network of fiber optics (Fiber).

Harnessing technology and knowledge in economic development, increased investment, and development of associated infrastructure

Realizing the importance of developing a national fiber optic network, PIF has focused on investing in the fiber industry through its partners such as Mada Al-Arab Company for internet services. By doing so, we are helping to develop the infrastructure for Fiber Optic (Fiber) services to homes (known as FTTH).

PIF's distinguished investment program, with our partnership philosophy being one of our key strengths, has succeeded in securing strategic partnerships in 2021 between Mada Al-Arab (where PIF is now one of the main shareholders) and three electricity distribution companies. This partnership will enable Mada Al Arab to develop an extensive national fiber optic network, bringing those working in the sector together for the first time with the aim of supplying all Palestinian governorates with FTTH. This is a major achievement that we take pride in.

Inauguration of work on Moon City

PIF, under the auspices of H.E. President Mahmoud Abbas, launched the first phase of work on the Moon City Project in Jericho and the Palestinian valleys. Moon City constitutes the largest land reclamation project in the area. The plans include developing an area of 1,800 dunums to include homes, commercial buildings, tourist attractions and recreational facilities through an investment of $500 million.

Moon City constitutes the largest land reclamation project in the valleys, over an area of 1,800 dunums

Moon City will include five major projects in tourism, commerce, industry, real-estate, and energy sectors. Those projects are being implemented by Ammar Group, a PIF subsidiary, as lead developer, in partnership with 16 sub-developers. The project comes within the framework of PIF's focus and support of the Palestinian valleys with the development of a new city, strengthening our people's resistance, and protecting it against ongoing threats from the occupation.

Jerusalem Grant Facility

PIF has closed the Jerusalem Grant Facility aimed at financing SMEs in Jerusalem. More than 75 SMEs benefited from the project in both its first and second phases. It assisted in the creation of 560 jobs, in addition to expanding commercial operations, implementing expansion plans, and creating further job opportunities for the city's residents. PIF implemented this grant-matching program, which was co-funded by the European Union, with a total budget of €3.5 million. The program also injected the same amount into Jerusalem's economy because of the nature of the grant which depends on match-funding from the enterprise's owners.

Launching of the Green Energy and Sustainability Granting Facility in Jerusalem in 2022

I am pleased to announce today that PIF will launch a new program in 2022 in the Holy City, again in partnership with the European Union, with co-financing to the amount of €2.4 million. This will be known as the Green Energy and Sustainability Granting Facility, aimed at providing finance to SMEs in different sectors who use equipment and tools that are environmentally friendly or who are expanding the production of renewable energy. This program will also target some NGOs in Jerusalem, with the aim of finding solutions in the energy field for projects that are promising and that show a clear positive impact on the local community.

Cement Mill

Civil works continue at the Palestinian Cement Mill. An agreement to supply industrial equipment was signed with our international supplier following a global tendering process based on the best international practices. The project is being implemented by Sanad Company, a PIF subsidiary, in partnership with Issa Khoury (mining and construction) and Aswaq Investment Company. The production capacity of the mill is 1.13 million tons per year covering around half of the Palestinian market needs.

Nour Palestine Solar Energy Program

PIF continues its success with this ambitious program launched six years ago. The program includes various completed components such as Nour Jericho and Nour Jenin Station. It has also achieved the following milestones in 2021:

Schools Solar Rooftops Program

PIF, through its subsidiary Massader, has already installed solar energy systems on 80 schools, which increased the total number to 121 schools at the end of 2021. Work is in progress on this award-winning project to complete 80 additional schools in 2022. The program aims to generate 35 megawatts of electricity with the installation of solar energy systems on a total of 500 public schools. PIF is proud of the work model for this program which is built on partnerships with the Ministry of Education and local electricity distribution companies.

Continued implementation of the Schools Solar Rooftop Program on the rooftops of 500 public school to generate 35 megawatts of electricity

Nour Rammon Solar Energy Plant

PIF signed an agreement with Jerusalem Electricity Company (JDECo) to establish a solar PV plant near Rammon Village in Ramallah and Al-Bireh governorate. The station will have a production capacity of 4 megawatts, equivalent to the electricity consumption of around 1,900 homes.

Nour Al-Shamal Solar Energy Plant

PIF signed an agreement with the North Electricity Distribution Company (NEDCO) to establish a solar PV plant near Safareen village in Tulkarem governorate. It will be established on an area of 55 dunums of land, with a production capacity of 5 megawatts in the first phase. The station will work on providing a renewable source of electricity that covers the needs of consumers and reduces pressure on the gird.

Opening of Ibn Sina Specialized hospital in Jenin Governorate

As part of its work to support the health sector and improve access to medical services for local citizens, PIF and its partners inaugurated Ibn Sina Specialized Hospital in Jenin governorate at the beginning of 2021. The hospital was established in partnership with a group of local investors and the Arab Specialized Medical Complex Company. It is considered the first of its kind in the area. The hospital provides medical services with a capacity of 56 beds in the first phase, with capacity reaching 200 beds when fully operational.

Istishari Cancer Hospital

Construction work continues at Istishari Cancer Hospital in Ramallah and Al-Bireh governorate, through the Arab Specialized Medical Complex Company, with a capacity of 170 beds in its first phase. The hospital aims to diagnose and treat all types of cancer and constitute an important addition to the health services provided to our people. There is a massive need for specialist cancer care in Palestine, and this hospital provides much needed additional capacity.

Al-Rabyeh Animal Feed Factory

During 2021, construction began on the steel structure and the external silos of the factory in Beit Ula in Hebron governorate. Preparations have also been made for the installation of specialized equipment and production line with the aim of completing the factory and commence operations during 2023.

The project is being implemented in partnership with Palestine Industrial Investment Company and will help bridge the gap in local production in animal feed in the south of West Bank, thereby reducing the dependence on imported animal feed from external markets. The animal feed factory will be established as an industrial enterprise, operating modern production lines and producing high quality animal feed in line with best international specifications, which will be able to compete with imported animal feed. The factory will have a production capacity of 20 tons/hour, with animal feed produced solely from vegetarian source materials.

Stock Market Portfolio

PIF manages an investment portfolio, through its subsidiary Aswaq Company, that invests in existing listed companies in the local, regional, and international markets in various sectors, such as health, telecommunications, industry, and the banking sector. It predominantly aims to achieve financial impact to finance and support long-term development projects.

This portfolio aims to provide the necessary financial liquidity to finance strategic projects implemented by PIF. It also contributes to empowering our national companies listed on the Palestine Stock Exchange and enhancing the investment environment in the Palestinian Stock Market.

PIF Corporate Social Responsibility Program

PIF implements a comprehensive program aiming at supporting and developing key sectors to deliver economic and social impact in Palestine. The program supported various sectors, which experienced a positive impact due to the program's support. In 2021, more than 74 community-based organizations benefited from the program in sectors such as youth and entrepreneurship, cultural, women empowerment, sports, education, and other key sectors in various governorates.

PIF has prioritized supporting the city of Jerusalem and marginalized areas, including the so-called Area C, by providing support and sponsorship to projects and initiatives that encourage the steadfastness of our people, protecting their land, enhancing standards of living, and creating more job opportunities.

Financial Results

PIF succeeded in realizing positive financial returns during last year. PIF's profits reached $34.86 million in 2021 before taxes, while net profit reached $34.1 million. PIF's cumulative profits reached $1.14 billion since its inception, most of which were distributed to the shareholder as dividends while the rest were reinvested in PIF's projects.

Finally, I would like to thank our wise political leadership, represented by H. E. Mahmoud Abbas, President of the State of Palestine, and the Palestinian government, for their support with PIF's strategic projects.

Thanks, are also extended to the Palestinian private sector, in addition to the Arab and international organizations who have contributed to the success of PIF's programs and projects in various sectors.

I also extend my unending thanks and appreciation to my fellow members of the Board of Directors and General Assembly, for their efforts in building PIF's policy and strategy, and for ensuring its successful implementation.

Finally, I also wish to thank PIF's executive management and all staff working tirelessly to achieve PIF's mission and goals, helping it to achieve its objectives, developing its activities and contributing to building a vibrant national independent economy as a cornerstone for our State of Palestine with Jerusalem as its capital.

Dr. Muhammad Mustafa
Chairman of the Board of Directors

About PIF

The Palestine Investment Fund aims at achieving maximum positive impact through investing in strategic projects in developing and vital sectors.

Founded in 2003, PIF is a public shareholders' company registered within the Ministry of National Economy. It focuses on investing in strategic sectors such as energy, both traditional and renewable, health, agriculture, telecom and infrastructure, industrial zones, real-estate, technology, and SMEs in Palestine. PIF Current total assets amounted to US$ 957.1 million by end of 2021.

Vision

Contribute towards establishing a sovereign and prosperous Palestinian state based on an innovative and integrated economy that is supported by a vibrant private sector.

Mission

Strengthen the comprehensive economic development and growth of the private sector by initiating cost-effective and socially responsible strategic projects and investing in vital sectors in Palestine.

Investment strategy

PIF's investment strategy is based on "impact investment", i.e. achieving a positive impact on economic development by devising specific and measurable development goals that support the desired economic transformation to achieve PIF's vision and mission, alongside achieving reasonable returns on investments that meet the aspirations of the investors and while funding the vital development projects aiming at achieving the desired impact.

PIF's investment strategy is premised around concentrating its projects and programs inside Palestine, thus contributing toward the empowerment of the national economy and incentivizing a large number of sectors.

Furthermore, PIF's strategy seeks to invest in high value-added productive sectors such as the energy sector, both traditional and renewable, healthcare services, agriculture, industry, telecommunication and infrastructure, food industries, technology, and others.

PIF implements its investment programs and projects through two investment arms, namely

Amaar Company for Real-Estate and Tourism Development

The company runs PIF's portfolio in the sectors of real-estate, tourism, and infrastructure, including investments and projects in Jerusalem. Massader company comes as a subsidiary of AMAAR Group and focuses on investments in the energy sector, both traditional and renewable. AMAAR Group aims primarily at realizing impact in the targeted sectors alongside achieving financial impact.

Aswaq Company for Investment Portfolios

Aswaq Investments runs PIF's portfolio in the stock market sector as well as in terms of investments in existing companies locally and internationally operating in a diverse set of sectors such as health, telecommunications, industry, and banking. Aswaq Investments aims primarily at achieving the intended financial impact to meet the aspirations of investors on the one hand and finance long-term development projects on the other alongside achieving the desired impact on development indicators.

Philosophy of partnership

PIF relies on attracting and incentivizing local, Arab, and international partners for the implementation of its projects. Thus, PIF would be able to empower the private sector away from competition or domination, in addition to attracting foreign capital into the Palestinian market and encouraging other investors to invest in Palestine.

PIF takes the initiative to launch projects, including bearing the developmental and pre-development costs, drawing clear plans, and getting projects and investments to such an advanced stages thus mitigating risks, and saving the burdens and costs related to pre-operation phases, and addressing all challenges related to the specificity of the situation in Palestine. PIF then attracts local, Arab, and international partners to invest in these projects. Often, major shares are held by the partners.

Main indicators of impact investment (2006-2021)

More than **60** Programs and Project Investments

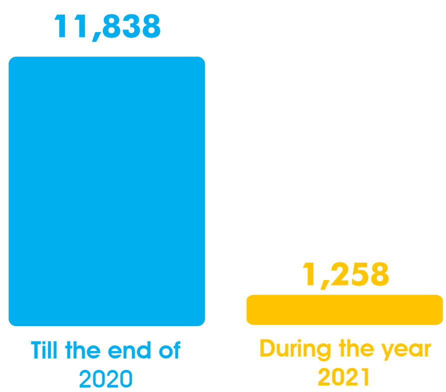
Investment program: approximately **2.1** US$ billion dollars

870.3 million dollars	by PIF
1.2 billion dollars	incentivized from partners (including financing loans)

Partnerships with more than **120** Partners including Local, Arab, and International Institutions

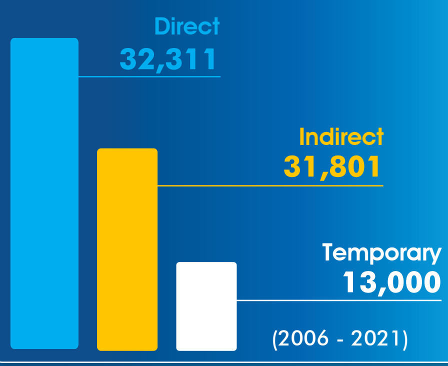
PIF's contribution to the GDP **2.9** billion dollars (2006 - 2021)

Small businesses and enterprises benefitting from PIF investments



89 million dollars Size of direct investment in Jerusalem and so-called 'Area C'

Job opportunities Total 77,112



Size of PIF's assets: approximately **957.1** million dollars (Till the end of 2021)

Governance

PIF is governed by its by-laws, and the Palestinian applicable Companies' Law. PIF adopts several measures to strengthen its governance, that are built on principles of integrity, transparency, and audit. Those practices and principles were developed in cooperation with the relevant expert international companies according to the highest international standards, criteria, and best practices. Several policy manuals have also been developed and govern the various business operations. These are regularly reviewed and updated.

PIF remains a member of the International Forum of Sovereign Wealth Funds (IFSWF) since 2016. This membership reflects PIF business operations alignment with the principles endorsed by the forum known as 'Santiago Principles' which focuses on good governance, transparency, and independence from the national executive authorities. Those principles were developed under the auspices and support of the International Monetary Fund IMF. IFSWF grants PIF access to the latest international practices, participate in the encounters, conferences, and activities of interest, in addition to enabling a wide range of networking with Sovereign Funds around the world. PIF represents Palestine with pride in such an international forum.

PIF is also a member of the Global Impact Investing Network (GIIN) which includes investment institutions and funds that contribute to financing and finding solutions to the most challenging issues in the world through the development of vital infrastructure, strategic projects, as well as education and research sectors that help accelerate the process of developing impact investment. Through GIIN, PIF has an open access to knowledge, and is exposed to the most recent "Impact Investment" models around the world. Such knowledge include access to the most updated Impact KPIs measurement tools that enable PIF to fulfill its goals and be aligned with the international practices and related principles.

Internal Audit

PIF and its subsidiaries are subject to an internal audit review by the Internal Audit unit reporting to the Board of Directors' Audit Committee, in cooperation with one of the big four Audit firms.

External Audit

Like other shareholders' companies, the financial statements of PIF are subject to audit by an independent external auditor who expresses an independent opinion regarding the fairness of the financial statements and data prepared by the executive management. According to the governance manual, an external auditor is selected from among the big international audit firms that have established reputation and expertise in the field of PIF work. The audited financial statements are issued according to international standards and are published together with the independent auditors' report on PIF website and in the annual report that is approved by the General Assembly.

Board of Directors

The President of the State of Palestine appoints the Chairman and members of the Board of Directors. The Board of Directors is comprised of eleven members with experience in various fields oversees the work of PIF. The BoD oversees PIF activities and supports in the design of its overarching strategy.

Dr. Mohammad Mustafa. Chairman

Dr. Mustafa is currently the Chairman of Palestine Investment Fund (PIF). He served as the Deputy Prime Minister in the 15th Palestinian Government and the Deputy Prime Minister for Economic Affairs, and the Minister of the National Economy in the 16th Palestinian Government. Prior to his Chairman of PIF, Dr. Mustafa was the CEO of PIF, where he led it to become a leading economic institution in Palestine, that has been able to achieve remarkable financial results. In addition, he led the launch of several leading Palestinian companies in vital and strategic sectors such as telecommunications, real estate, energy, SMEs, construction, hospitality, tourism, and infrastructure. Earlier, Dr. Mustafa worked at the World Bank in Washington, as an Economic and Investment Reform Advisor in Kuwait and Saudi Arabia, as CEO of Paltel and as an instructor at George Washington University.

Dr. Mohammad Nasr

Associate Professor of Economy at the Birzeit University. Dr. Nasr is a former Chairman of the Board of Trustees of the Palestine Economic Policy Research Institute MAS. He holds a PhD and M.A. in Economy from Ohio state university and M.A. in Business Administration from Wayne State University.

Mr. Maher Al Masri

Chairman of the Palestine Stock Exchange, as well as Chairman of the Board of Directors of the Palestine Islamic Bank. Mr. Masri is the former Minister of National Economy and has led several economic enterprises and institutions as chairman as well as on the board of directors. He holds a Master's Degree in Economics from the American University of Beirut

Mr. Samer Khoury

CEO of The Consolidated Contractors Company (CCC), Mr. Khoury serves as a board member in numerous entities worldwide. He holds a bachelor's degree in Civil Engineering from California State University and a master's degree from the University of Southern California.

Mr. Mazen Sinokrot

Chairman of the Board of Directors and CEO of Sinokrot Global Group. Mr. Sinokrot is the former Minister of the National Economy and founder of the Palestine Trade Center (Paltrade). He obtained his degree in Production Management and Industrial Engineering from Nottingham University.

Mr. Azzam Al Shawa

Former Governor and Chairman of Palestine Monetary Authority, former Head of Energy Authority and a member of several local and international economic organizations and institutions. Mr. Al Shawa holds a bachelor's degree in mathematics from Memphis University.

Engineer Nabil Al Sarraf

Businessman, chairperson, and member of several public shareholding companies in Jordan and Palestine. Mr. Al Sarraf is also a member in several other companies, institutions, and charitable societies. He holds an M.A. degree in Civil Engineering from Aachen University in Germany.

Mr. Mohammad Abu Ramadan

Businessman, he holds currently the position of Chairman of the board of Ooredoo Palestine, representing PIF. Mr. Abu Ramadan is the former Minister of Planning and Administrative Development. He is also a member of the board of directors of several companies and economic institutions. He holds a bachelor's degree in Business Administration from Syracuse University.

Mrs. Lana Abu Hijleh

Expert in local and international development and civil society. Mrs. Abu Hijleh is currently the Director General of Global Communities in the West Bank and Gaza Strip since 2003. She previously served as Assistant Resident Representative for the UNDP. She serves on the boards of many organizations in Palestine.

Mr. Tamer Bazzari

Founder and CEO of Genero Capital and former CEO for Rasmala Investment Bank. Mr. Bazzari has held positions in the Dubai Financial Market, Ernst & Young in the UAE, and Deloitte in Canada. He serves on the boards of several leading financial and business enterprises in the Gulf. Bazzari obtained his postgraduate degree in Accounting from Concordia University, Canada, and is a chartered accountant and chartered financial analyst.

Mr. Ali Abu Diak

Lawyer and legal advisor, who served formerly as Minister of Justice and the Secretary General of the Council of Ministers and Head of the Fatwa and Tashree' Office as Supreme Court Judge. Mr. Abu Diak holds a B.A. in Law from the University of Applied Sciences-Jordan, and M.A. in Commercial Law from the Law Institute-Birzeit University.

Board Committees

PIF's Board of Directors includes four permanent committees that are comprised of board members in line with PIF's bylaws and the governance manual. These committees are:

Investment Committee

Regularly reviews investment proposals and the performance of PIF and its subsidiaries, ensuring investments are made in sound, strategic sectors with acceptable returns and economic and development impact. Committee members:

- Dr. Mohammad Mustafa – Chairman
- Dr. Mohammad Nasr- Member
- Mr. Mazen Sinokrot- Member
- Mr. Maher Al Masri- Member

Audit Committee

Reviews outputs and results of the internal and external audits of PIF and its subsidiaries to ensure the transparency of financial statements and operations. Committee members:

- Mr. Tamer Bazari – Chairman
- Mr. Maher Al Masri- Member
- Mr. Mazen Sinokrot- Member
- Mr. Mohammad Abu Ramdan- Member

Governance and Nominations Committee

In charge of supervising and reviewing procedures and decisions related to governance in PIF and its subsidiaries, in addition to nominations for membership in the Boards of Directors representing PIF where applicable. Committee members:

- Dr. Mohammad Mustafa- Chairman
- Dr. Mohammad Nasr- Member
- Mr. Azzam Shawa- Member

Human Resources Committee

Reviews PIF and subsidiaries' human resources policies including determining the salary and benefits of the General Manager and the salary scale and policies for PIF staff. Committee members:

- Mr. Nabil Al Sarraf- Chairman
- Mrs. Lana Abu Hijleh- Member
- Mr. Samer Khoury- Member

The General Assembly

The General Assembly meets periodically on annual basis in the presence of the Companies Controller, and occasionally in follow up and strategy meetings. The General Assembly is comprised of 30 individuals including the members of the Board of Directors. The GA members are representatives of the shareholder from different backgrounds and specializations, including a range of public, private, and civil society organizations. Members of the General Assembly are appointed upon a decree of the President of the State of Palestine according to the by-laws.

The mandate of the General Assembly

Discuss and approve the Board of Directors' Annual Report.
Discuss and approve the Auditor's Report.
Discuss and approve the Board of Directors' recommendations on dividends distribution.
Discharge members of the Board of Directors.
Appoint an external auditor.

A detailed press release of the annual meeting is published immediately after the meeting and uploaded on PIF's official website.

Members of the General Assembly

Chairman and Members of PIF's Board of Directors	Mr. Hisham Al Omari
Head of the Palestinian Private Sector Coordination Council	Mr. Abdulkader Al Husseini
Representative of the Court of the Presidency	Dr. Imad Abu Kishek
Representative of the Board of Directors of the Women's Business Forum	Mr. Ahed Bseiso
Dr. Ali Abu Zuhri	Mr. Nassar Nassar
Dr. Nabil Qassis	Mr. Jawdat Al Khoudari
Mrs. Hind Khoury	Dr. Suheil Sultan
Dr. Atef Alawneh	Dr. Ola Awad
Dr. Safa' Nasr Al Deen	Mr. Alaa' Alaa' El Deen
Dr. Ziad Al Bandak	Mrs. Inas Abu Laban

PIF General Manager

- PIF General Manager is appointed by the President of the State of Palestine, upon the recommendation of the PIF Board of Directors.
- The General Manager manages the holding company and reports to the Board of Directors regarding its performance.
- The General Manager assists the Board of Directors in setting PIF's annual plans, and monitoring and evaluating the performance of its subsidiaries.

Fadi Dweik

Mr. Fadi Dweik has been the General Manager of PIF since 2016. He previously served as the VP for financial and administrative affairs. He also established and headed previously the internal audit function within PIF. Mr. Dweik worked with several prominent international companies in the fields of consulting, audit and risk management, and corporate governance. He has a wide range of experience in investments, real estate, banking, and financial institutions, industry, hospitality, non-profit organizations, governmental institutions, and health care providers. Mr. Dweik serves on the boards and executive committees of several companies affiliated with PIF as well as NGOs in Palestine. Mr. Dweik holds a Bachelor's degree in Accounting and a Master's degree in Business Administration, both from Birzeit University.

Subsidiaries Directors

- Eng. Jamal Barahmeh........................CEO of Ammar Real Estate and Tourism Development Company
- Mr. Shadi Al-Khatib.........................CEO of Aswaaq Investment Portfolios Company
- Mr. Azem Bishara................................CEO of Massader company

Executive Management

- Mr. Ashraf Ibrahim ....Chief Financial Officer
- Mr. Michael Hajal.....................Chief Investment Officer
- Mr. Abdel Hamid Al-Abwah ......Chief Audit Executive
- Mr. Anas Arfaeya.......................General Legal Counsel
- Mr. Awad Duaibes ....Director of Public Relations and Communication
- Mr. Feras Mahmoud ....Director of the Department of Administrative and Personnel Affairs
- Mr. Nader Eid...........................Director of Information Technology Department

Impact Investment in Economic Sectors

Energy Sector

The Energy Sector plays a vital role in the process of economic development. It is considered a primary factor in industrial development and economic growth. Electricity is the main component of this sector. Palestine imports more than 98% of its electricity. As such, PIF is implementing an investment program in the energy sector, both traditional and renewable, to contribute toward achieving energy security and reducing the costs of imported electricity.

Top Energy accomplishments in 2021

1. **PIF Schools Solar Rooftops Program wins The United Nations Prize for Global Climate Action.**
2. **Finalizing the installation of solar panels on the rooftops of 80 schools.**
3. **Signing an agreement with North Electricity Distribution Company to establish the "Noor Al Shamal" Solar PV Plant with a capacity of 5 MW.**
4. **Signing an agreement with Jerusalem District Electricity Company to establish "Nour Rammon" Solar PV Plant in the governorate of Ramallah and Al-Bireh.**

Investment Programs **9** In traditional and renewable energy

Amount of energy produced **20** MW Since the launch of the program

Since the launch of "Noor Palestine" solar energy program to the end of 2021

70 Specialized job opportunities created in the field of the building of large-sized Solar PV Plants (engineers, craftsmen, and technicians)

Since the launch of "Noor Palestine" solar energy program to the end of 2021

125 Dunums developed through the establishment of Noor Jericho and Noor Jenin solar energy plants

Since the launch of "Noor Palestine" solar energy program to the end of 2021

Success Stories in the Energy Sector

PIF succeeded in implementing several projects in the renewable solar energy in Palestine. Those success stories contributed to the overall development of this sector including raising the local working companies' competencies and abilities. Those projects are:

"Noor Jericho" Solar PV Plant

PIF developed Noor Jericho over an area of 86 dunums with a total of 20,000 solar PV panels. The capacity of the plant is 7.5 MW, approximately the equivalent of the consumption rates of 3600 households according to the average annual consumption rate of electricity for households in Palestine.

The plant is operating and has been linked up with JEDCO's electricity grid. The plant will reduce the electricity imports by a total of NIS 4.5 million Shekels annually, and approximately NIS 112 million Shekels throughout its expected 25-year life span.

PIF sold the plant to the Birzeit Pharmaceutical Company, Istishari Arab Hospital, and the National Bank to meet their electricity needs.

20,000
Solar panels over an area of 86 dunums

Production Capacity:
7.5 MW, i.e.
The equivalent of the consumption of approximately 3600 households

Reducing electricity imports:
NIS 4.5 million Shekels annually and NIS 112 million Shekels throughout the lifespan of the project

"Noor Jenin" Solar PV Plant

This plant was constructed over an area of 52 dunums in the town of Kufr Dan in the Jenin governorate with a total of 13,500 solar panels. The capacity of "Noor Jenin" is 5MW, i.e. the equivalent of the consumption of 2,400 households of electricity.

The construction, operation, and connection of the plant to the electricity grid were completed in 2020, and the plant was sold to the North Electricity Distribution Company, to cover the electricity needs of the municipalities that fall under the Company's jurisdiction.

13,500 solar panels over an area of 52 dunums

Production capacity: 5 MW, i.e.

The equivalent of the consumption of 2,400 households

Reducing electricity imports: NIS 3 million Shekels annually, and NIS 75 million Shekels throughout the life span of the project

Projects under implementation

Noor Palestine Solar Energy Program

PIF launched 'Noor Palestine Solar Program' to generate 200MW of electricity from solar energy, which is the equivalent of 14% of the West Bank's needs for electricity. The investment capital of this program amounts to $200 million dollars. The program is comprised of several components such as solar PV plants and the schools' solar rooftops program for 500 public schools.

Noor Al Shamal Solar PV Plant

PIF signed an agreement with the North Electricity Distribution Company to establish "Noor Al-Shamal" Solar PV Plant Near the town of Saffarin in Tulkarm governorate. The plant will be built on an area of 55 dunums, with a capacity of 5 MW as a first phase, to fulfill the needs of the North Electricity Company with electricity from renewables. The two parties aspire to generate up to 20 MW of solar electricity.

Nour Rammon Solar PV Plant

PIF signed an agreement with Jerusalem District Electricity Company to establish a Solar PV Plant near the town of Ramon In the governorate of Ramallah and Al-Bireh, the plant will be established with a capacity of 4 MW, equivalent to the consumption of about 1900 households of electricity. Works are set to start in 2022.

Schools solar Rooftops Program

This program is implemented in partnership with the Ministry of Education, the Jerusalem District Electricity Company (JEDCO), the Northern Electricity Distribution Company, and the Hebron Electric Power Company to provide 500 public schools with rooftop PV systems over a four-year timeframe. The program aims at generating 35MW of electricity with a total investment of US$ 35 million dollars. It is expected that the program will contribute to the reduction of the annual electricity bill of participating schools by US$1.2 million dollars.

PIF succeeded in attracting international organizations to fund the program such as the European Investment Bank (EIB) which contributed US$18 million dollars and IFC with contributed with a a total amount of US$ 15 million dollars, in addition to a US$2 million dollar-grant from the World Bank.

By the end of 2021, 121 PV systems were installed on the rooftops of public schools in the Jerusalem, Hebron, Ramallah, and Bethlehem governorates after having completed the installation of similar systems on the rooftops of 30 schools in the first phase.

The Program contributes toward upgrading the quality of the school environment in Palestine by using clean energy on the rooftops of public schools, thus helping to reduce the electricity bill of these schools. Part of the electricity generated by these systems will be used to cover the consumption of these schools, while the remaining quantity will be sold to electricity distribution companies.

By the end of the year 2021, the program succeeded in installing solar energy systems on the rooftops schools of a total of 121 schools.

The program will contribute toward reducing the annual electricity bill of participating schools by a total of US$ 1.2 million dollars

Installing solar energy systems on the rooftops of 121 schools until the end of the year 2021

Total production capacity of the program: 35 MW, i.e. the equivalent of the consumption of 16,000 households

Gaza Marine Offshore Natural Gas Field

The Palestinian Natural Gas field, Gaza Marine, is located in the Palestinian coastal area and includes an estimated reserve of 1 trillion cubic feet (TCF) of Natural Gas, approximately 31 billion cubic meters (BCM).

The gas field was discovered in 1999 by British Gas (BG) following a seismic survey and the drilling of two exploration wells. The development of Gaza Marine is considered a central pillar of Palestine's energy security towards the path to self-sufficiency in power generation, providing a relative degree of energy independence, lessening dependence on imported energy sources and significantly reducing the current trade deficit. Gaza Marine development costs are estimated at $1 billion dollars.

According to Palestinian Cabinet decisions the development rights are given to an alliance company comprised of Palestine Investment Fund (PIF) and the Consolidated Contractors Company for Oil and Gas (CCC) with 27.5% of shares as approved in the existing development rights agreement, and 45% of the shares are allocated to a global external developer partner to be approved by the Palestinian Council of Ministers.

Early 2021, the developing partner signed a Memorandum of Understanding with The Egyptian Natural Gas Holding Company (EGAS) which will open the door for cooperation in the quest of developing “Gaza Marine”. Such cooperation could boost the developing process responding to Palestine domestic needs, enhances cooperation between Palestine and Egypt, and examine the possibility of exporting the excess gas to Egypt. Talks are undergoing between the two parties.

Jenin Power Plant

شـركة فلسـطين لتوليد الطـاقة
Palestine Power Generation Co.

PIF is one of the largest investors in the Palestine Power Generation Company (PPGC), which is the development company for the first large scale power plant in the West Bank, located in Jenin. Jenin Power Plant is gas-fired with a generation capacity of approximately 260 MW as a first phase, and 450MW when completed.

The plant will be developed through Palestine Power Generation Company (PPGC), which is supported by a leading group of Palestinian investors including Palestine Development and Investment Company (PADICO), Palestine Telecommunications Company (PALTEl), the Arab Bank Group, the Palestine Electric Company, and the Arab Palestinian Investment Company (APIC), and other investors from the Banking sector such as Bank of Palestine, Al Quds Bank, and Cairo-Amman Bank.

The Jenin Power Plant will fulfil approximately 40% of Palestine's current total electricity consumption with a total estimated investment capital of approximately $650 million dollars.

In 2021, the efforts of the (PPGC) continued to prepare for the launch of construction work, while progress was made in the ongoing work at other fronts, such as designs, preparation of international bids for construction and operation works, the gas line feeding the plant, both in terms of its proposed paths and its construction, and the source of Gas with a top priority to the Palestinian Gas once extracted from Gaza Marine. Talks are continuing with all relevant parties regarding the discharge and transmission of electricity once the plant is operational.

Jerusalem District Electricity Company

PIF invests in JEDCO's shares given that it is a national pioneering company in Jerusalem with its vital role of providing electricity to vast areas of Palestine and the fact that it is the largest employer in the district of Jerusalem. JEDCO seeks constantly alternative sources for electricity with a priority given to renewables, namely solar power.

Palestinian Electricity Company (Gaza Power Plant)

PIF is one of the founding investors of the Palestinian Electricity Company that owns the power plant in the Gaza Strip alongside the other partners. Currently, PIF continues its efforts with the partners to increase the capacity of the plant by shifting it to operate on natural gas.

Health Sector

The health sector plays a major role in the safety and prosperity of societies, therefore, the development of this sector is seen as an indication of the well-being of countries. Accordingly, PIF works on developing and promoting this sector with the goal of providing high quality health services to the citizen.

PIF's Health portfolio in focused in investing, alongside a number of other partners, in the Arab Specialized Medical Complex Company. The complex manages and invests in several leading private hospitals Palestine, such as the Arab Specialized Hospital in Nablus, Arab Istishari Hospital in Al-Reehan (Ramallah), and Ibn Hospital Sina Specialized Hospital in Jenin Governorate, in addition to Istishari Cancer Hospital (under implementation).

Top Health accomplishments in 2021

1. **Opening and operating of Ibn Sina Specialized Hospital in Jenin Governorate**
2. **Opening of an additional ICU for Corona patients at Istishari Arab Hospital.**
3. **Agreement to establish Istishari Arab Hospital - Hebron.**
4. **The ongoing construction of Istishari Cancer Hospital.**

Beds
620

1,100 jobs created under this investment portfolio including specialized jobs, training, and transfer of knowledge

$ 191 Million
Size of investment portfolio (with the partners)

Success Stories

Arab Specialized Medical Complex Company

Is a private shareholding company which was established in Nablus in 1998. The company in which PIF is a shareholder manages and invests in many leading hospitals in the Palestinian health sector such as the Arab Specialized Hospital in Nablus, the Istishari Arab Hospital in Al Reehan Neighborhood, the Ibn Sina Specialized Hospital in the Jenin Governorate, and Al Istishari Hospital For Cancer Treatment (under construction).

Istishari Arab Hospital in Al Reehan

Istishari Arab Hospital is the largest investment in the health sector in Palestine. It is the main investments by the Arab Specialized Medical Complex Company with an investment capital of $75 million dollars. The hospital extends over a total area of 13,000 square meters of 14-floors building. The hospital is equipped with competent and skilled national staff.

The hospital started operating in 2016 with an operational capacity of 100 beds in the primary operational stage. This was followed by a gradual operationalization of a larger number of beds, amounting to a total number of 330 operating beds. The hospital offers high-quality health services. It contributed to the replacement of referrals abroad, helping there in reducing the cost of overseas referrals and providing patients access to all the services they need, whether diagnostic or remedial inside Palestine.

Istishari Arab Hospital holds the Joint Commission International Accreditation "JCIA", which entails daily follow-up of the quality of service provided, patient satisfaction, continuous improvement, and follow-up of all complaints and observations. Operations are automated, whether at the level of patients medical files, HR system and SAP international finance system.

Arab Specialized Hospital

Arab Specialized Hospital, located in Nablus Governorate, began operating in the year 2000, and it is one of the Hospitals of the Specialized Arab Medical Complex Company, the hospital has a capacity of 104 beds, The hospital includes departments of catheterization, cardiac surgery, surgeries, orthopedics, neurology, and other services. In addition to Newborns, nursery, emergency services, and Razan Specialized Center for Infertility and Pediatrics Tubes, critical care, endoscopy, general surgery, and obstetrics department. The hospital also includes a radiology department Pharmacy, laboratories, and specialized clinics.

The hospital consists of 9 floors with a total area of 6,500 square meters, and it serves the residents of all governorates, especially the northern governorates of Nablus, Tulkarm, Qalqilya and Jenin.

New Hospitals

Ibn Sina Specialized Hospital

Ibn Sina Specialized Hospital is the first specialized private hospital in Jenin. The hospital includes an emergency department, cardiology, intensive care unit, surgery, radiology, maternity ward, ophthalmology, medical lab, and outpatient clinics. The hospital was officially opened at the beginning of the year 2021.

The current operational capacity of the hospital is 56 beds, with a total expected operational capacity of 200 beds upon competition. It is part of the investments of the Specialized Arab Medical Complex Company, in which PIF is a shareholder, and a group of local investors.

Al Istishari Hospital For Cancer Treatment (Under construction)

The civil works in Al Istishari Hospital for Cancer Treatment started earlier in 2021. The hospital will be built in the Ramallah and Al Bireh Governorate with a capacity of 170 beds as the first stage over an area of 14,400 square meters. It is part of the investments of the Arab Specialized Medical Complex Company.

This hospital will offer diagnostic and treatments services to cancer patients including chemotherapy for adults and children, nuclear medicine therapy, and oncology clinics. The hospital will contribute towards substituting medical referrals abroad that incur high costs to the treasury, in addition to providing high-quality healthcare services to Palestinian citizens and contributing to the development of Palestinian medical capacities to serve the citizens.

Istishari Arab Hospital - Hebron

An agreement was signed between the Arab Medical Complex and Palestine Polytechnic University in 2021 to establish the Istishari Arab Hospital – Hebron, with a capacity of 400 beds, and an estimated investment capital of $80 million US dollars. This project is part of the expansion of the hospital network of the Arab Medical Complex, and in line with the PIF's vision to provide the needed health services to our people in all governorates of the country.

Telecommunications and Infrastructure Sector

Today, the telecommunications sector plays a major role in economic development, constitute a major element of the infrastructure needed for other economic sectors while being a catalyst for economic growth.

PIF has been involved in this sector as a main partner and founder in the building of the main infrastructure, both in terms of cellular and landline telecommunications, as a founding partner of landline and cellular communications companies operating in Palestine. PIF has also been a major player in pushing forward the developing a national fiber optic network, as a necessary lever that would enable a successful transformation to a healthy the digital economy. The fund's efforts with all parties were crowned towards the end of 2021 by the launch the of the works in laying out a national fiber optic network in Palestine in a healthy competitive environment.

PIF established and leads several projects and investments aimed at developing this sector and promoting Telecommunications Infrastructure in Palestine, such as the Palestinian National Mobile Company Ooredoo, Paltel company, Mada Al Arab and Transcend.

Top Telecommunications accomplishments in 2021

1 **Ooredoo achieved profits of $13.4 million dollars during the year 2021, with an increase of 78% compared to 2020.**

2 **Mada Al-Arab signed agreements with the Jerusalem District Electricity Company, the North Electricity Distribution Company, and the Hebron Electricity Company for the use of their respective infrastructure in the establishment of the national fiber optic network.**

3 **Mada Al Arab launched the trial phase of the fiber optic network services.**

Success Stories

Ooredoo Palestine

Ooredoo Palestine was established through a partnership between PIF and Ooredoo International Group. The services of Ooredoo Palestine were launched in the West Bank in 2009. Ooredoo announced its initial public offering in 2010, while its shares were listed on Palestine Stock Exchange in 2011. It succeeded in launching its commercial services in the Gaza Strip in 2017 despite the many obstacles and launched the 3G services in 2018 in the West Bank. Ooredoo continued its year-on-year success, bringing its total subscriber base to 1.4 million at the end of 2021.

After its success in overcoming many financial and economic challenges, Ooredoo achieved positive financial results, by achieving net profits of about $13.4 million US dollars in the year 2021, which reflects an increase of 78% compared to the year 2020.

Palestine Telecommunications Company (PALTEL)

PIF is a founding partner in the Palestinian Telecommunications Company (Paltel), which is one of the largest investors in the ICT sector.

PALTEL provides a variety of services, including fixed-lines communications, Internet services, and other added services. The company achieved a net profit of 67.4 million Jordanian dinars during the year 2021, with a growth rate of 56.7% compared to the year 2020.

MADA Al Arab

Established in 2010, Mada Al Arab is a prominent Internet service provider in Palestine and currently owns a developed network that covers all Palestinian Governorate. The company is currently working on laying out its own Fiber optics network, which constitute the next leap into the future of telecommunication and broadband internet.

Capitalizing on its vast network of partners, PIF managed to play a catalyst role in the signing of agreements between Mada Al Arab form one hand, and the Electricity distribution companies on the other. Those agreement will enable Mada AL Arab to build and layout the fiberoptics network in the respective jurisdiction areas of these companies, using the up-the-ground infrastructure they own in these areas. PIF is a major shareholder in Mada AL Arab.

Transcend Company

Transcend is a specialized IT company. Transcend works outs of its headquarters in the city of Bethlehem as a call center consisting of 88 seats offering technical support services, customers' services, simultaneous interpretation services, and marketing services for commercial and services companies in Palestine and abroad. Transcend offers its services in several languages such as French and German in addition to Arabic and English. PIF, alongside other partners, invests in Transcend with the aim of using this investment in the expansion plans of the company and the hiring of the largest number of qualified individuals.

Industry, Trade, and Agriculture Sector

This plays a leading role in the process of economic development, which is reflected in improved economic indicators, such as job creation, strengthening national products, and reducing dependence on imports.

Top Sector accomplishments in 2021

1. Construction of external and steel structures launched at Al- Rabyeh Animal Feed Factory, production line and machinery procured and shipped from an international supplier.

2. Signing a strategic partnership between Sanad Construction Resources Company, Union Five for Development and Investment (Issa Khoury Group Mining and Construction) and Aswaq Investment Company through Jericho Cement Industry Company, to construct the first Palestinian cement mill.

3. Signing the supply agreement for the cement mill machinery.

4. Siniora acquires controlling stakes in a meat processing company in Turkey.

Success Stories

Al Dalyeh Company for Agricultural Investment

PIF invests in "Al-Dalyeh" in partnership with the Sawafta brothers. The company aims to develop a total agricultural farming area of up to 500 dunums of the so-called area (C) in the northeastern part of the West Bank in Tubas Governorate, and on the western borders of the Jordan River (Jordan Valley). 370 dunums of the total area of the project land were developed and planted with early seedless grapes and citrus, and greenhouses have been established on an area of 65 dunums.

In the coming stages, work will be done to cover all areas planted with grapes with plastic houses. PIF aims this project to enhance the resilience of farmers and their families on their lands in areas (C) and to provide them with meaningful job opportunities.

Arab Palestinian Investment Company – APIC

PIF invests in APIC which was established in the year 1994 upon the initiative of a group of Arab businessmen who wanted to direct funding and investments into Palestine. APIC investments are diversified across manufacturing, trade, distribution, and services sectors in Palestine, Jordan, Saudi Arabia, United Arab Emirates and Turkey through its subsidiaries specialized in several areas such as trade, industry, advertising, and others.

APIC employs approximately 2,600 employees in the group companies. According to the preliminary unaudited financial statements, APIC achieved a net profit of $37.94 million during the year 2021, a growth of 53.96% over the year 2020.

Siniora Company for Food Industries

PIF is a shareholder in Siniora Food Industries Company, the leading company in processed meat in the region, Siniora Al-Quds brand, which is well known in the field of chilled and luncheon meat. Established in Jerusalem in 1920, Siniora is considered one of the first and largest companies in the production of processed meat, through four factories equipped with the latest technologies. These factories are located in Palestine, Jordan, the UAE and Turkey.

Sanad Construction Resources Company

PIF established Sanad Construction Resources Company in 2016. It is a public shareholder company listed its stocks in the Palestinian stock market. The aim of establishing this company was to bring together all commercial activities in the sector of trade and manufacturing of construction materials, particularly cement.

National Aluminum & profile company (NAPCO)

PIF invests in NAPCO which was established in 1991. NAPCO is the first and only industrial company for the manufacturing of aluminum in Palestine. It is based in Nablus over an area of 40,000 square meters and is equipped with a full range of state-of-the-art production lines and technologies. NAPCO has a production capacity of more than 7,000 tons annually of products that are of international quality and standards.

Authorized Fabricator

NAPCO inaugurated a branch in Jordan with the aim of seizing opportunities in the Jordanian market to expand into Arab markets. It also has a representative office in Ramallah and another in Gaza.

Birzeit Pharmaceutical Company

PIF invests in the Birzeit Pharmaceutical Company (BPC) which is Palestine's leading manufacturer of generic medicines. With a broad portfolio of products that consists of more than 300 products distributed among ten production lines and covering different therapeutic ranges, BPC targets all types of customers in the local Palestinian market including the Ministry of Health, local health care organizations, international health care organizations and programs, end users (through pharmacies and physicians). BPC market is not limited to the Palestinian Territory; the company has a well-established presence in different key export markets – mainly Algeria and East Europe and is continuously targeting new markets.

BPC
Birzeit Pharmaceutical Co.
شركة بيرزيت للأدوية

Projects in Progress

Jericho Agro-Industrial Park

PIF is one of the main shareholders and founders of the project in partnership with Palestine Real Estate Investment Company - PRICO and Sanabil Investment Company. Jericho Agro-Industrial Park is located on the eastern side of the city.

The project aims at providing the needed infrastructure for investors to increase Palestinian exports and enable free access of Palestinian products to foreign markets. The project will provide, upon completion of all stages, about 5,000 direct jobs and at least 10,000 indirect jobs. The first phase of the project was completed over an area of 140,000 square meters of integrated infrastructure suitable for all needs as well as industrial and agricultural projects.

Al Rabyeh Animal Feed Company

Al-Rabyeh Animal Feed Company was established in Hebron Governorate at the end of 2018, in partnership between PIF and the Palestine Industrial Investment Company. The company is working to establish an industrial facility on an area of 15 dunums equipped with modern production lines operating according to the best standards. The production capacity of the factory is 20 tons per hour of all kinds of feed, and 40 tons per hour in later stages.

The factory has a storage capacity of about 22 thousand tons of grain.

The project aims to contribute to bridging the gap in the local production of fodder in the southern West Bank Replacement of feed imported from foreign markets.

The civil works have been completed in 2021 and works started in the steel construction and the silos, procurement and shipment of equipment, production lines and machinery are being finalized. Operations are expected to start in 2023.

Al Rabyeh Animal Feed Factory

Sanad Cement Mill

Sanad is leading with other partners (Issa Khoury group – mining and construction, and Aswaq) the construction of the Cement Mill Project. The mill will have a capacity of 1.13 million tons annually, covering around 50% of the market needs. The investment in the cement mill is being carried out through the Jericho Cement Industry Company that currently owns the plant for packaging cement in different sizes. The estimated investment cost is $ 85 million.

PalOx Factory for Medical Oxygen

This project, implemented by the Istishari Arab Hospital, aims at producing liquid medical oxygen to cover the needs of West Bank hospitals. Oxygen is an essential part of health care in hospitals.

This project will contribute to reducing the cost of importing this basic material for hospitals. The estimated investment for the project is about 4 million dollars.

Tarqumia Industrial Park and Bonded Area

PIF obtained the rights to develop and operate Tarqumia Industrial Park. The project will include an industrial park and bonded areas near Hebron. It will facilitate the movement of goods to regional and international markets and will serve as a critical link to integrate the Gaza economy with the West Bank. The Park will be connected to the ports and the Jericho Agro-Industrial Park, enabling Palestine to access Arab countries and the rest of the world. It will provide investors and companies with warehouses, land, and modern technological logistics solutions to strengthen Palestinian products, and promote competencies in the Palestinian industrial supply chain,. The project will cost US$ 105 million dollars and will contribute to strengthening Palestinian products and stimulating qualified human resources in the Palestinian industrial supply chain.

Real Estate Sector

The real estate sector plays a major role in Job creation. PIF adopted a strategy of horizontal real estate development which is built around land development through providing the necessary infrastructure before transferring to local sub developers, thus stimulating, and incentivizing them to invest.

Top Real Estate accomplishments in 2021

1. **Launch of the development work in the "Moon City" project in Jericho and the Jordan Valley.**
2. **Agreement with 16 local sub developers to start the development of the Moon City according to the master and urban plan that was elaborated by Amaar Company.**
3. **Launching the "Lacasa Heights", in the Moon City through a strategic partnership with Lacasa Holding Group. The project is a residential and touristic resort.**
4. **Signing an agreement with a local investor to sell development rights for the establishment of a mixed-use commercial center in Ersal Center project.**

Number of projects/ investments: **9**

Area of developed lands 2015-2021: **3.3** million square meters

Number of jobs created, including temporary and indirect jobs since inception Approximately **11,000** jobs

Success Stories

Al Reehan Neighborhood

PIF completed the implementation of Al Reehan Neighborhood project from scratch and succeeded in transforming a total area of 250 dunums of undeveloped lands into a residential, commercial, and investment area. Al Reehan is one of the most well-known and iconic residential neighborhoods in Palestine. It is an extension of the city of Ramallah and is located close to it. The area has various commercial, health, educational, and social facilities. It was developed according to the highest standards of design and infrastructure, allowing it to attract not only citizens for residence purposes, but also several investments such as the Arab American University graduate campus, Istishari Arab Hospital, La Casa mall, the housing project of the provident fund of Jawwal employees.

Al Jinan Neighborhood

PIF completed the implementation Al Jinan model neighborhood which is located amidst Jenin city's forests with a total area of 77 dunums, 3 kilometers to the east of the city center, and 5 kilometers to the northwest of the Arab American University.

Al Jinan Neighborhood has an integrated infrastructure with all needed elements for a residential area such as road networks, electricity grids, water and telecommunication networks. It is the first of its kind in the northern part of the West Bank.

Al Jinan include 54 back-to-back villas, three residential buildings of 28 apartments, in addition to a local commercial center and a green area.

Beit Hanina Heights (Jerusalem)

This project is located in in Beit Hanina, one of the most important Palestinian residential neighborhoods in Jerusalem. It is located about 5 kilometers from the old city and 14 kilometers from Ramallah.

The project consists of two residential towers and underground parking lots. The total residential area of the housing is approximately 10,902 square meters, with 4422 square meters for parking lots. The residential area is divided into 52 apartments, ranging from 120 to 130 square meters.

Following the obtaining of all needed licenses and approvals for the project, PIF set up an appropriate investment environment for the private sector in Jerusalem to start the implementation of the project. And In 2020, an agreement was signed with a Jerusalem-based developer to lead the project which is now ready for implementation. This agreement is in line with PIF's strategy aiming at creating the investment environment for the private sector to start implementing projects in support of the economy in Jerusalem.

Al Bustan Neighborhood in Jericho and the Jordan Valley Governorate

PIF completed the implementation of the project that is located 3.7 kilometers from the center of Jericho city, off the road to Hisham Palace. The project offers 49 lots of land with 750 square meters each. During the year 2020, the project was completed with a total area of 37,000 square meters for final beneficiaries. PIF develops these lands to provide lots of lands that are ready for construction across all governorates, including Jericho and the Palestinian Valleys governorate.

Projects in Progress

Moon City

Moon City project constitutes the largest land development and reclamation in the area, through the development of a fully integrated city urban and master plan with an area of 1,800 dunums. The project includes advanced infrastructure, commercial, tourism and entertainment facilities, with an investment size estimated at $500 million.

Moon City will include 5 major projects in the sectors of tourism, trade, industry, real estate, and energy. These projects are implemented by the Amaar Group as a master developer, in partnership with 16 sub-developers.

Moon City will include several projects, such as a tourist housing project with 1,500 2nd home and tourist housing, in addition to the establishment of the "La Casa Heights", a project in partnership with Lacasa Holding, and a commercial center of the city on an area of 130 dunums.

According to PIF's strategy, plans are underway to implement an industrial investment of an additional 85 million dollars investment ticket. The industrial area will be surrounded by a green belt to preserve the environment of the region. Whereas, the Noor Jericho solar power plant was established, with a capacity of 7.5 megawatts, and an area of 86 Donum within the same development area, making it the largest solar power plant in Palestine to date.

Jerusalem Commercial Center

The Jerusalem Commercial Center has a strategic location in the heart of Jerusalem. It is about a 10 – minute walk from the Old City and holy sites. It consists of 13 floors, with (5) underground floors parking lots and stores. It also has (2) ground floors for retails, (3) floors for offices, as well as (3) floors designed as a hotel. The total area of the center is approximately 20,000 square meters. The project is currently in the phase of obtaining needed licenses and approvals and attracting partners and investors.

The master plan and the necessary licenses have reached their final stages, marking the start of construction work.

Ersal Center

Ersal Center is home to many Palestinian and regional companies due to its location in the heart of the twin cities of Ramallah and Al Bireh with the necessary infrastructure for the different commercial facilities. It includes (11) multi-purpose commercial towers.

Two towers have already been constructed in Ersal Center: Amaar Tower, a thirteen-floor building, with (3) underground floors. It is home to PIF and Amaar Company among others; and CCC Building, which serves as the company's corporate office, and the office of several Palestinian private sector companies.

An agreement was signed in 2021 with a local investor to sell the rights to develop a mixed-use mall.

Surda Hills in Ramallah and Al Bireh Governorate

This project, that PIF has launched and implemented, spans over the hills of the town of Surda north of Ramallah city, about (2) kilometers from the iconic Al Reehan Neighborhood where public, educational, health, entertainment and commercial facilities are available for the residents of the area.

Surda Hills offers 52 land lots with areas ranging from 500-900 square meters. Each lot is sorted with a title deed and has all the adequate infrastructure services that provide all necessary services for modern constructions. The project aims to connect Surda Hills with main roads to attract all those who search for excellence.

Birzeit Heights in Ramallah and Al Bireh Governorate

PIF implements this project that is located approximately two kilometers away from the center of Birzeit to the north of Ramallah. Through this project, PIF has effectively offered adequate infrastructure to build new residential neighborhoods outside city centers and largely populated localities under its horizontal real estate development strategy.

The project is planned with lots of 600-800 square meters sorted with title deed, allowing its potential buyers to start utilizing the land lots that are already equipped with the necessary infrastructure such as road networks, water and electricity. It is connected to the main roads between the Palestinian cities.

Tourism Sector

Palestine is characterized by coastal areas and picturesque mountainous landscapes being the cradle of religions, in addition to the presence of many Islamic and Christian religious monuments, especially in the city of Jerusalem, Bethlehem, and Jericho, in addition to summer, winter and natural resorts, in addition to cultural tourism through many historical sites such as Hisham's Palace, and the Al-Pasha Palace Museum. Finally, eco-tourism, with Palestine owning about 48 nature reserves.

The tourism sector plays a major role in improving the indicators of the national economy and creating jobs, as the contribution of the tourism sector amounted to 2.5% of the GDP, and the number of workers in the sector reached about 26,180 employees, according to the data of the Palestinian Central Bureau of Statistics (before the Corona pandemic).

For this reason, PIF invests in several tourism projects and facilities, along with many local and international investors. This sector has been greatly affected during the last period due to the Corona pandemic, and according to estimates by the Palestinian Central Bureau of Statistics, losses amounted to about $1.15 billion dollars for the year 2020.

Out of PIF's national commitment, and as part of its efforts to curb the (Corona) pandemic, PIF has placed part of the hotel facilities at the disposal of the official authorities.

Number of projects: 9

Number of hotel rooms: 1,079

Number of hotel rooms under construction: 208

Grand Park Hotel (Jerusalem)

Investment in the Holy City, especially in the hospitality and tourism sector, is of particular importance to the Jerusalem economy, and to Palestine in general.

PIF invests with Al-Quds Holding Company in the Grand Park Hotel Jerusalem, which is located in a strategic location in Sheikh Jarrah neighborhood and the Old City.

The hotel consists of 91 hotel rooms and many facilities. Despite the challenges posed by the Corona pandemic, PIF and its partners continue to work towards the sustainability of the hotel business in Jerusalem.

Jacir Palace Hotel (Bethlehem)

Jacir Palace Hotel is an iconic touristic feature in Bethlehem city. It is a five–star hotel PIF is one of the major shareholders of the hotel along with other shareholders. Classified as a 5 stars hotel, Jacir Palace contains 250 hotel rooms and several other facilities.

Millennium Hotel

Millennium Hotel is a modern landmark in the city of Ramallah. PIF, along with many partners, contributes to the hotel, which is managed by the Millennium International Network. The 5-star hotel includes 171 rooms and 7 meeting rooms, in addition to service and tourism facilities with an area of 9,317 square meters.

PIF is proud of the efforts made to sustain the hotel's business despite the huge challenges caused by the Corona pandemic.

Bethlehem Convention Palace

PIF is one of the shareholders in the Bethlehem Convention Palace alongside other partners, the most prominent being CCC. The Palace is located in the Bethlehem Governorate and is considered one of the most prominent modern sites in Palestine. The Convention Palace is an architectural masterpiece and the best venue for meetings, events and activities, and folkloric and cultural eves in Palestine. It includes an amphitheater that has an elegant architectural design and is considered the most modern amphitheater in the area, has the latest lighting and sound equipment and technologies, which makes it the perfect destination for major regional and international events.

Grand Park Hotel (Ramallah)

Grand Park is considered one of the best hotels in Palestine with a strategic and comfortable location in Al Masyoun neighborhood in Ramallah. The hotel was placed under the disposal of the Governor of Ramallah and Al Bireh to use it as a preventive isolation care center against COVID-19 virus.

PIF is currently studying the best ways to make optimal use of the hotel and its facilities to serve its strategy and achieve the desired positive developmental impact.

New Capitol Hotel

PIF invests in the New Capitol Hotel in partnership with the Jerusalem District Electricity Company. It is a 70-room hotel with an investment size of $12 million. The hotel is strategically located on Salah El-Din Street, the commercial artery of Jerusalem. During the stage of renovation, it provided 200 job opportunities. After it was opened, over 40 incoming tourism offices were contracted.

Al Mashtal Hotel (Gaza)

It is a hotel of 250 rooms with meeting halls, restaurants, café shops, and other entertainment facilities in the city of Gaza. PIF invests in the hotel alongside other leading Palestinian companies.

Projects in Progress

Golden Gate Hotel (Under construction)

This planned hotel will have 208 rooms in the heart of Jerusalem in Shiekh Jarah neighborhood. The project area will be 3200 square meters with 21.000 square meters built-up area. The project will enhance the city's sustainable tourism efforts by providing and improving the existence of projects owned by Jerusalemites.

Hotel within the Jerusalem Commercial Center

The hotel occupies three floors within the Jerusalem Commercial Center project, which is planned to be built with an area of about 4 thousand square meters, with 72 hotel rooms.

Education and Technology Sector

PIF has paid the education sector major attention and focused, in cooperation with partners, on improving and developing the quality of education, in addition to investing in emerging technology-related projects that contribute towards the development of this sector in general.

Success Stories

Al Jinan International School

Al Jinan International School is the first of its kind to focus on technology, applied skills, and coding classes for all stages. Al Jinan Real Estate Investment Company initiated the establishment of the school, through efforts led by a group of investors and businessmen, along with several academics and professionals in Jenin Governorate. The current number of students is 585 (boys and girls). The school was opened in 2018, and PIF shares in the project are 20%.

Ibtikar Fund

PIF is a shareholder in the Ibtikar Fund, a $10 million dollar-fund that invests in innovative Palestinian IT start-ups at their early stages. Ibtikar succeeded in empowering 26 Palestinian start-ups in the field of IT.

Play 3rabi Company

PIF is a shareholder, alongside other partners, in Play 3arabi, a mobile game publisher focused on Arabic mobile games. The company collaborates with game developers to offer games in Arabic which is relevant to the Arab culture and market it in the region to enrich the Arabic digital content.

Projects in Progress

MSA Capital Fund

PIF is one of the investors in MSA Capital Fund, which aims to invest in start-ups, and small and medium-sized companies in various sectors that provide services and technological solutions in developing countries, with a geographic focus in the Middle East.

Microfinance Sector for SMEs and Entrepreneurship

SMEs are the backbone of the Palestinian economy. This sector makes up more than 98% of the operating establishments in Palestine and is the largest employer of the Palestinian workforce.

Accordingly, PIF launched and implement a range of programs and projects that aim at strengthening this sector, enabling small businesses to access needed financing to develop their commercial activities.

Top SMEs' accomplishments in 2021

1. **Conclusion of the Jerusalem Matching Grants Facility aimed at financing small projects in Jerusalem, co-financed by the PIF and the European Union.**

2. **Financing more than 1,200 small projects within the second phase of the emergency "Esnad" program to finance small enterprises with a size of 10 million dollars, and "Ibda" youth program**

3. **Training more than 550 young men and women in various specialized fields and employing about 240 of them in specialized jobs (medicine, nursing, safety and security engineering, teacher training, quality specialists, business administration and marketing).**

Number of projects/ investments: 9

Number of beneficiary companies: 7,669

From all programs until the end of 2021

Number of jobs created: 15,594

From all programs until the end of 2021

Funding Provided $ 47 Million

From all programs until the end of 2021

Success Stories

Jerusalem Matching Grants Facility

In the year 2021, PIF concluded Jerusalem Matching Grants Facility aimed at financing small and medium projects in Jerusalem. This program provides funding (in which the entrepreneur contributes) to SMEs that are the backbone of the economy in Jerusalem, through direct funding from the EU and PIF to companies that demonstrate their ability to implement their expansion plan and develop their business activities.

By the end of 2021, it provided 75 small businesses in Jerusalem with a total amount of Euros 3.5 million. It provided and retained 560 jobs through these enterprises. More than 67% of them are micro-enterprises, and 30% of them are new start-ups. It created and sustained 560 jobs, and covered a variety of sectors such as touristic, educational, healthcare light manufacturing and retail.

The program was cofounded by PIF and the EU with a total amount of €3.5 Million and implemented by PIF. The program injected a similar amount into the economy of the city being a matching facility that included contributions from the beneficiaries.

Economic Empowerment program for Palestinian Refugees in Lebanon

The program that has been launched by PIF aims at supporting Palestinian refugees in refugee camps and Palestinian communities in Lebanon, by providing loans ranging from $500-$5,000 for income-generation projects, through 4 Palestinian and Lebanese lending institutions. More than 4,058 productive loans were provided in Palestinian refugee camps and communities since the launching of the program with a total value of $ 7.25 million. Young people attained 51% of the total value of these loans while women attained 27% while 6500 jobs were created and retained.

Programs in Progress

Ibda' Program for Young Entrepreneurs

This program led by PIF aims at providing production loans with appropriate and encouraging conditions through Palestinian lending and financial leasing institutions operating in Palestine to facilitate the establishment of new projects for youth and create self-employment primarily or create external job opportunities for existing youth projects that would use the funding for expansion purposes.

The program was launched through support from the Arab Fund for Economic and Social Development in the form of a US$30 million dollars loan.

Esnad Emergency Program for supporting MSMEs

PIF launched this program during the COVID-19 pandemic to enable small and micro enterprises to access needed financial liquidity to help them continue their operations through a portfolio of loans and a portfolio of financial facilities for a total amount of US$25 million dollars spread over several phases.

PIF was able to distribute the entire amount allocated to assign and lend about 1,500 projects and contribute to maintaining 2,600 jobs.

The loans can be used to cover the operating capital including the running expenditures of rent, salaries, and others. This would allow MSMEs to retain their workers and employees by paying their salaries during the state of emergency that Palestine is going through since the outbreak of the pandemic.

By the end of 2021, the value of loans provided by the PIF to the SME sector through Micro Financing Institutions (MFIs) and financial leasing companies amounted to more than $30 million. During the year 2021, about 1,225 projects had access to loans, bringing the number of beneficiaries of the "Ibda" program to 3,375 projects from the beginning of the program to the end of 2021, and contributed to creating and maintaining 7,238 job opportunities. The youth percentage was 77%, while females accounted for 34% of the total lending portfolio.

The program was able to contribute to the launch of more than 1,100 new projects and injected more than $55 million into the Palestinian economy ($30 million in loans and $25 million in contributions from investments by the beneficiaries.

Economic Empowerment Fund

PIF approved an investment of $25 million in the Economic Empowerment Fund of the Palestinian people, which is a development investment fund with a capital amounting to US$500 million dollars. The Fund was established by the Islamic Development Bank in Jeddah to enable the Palestinian economy by investing in economic projects with development and social impact.

Jerusalem Program for Lending SMEs

The program provides funding for SMEs operating in Jerusalem with facilitated guarantees. The Arab Fund provided a $4.5 million loan portfolio for this program. Around 137 loans were provided to SMEs in Jerusalem, covering various sectors including industry, services, trade, and tourism. The program managed to create and retain 1,000 new job opportunities

Development Impact Bond (DIB) Program

Finance for Jobs Creation project was launched DIB, funded in partnership with PIF, the European Bank for Reconstruction and Development (EBRD), Netherlands Development Finance Company (FMO), Invest Palestine, THE Palestinian Chile Investment Fund "Olives Seeds" and funding from the World Bank.

This program supports job applicants to match their skills to labour market needs. It targets a group of 1200 beneficiaries aged between 18-29 years (at least 30% of them are females). The program

prepares the targeted sectors based on an evaluation of the market needs. This evaluation brought the focus to specific sectors such as healthcare, nursing, online marketing, IT, education, and engineering.

By the end of 2021, about 550 young people have been trained, 240 of which were hired and retained in their specialized jobs. This program is part of the “Finance for Job” project implemented by the Developmental Alternatives Incorporated (DAI), for the Palestinian Ministry of Finance, and funded by the World Bank. The program’s financing volume is $5.75 million, which is paid to investors upon success in achieving employment results. Noting that these recruitment results are subject to independent scrutiny to ensure maximum transparency in implementation.

Asala Company for Credit and Development

PIF is a key shareholder in Asala, which aims to empower Palestinian women with low income and give them access to their economic and social rights. During the year 2021, Asala provided about $7.5 million in loans for about 1,180 projects. The portfolio of Asala since inception reached a total of $83 million, providing loans to more than 38 thousand beneficiaries.

Palestinian Ijarah Company

PIF launched Ijarah Company in partnership with the Islamic Corporation for the Development of the Private (ICD) and Palestine Islamic Bank. Ijarah is the first specialized Islamic leasing company in Palestine; offering Islamic leasing solutions (Ijarah) to SMEs.

The company leases machines, equipment, vehicles and production lines for ownership. It also targets the productive sectors and SMEs in the Palestinian market.

Since its inception in 2013, Ijarah Company provided its services to more than 500 Palestinian companies. It also offered 1,100 financial leases with an investment portfolio of more than $34 million.

Financial Sector

Financial markets prepare the environment necessary for promoting local investments and attracting foreign investments through monitoring the issuance of securities, trading them among dealers, maintaining investors' properties and building investors' confidence in the local companies.

PIF portfolio in financial markets invests in existing companies in the local, regional, and international markets. The portfolio covers a variety of sectors such as health, communications, industry, and banks. It aims primarily at achieving the required financial impact in terms of meeting the return requirements for the shareholder on the one hand, and financing long-term development projects on the other, in addition to the impact on development indicators.

Rasmala Palestine Equity Fund

Rasmala Palestine Equity Fund was initiated and led by PIF along with key partners in 2011, to manage an investment portfolio in companies listed in the Palestinian stock market and to attract local and global investment in Palestinian securities, with an investment size of more than $50 million dollars.

Arab Islamic Bank

PIF has been contributing to the Arab Islamic Bank since 2015. Arab Islamic Bank is the first Islamic bank in Palestine established in 1995 as a public shareholding company. It commenced operations in 1996, and it provides banking services by the provisions of Islamic sharia (Islamic Law). It has a network of 27 branches and offices all over Palestine.

Palestine Islamic Bank

The Palestine Islamic Bank Public Shareholding Company was established in 1995, and the bank started its banking activity in early 1997. The Bank engages in banking, financial, commercial and investment activities by the provisions of Islamic Sharia, through 44 branches and offices and more than 80 ATMs throughout Palestine.

Palestine Investment Bank

PIF is a shareholder in the Palestine Investment Bank, which was established as a public shareholding company with the participation of a group of bankers and businesspersons from Palestine and Arab countries.

The bank is the first Palestinian bank to obtain the necessary licenses to conduct its business from the Palestinian government, registered with a paid-in capital of $20 million.

Bank of Palestine

The fund contributes to the Bank of Palestine. The bank was established in 1960 with the vision of promoting banking services in Palestine, financing the development of projects, and meeting the financial and banking needs of the various segments of Palestinians. It contributes to the process of building and development as well as staying abreast of technological developments.

Al Safa Bank

Al Safa Bank was established in 2016 as a public shareholding company by a group of companies, institutions and legal entities. It commenced operations in 2016, as a sharia-compliant banking institution. The bank's capital is $75 million and seeks to meet the Palestinian market needs for Islamic banking services and products.

Corporate Social Responsibility

The Corporate Social Responsibility Program aims to develop and support different sectors in achieving economic and social development. The sectors benefiting from the program are varied and and those community-based organization who benefited from the program marked a positive impact in their respective communities.

In 2021, 74 organizations benefited from the program covering different sectors such as youth and entrepreneurship, culture, women empowerment, sports, education, agriculture, and.

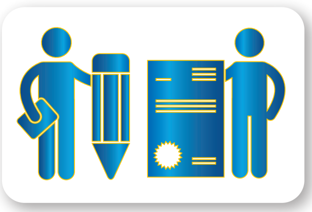
Beneficiaries' diversity was also reflected geographically in the different governorates across Palestine. The CSR program focused in 2021 on the most vulnerable communities i.e. youth, women, and people with disabilities.

The program has also given the priority to support Jerusalem, refugee camps and the so-called Area (C), where the program has provided the support to different initiatives to support their resilience and protect their land, improving their standards of living and creating more job opportunities to them.

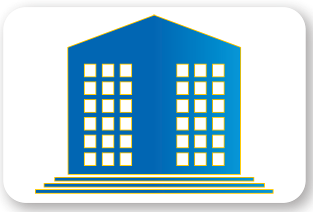
Some of the main results of PIF CSR program throughout 2021:

المسؤولية المجتمعية

11%
for cultural programs and institutions



21%
of the total number to youth and education programs



74
Beneficiary organizations

Supporting the education sector through installing smartboards at The Arab Evangelical Home & School in Hebron

Considering the challenges that the education sector faces in general, The Arab Evangelical School in Hebron was supported in purchasing smart educational boards to use e-learning technology. More than 411 students got to use the boards. The smart boards have assisted students to overcome learning difficulties, in addition to encouraging teachers and students in using modern teaching and learning methods.

PIF employees volunteering in cultivating land in Ein Al-Zarq area

As part of the CSR program, PIF has supported the cultivation of 5 dunums of land in Ain Al-Zarqa area near Deir Ghassaneh village in Ramallah and Al-Bireh Governorate. This area is threatened by settlers and is classified as a so-called area (C). In this context, PIF employees volunteered in preparing the land for planting trees, given that the land is fertile and has promising opportunities for producing fruits and vegetables.

This activity shows PIF's dedication to the local community, in addition to encouraging volunteering work to empower and encourage the spirit of cooperation, commitment and dedication among PIF staff.

Supporting the establishment of women's fitness center for villages northwest of Jerusalem

PIF contributed to supporting the establishment of women's fitness centers in Beit Sureek and Bedo villages located in the northwest of Jerusalem. The support to Bedo Women's Center and Beit Sureek Center aimed to find a place for women to exercise and play sports, and to create an income generating project for those organizations operating in marginalized areas and support them in achieving their sustainability.

Supporting Farmers resilience and protecting the environment and land

PIF in partnership with Palestinian Agricultural Institutions in Ramallah and Tulkarem has supported projects related to fencing agricultural lands in the so-called area (C), in addition to installing irrigation networks to support farmers resilience on their lands, that face continuous attacks by settlers. In this context, 10 dunums of land were supported in Tulkarem, and 12 dunums of land were supported in Al-mghayer and Singel villages in Ramallah governorate. The program contributed to assisting farmers to protect their land through fencing which is high in costs for the Palestinian farmer.

Supporting “The Young Guide” project implemented by Burj Al-Laqlaq Organization

PIF supported “The Young Guide” Project, in partnership with Burj Al-Luqluq Organizations in Jerusalem. The project aims to empower the Palestinian identity and raise awareness and knowledge about Palestinian History and heritage among youth in Jerusalem and 48 areas through qualified trainers. A series of training tours throughout Palestine on the political and social history and heritage of Palestine, including on geography, topography, and plants, in addition to the basics of guiding groups, camping, reading maps, and the foundations of research, documentation and preparing business cards skills. As a result of the training, the project graduated 50 guides from Jerusalem with the knowledge and ability to guided tours.

Establishing a play area at Al-Fawwar Elementary Girls School

In partnership with the French consulate, a play area was established at Al-Fawwar Elementary Girls School, at Al-Fawwar refugee camp in Hebron governorate. The area suffered from the absence of any play area for the girls at the school. Therefore, a suitable ad safe place that encourages students to enhance their academic achievement was created.

The playground was co-financed with the French Consulate, and this cooperation aims to target and support marginalized areas. Similar support was provided to establish a playground for children at Al-Jalazone refugee camp Girls School in Ramallah and Al Bireh governorate in 2019 that was co-financed with the British Consulate and in partnership with the UNRWA.

Palestine Investment Fund Company P.L.C.

Consolidated Financial Statements

31 December 2021

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INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Palesine Investment Fund Company P.L.C

Opinion

We have audited the consolidated financial statements of Palestine Investment Fund Company P.L.C and its subsidiaries (PIF), which comprise the consolidated statement of financial position as at December 31, 2021, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of 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 PIF as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of PIF in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Palestine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information Included in PIF's 2021 Annual Report

Other information consists of the information included in PIF's 2021 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing PIF'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 PIF or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing PIF'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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PIF'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 PIF'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 auditor's report. However, future events or conditions may cause PIF to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within PIF to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of PIF audit. We remain solely responsible for our audit opinion.

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

Ernst & Young – Middle East
License # 206/2012
Sa'ed Abdallah

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Sa'ed Abdallah
License # 105/2003

Ramallah – Palestine
May 10, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2021

	Notes	2021 U.S. $ 000's	2020 U.S. $ 000's
Assets			
Non-current assets			
Property, plant and equipment	7	107,958	128,839
Investment properties	8	43,472	41,157
Projects in progress	9	38,290	41,262
Investments in associates	10	228,926	160,604
Investments in joint ventures	11	13,709	4,417
Investments in securities	12	120,198	100,361
Other assets	13	86,504	67,967
		639,057	544,607
Current assets			
Properties ready for sale	14	18,741	29,262
Accounts receivable	15	102,580	119,908
Investments in securities	12	128,554	162,740
Other current assets	16	36,740	32,976
Cash and deposits at banks	18	29,608	43,483
		316,223	388,369
Assets held for sale	17	1,803	1,303
		318,026	389,672
Total assets		957,083	934,279
Equity and liabilities			
Equity			
Paid-in share capital	19	625,000	625,000
Shareholder's current account	20	(92,413)	(77,125)
Statutory reserve	21	106,664	103,423
Voluntary reserve	21	15,242	12,001
Foreign currency translation reserve		1,301	2,699
Fair value reserve	12	31,313	(2,201)
Retained earnings		29,432	8,686
Total equity attributable to shareholder		716,539	672,483
Non-controlling interests	4	14,118	5,725
Total equity		730,657	678,208
Non-current liabilities			
Long-term loans and lease liabilities	23	99,672	111,694
Deferred tax liabilities	24	1,178	1,643
		100,850	113,337
Current liabilities			
Credit facilities and current portion of long-term loans and lease liabilities	25	64,197	71,250
Accounts payable	26	16,389	20,083
Provisions and other liabilities	27	41,652	48,746
Provision for income tax	28	3,338	2,655
		125,576	142,734
Total liabilities		226,426	256,071
Total equity and liabilities		957,083	934,279

The attached notes 1 to 42 form part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT
For the Year Ended December 31, 2021

	Notes	U.S. $ 000's 2021	2020
Operating revenues	29	106,471	113,946
Share of associates' results of operations	10	14,291	6,427
Share of joint ventures' results of operations	11	(436)	(501)
Gain from sale of share in associates	10	2,952	-
Realized and unrealized gains from sale of share in a subsidiary	6	3,994	-
Gain from investments in financial assets	30	28,582	24,933
Change in fair value of investment properties	8	(2,314)	691
Gain from sale of investment properties	8	502	76
Operating expenses and cost of sale	29	(88,357)	(103,631)
		65,685	41,941
Interest income	31	2,206	1,495
Investment expenses	32	(2,024)	(2,015)
General and administrative expenses	33	(13,482)	(12,036)
Depreciation and amortization	7	(3,129)	(3,853)
Grants and donations		(1,054)	(747)
Finance costs		(9,112)	(10,364)
Other (expenses) revenues, net	34	(4,235)	(3,976)
Profit for the year before income tax		34,855	10,445
Income tax expense	28	(754)	(1,843)
Profit for the year		34,101	8,602
Attributable to:			
The shareholder		32,409	10,764
Non-controlling interests		1,692	(2,162)
		34,101	8,602

The attached notes 1 to 42 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2021

		U.S. $ 000's	
	Notes	2021	2020
Profit for the year		34,101	8,602
Other comprehensive income items:			
Items to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation differences		47	900
Change in fair value of cash flow hedge	12	1,315	(420)
Share of associates' and joint ventures' other comprehensive income items - foreign currency translation differences		(1,445)	807
		(83)	1,287
Items not to be reclassified to profit or loss in subsequent periods:			
Change in fair value of financial assets through other comprehensive income	12	31,640	(3,477)
Share of associates' other comprehensive income items	12	378	(134)
		32,018	(3,611)
Total other comprehensive income items		31,935	(2,324)
Net comprehensive income for the year		66,036	6,278
Attributable to:			
The shareholder		64,344	8,440
Non-controlling interests		1,692	(2,162)
		66,036	6,278

The attached notes 1 to 42 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2021
(U.S. $ 000's)

	Attributable to the shareholder									
	Paid-in share capital	Shareholder's current account	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
2021										
At January 1, 2021	625,000	(77,125)	103,423	12,001	2,699	(2,201)	8,686	672,483	5,725	678,208
Profit for the year	-	-	-	-	-	-	32,409	32,409	1,692	34,101
Other comprehensive income items	-	-	-	-	(1,398)	33,514	(181)	31,935	-	31,935
Net comprehensive income for the year	-	-	-	-	(1,398)	33,514	32,228	64,344	1,692	66,036
Shareholder's current account (note 20)	-	(20,288)	-	-	-	-	-	(20,288)	-	(20,288)
Distributed dividends (note 22)	-	5,000	-	-	-	-	(5,000)	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	600	600
Acquisition of subsidiary (note 5)	-	-	-	-	-	-	-	-	6,101	6,101
Transfers (note 21)	-	-	3,241	3,241	-	-	(6,482)	-	-	-
At December 31, 2021	625,000	(92,413)	106,664	15,242	1,301	31,313	29,432	716,539	14,118	730,657

	Attributable to the shareholder									
	Paid-in share capital	Shareholder's current account	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
2020										
At January 1, 2020	625,000	(57,818)	102,347	37,925	992	1,782	(10,272)	699,956	8,669	708,625
Profit for the year	-	-	-	-	-	-	10,764	10,764	(2,162)	8,602
Other comprehensive income items	-	-	-	-	1,707	(3,983)	(48)	(2,324)	-	(2,324)
Net comprehensive income for the year	-	-	-	-	1,707	(3,983)	10,716	8,440	(2,162)	6,278
Shareholder's current account (note 20)	-	(36,307)	-	-	-	-	-	(36,307)	-	(36,307)
Distributed dividends (note 22)	-	17,000	-	(7,000)	-	-	(10,000)	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	521	521	(782)	(261)
Effect of associate's purchase of non-controlling interests (note 10)	-	-	-	-	-	-	(127)	(127)	-	(127)
Transfers (note 21)	-	-	1,076	(18,924)	-	-	17,848	-	-	-
At December 31, 2020	625,000	(77,125)	103,423	12,001	2,699	(2,201)	8,686	672,483	5,725	678,208

The attached notes 1 to 42 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	Note	2021	2020
		U.S. $ 000's	
Operating activities			
Profit for the year before income tax		34,855	10,445
Adjustments:			
Finance costs		9,112	10,364
Interest income		(2,206)	(1,495)
Share of associates' results of operations		(14,291)	(6,427)
Share of joint ventures' results of operations		436	501
Change in fair value of investment properties		2,314	(691)
Gain from investments in financial assets		(28,582)	(24,933)
Gain from sale of share in a subsidiary		(3,994)	-
Gain from sale of share in associates		(2,952)	-
Gain from sale of investment properties		(502)	(76)
Provisions for expected credit losses		6,742	3,875
Loss from sale of property, plant and equipment		8	218
Depreciation and amortization		13,534	14,195
Impairment of assets		946	1,090
Other non-cash items		(612)	(675)
		14,808	6,391
Working capital adjustments:			
Accounts receivable		14,323	(11,038)
Other current assets		315	(2,603)
Ready for sale properties		10,521	12,267
Accounts payable		(2,182)	(18,023)
Provisions and other liabilities		4,464	8,137
Income tax payments		(661)	(437)
Change in restricted cash		(3,174)	(3,652)
Net cash flows from (used in) operating activities		38,414	(8,958)
Investing activities			
Investments in securities		11,054	4,373
Purchase of property, plant and equipment		(563)	(958)
Sale of property, plant and equipment		21	3,557
Investment properties		(2,171)	1,482
Investments in joint ventures		(2,536)	1,019
Investments in associates		3,882	3,548
Sale of shares in subsidiary		2,000	-
Projects in progress		(3,937)	4,598
Granted loans		2,895	(4,626)
Assets held for sale		1,146	7,268
Dividends and interest received		12,999	15,018
Change in term deposits maturing after three months		(21,795)	3,291
Cash flow from the acquisition of a subsidiary		1,012	-
Cash eliminated from sale of subsidiary		(11)	-
Net cash flows from investing activities		3,996	38,570
Financing activities			
Net movement on shareholder's current account		(15,288)	(19,307)
Cash dividends paid		(5,000)	(17,000)
Long-term loans withdrawals		38,391	23,881
Payments of long-term loans and lease liabilities		(60,722)	(17,384)
Change in non-controlling interests		600	(261)
Finance costs paid		(7,918)	(10,331)
Net cash flows used in financing activities		(49,937)	(40,402)
Decrease in cash and cash equivalents		(7,527)	(10,790)
Foreign currency translations differences		49	894
Cash and cash equivalents, beginning of the year		(2,251)	7,645
Cash and cash equivalents, end of the year	18	(9,729)	(2,251)

The attached notes 1 to 42 form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

1. Corporate information

Palestine Investment Fund (PIF), a Public Shareholding Company, was incorporated in Gaza under registration number (562600718) on March 17, 2003.

The shareholder of PIF is the Palestinian people represented by a General Assembly that is composed of thirty members of natural and legal people.

PIF aims to engage in various types of investments that promote economic growth and infrastructure development in Palestine. PIF seeks to achieve sustainable long-term economic prosperity for Palestine through domestic private sector investments as well as attracting foreign investors.

PIF's consolidated financial statements were authorized for issuance by the Board of Directors on May 5, 2022.

2. Consolidated financial statements

The consolidated financial statements are composed of the financial statements of PIF and its subsidiaries as at December 31, 2021.

PIF's ownership in its subsidiaries' subscribed capital was as follows:

		Ownership %	
	Nature of business	2021	2020
Sanad Construction Resources (Sanad)	Trade and transportation	97.5	97.5
Sanad Constructions Industries (PCSC)	Trade	100	100
Amaar Real Estate Group (Amaar)	Real estate and Tourism investment	100	100
Sharakat for Small and Medium Investments Company (Sharakat)	Financial investment	100	100
Aswaq for Investment Portfolios Company (Aswaq)	Financial investment	100	100
Arab Hotels Company (AHC)	Tourism investment	55	55
Massader Company for the Development of Natural Resources and Infrastructure Projects (Massader)	Energy Investment	100	100
Rasmala Palestine Equity Fund (RPEF) (note 5)	Financial investment	75	-
Jericho Cement Industry Company (JCIC) (note 6)	Cement Trading	-	100
Others	Real estate and financial investment	100	100

The financial year for the subsidiaries is the same as for PIF. When necessary, PIF makes adjustments in order for the subsidiaries' accounting policies to be in line with PIF's policies. Most of PIF's subsidiaries operate in Palestine.

3. Accounting policies and basis of preparation

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of PIF and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss and other comprehensive income, investment properties and financial derivatives that are measured at fair value as at the consolidated financial statements date. The consolidated financial statements have been presented in U.S. Dollars which is the functional currency of PIF. All values except when otherwise indicated, are rounded to the nearest thousand dollars (U.S. $ 000's).

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of PIF and its subsidiaries as at December 31, 2021.

PIF controls an investee if, and only if, PIF has:

- Power over the investee (i.e. existing rights that gives PIF the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When PIF has the majority of the voting or similar rights of an investee, PIF considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- PIF's voting rights and potential voting rights

PIF re-assesses 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. Consolidation of a subsidiary begins when PIF obtains control over the subsidiary and ceases when PIF loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date PIF gains control until the date PIF ceases to control the subsidiary.

Profits or losses and each component of other comprehensive income (OCI) are attributed to the shareholder of PIF and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries are consolidated with PIF's financial statements based on the consolidation of a line-by-line basis of assets, liabilities and results of PIF with the assets, liabilities, and results of its subsidiaries. All intra-group balances, unrealized profits or losses and cash dividends relating to transactions between subsidiaries are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If PIF loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in the consolidated income statement. Any investment retained is recognized at fair value.

3.3 Changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous year, except that PIF has adopted the following amendments effective starting January 1, 2021. The adoption of these amendments did not have any effect on the consolidated financial statements of PIF. PIF has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS (9), IAS (39), IFRS (7), IFRS (4) and IFRS (16)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of PIF.

Covid-19 Related Rent Concessions beyond June 30, 2021 Amendments to IFRS (16)

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS (16) Leases. The amendments provide relief to lessees from applying IFRS (16) guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS (16), if the change were not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31, 2021, the IASB extended the period of application of the practical expedient to June 30, 2022. The amendment applies to annual reporting periods beginning on or after April 1, 2021.

However, PIF has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Issued but not yet effective standards

The following standards and amendments have been issued but are not yet mandatory and have not been adopted by PIF. The new standards and amendments that are issued, but not yet effective, up to the date of issuance of PIF's consolidated financial statements are disclosed below. PIF intends to adopt these standards and amendments when they become effective:

Amendments to IAS (1): Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs (69) to (76) of IAS (1) to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. PIF is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the consolidated financial statements of PIF.

Reference to the Conceptual Framework – Amendments to IFRS (3)

In May 2020, the IASB issued Amendments to IFRS (3) Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS (3) to avoid the issue of potential 'Day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS (37) or IFRIC (21) Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS (3) for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendments are not expected to have a material impact on the consolidated financial statements of PIF.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS (16)

In May 2020, the IASB issued Property, Plant and Equipment —Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on PIF's consolidated financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS (37)

In May 2020, the IASB issued amendments to IAS (37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. PIF will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on PIF's consolidated financial statements.

IFRS (9) Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS (9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. PIF will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on PIF's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS (8)

In February 2021, the IASB issued amendments to IAS (8), in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on PIF's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS (1) and IFRS Practice Statement (2)

In February 2021, the IASB issued amendments to IAS (1) and IFRS Practice Statement (2) Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS (1) are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. Since the amendments to the Practice Statement (2) provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

PIF is currently assessing the impact of the amendments to determine the impact they will have on the PIF's accounting policy disclosures.

3.4 Significant accounting judgments, estimates and assumptions

The preparation of PIF's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Other notes that indicate the degree of risk that PIF faces, are the following notes:

- Risk management (note 37)
- Capital management (note 38)

The key areas involving a higher degree of judgment or complexity are described below:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected cash flows used and the growth rate used for calculation purposes.

Provision for impairment of financial assets at amortized cost (provision for expected credit losses)

When determining the impairment of financial assets, PIF's management and its subsidiaries use certain estimates to determine the amounts and timing of future cash flows and also assesses whether the credit risk on the financial asset has increased substantially since initial recognition and includes future information in the measurement of expected credit losses.

To assess whether the credit risk on a financial instrument has increased substantially since origination, PIF compares the risk of default occurring over the expected life of the financial asset at each reporting date to the corresponding risk of default at origination.

If any of the following factors indicates that a substantial increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. Establishment of thresholds for substantial increases in credit risk based on changes in the related PDs relative to initial recognition.

2. Restructuring and/or rescheduling on the customers' accounts/ facilities during the assessment period is considered as indicator for SICR.

3. IFRS (9) includes an assumption that there is a substantial increase in the credit risk of financial instruments that have been defaulted and have been matured for more than 30 days. In this regard, PIF adopted a 30-day period.

4. Two degrees decline in the credit rating of financial instruments by global credit rating agencies.

Useful lives of tangible and intangible assets

PIF's management reassesses the useful lives of tangible and intangible assets, and adjusts it, if applicable, at each financial year end.

Cash flow discount rates

PIF uses the average borrowing rate for PIF and its subsidiaries for the purpose of discounting future cash flows, and adjust it, if needed, at each financial year end.

Impairment of inventories

PIF's subsidiaries estimate the net realizable value of their inventories at the date of the consolidated financial statements based on their past experience, and adjust the carrying amounts, if needed.

Impairment of ready for sale properties

PIF's subsidiaries estimate the net realizable value of their properties ready for sale at the date of the consolidated financial statements based on their past experience, and adjust the carrying amounts, if needed.

Provision for income tax

PIF and its subsidiaries establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which they operate. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using appropriate valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the consolidated financial statements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provision for litigation

PIF's management provides, based on its legal consultants' opinions, provisions against any litigations.

Investment properties

The management relies on certified appraisers to determine the fair value of the investment properties.

Impairment of properties ready for sale

PIF estimates the net realizable value of properties ready for sale at the date of the consolidated financial statements based on past experiences, and adjust the carrying value, if needed.

Provision for employee's benefits
PIF's management uses certain judgements in determining employees' benefits provision. PIF's management believes that the judgements and assumptions used are reasonable and in accordance with the labor law prevailing in Palestine and IASB.

Judgements related to revenues from contacts with customers
Contracts signed with developers include the sale of lands and related infrastructure services. PIF has concluded that it has two separate obligations, selling lands to developers and providing them with infrastructure services related to these lands. Therefore, the sale amount is distributed between the land and related infrastructure services.

Classification of financial assets
PIF's management uses certain estimates to determine the business model for PIF in order to classify debt instruments and to determine the instrument contractual cash flows, which represents solely payment of principal and interest on the principle amount outstanding.

Determining the lease term for contracts with renewal and termination option
PIF and its subsidiaries define the lease term as the irrevocable lease period, along with any periods covered by an option to extend the lease if it is reasonably certain that it will be practiced, or any periods covered by the option to terminate the lease, if it is reasonably certain not to exercise it.

3.5 Summary of significant accounting policies

Revenue from contracts with customers

Revenues from contracts with customers are recognized as follows:

Sale of goods
Revenues from the sale of goods are recognized at a certain point in time at which the control of the goods sold is transferred to the customer.

Rendering of services
Service revenues are recognized over time in accordance with inputs used in determining performance obligations are satisfied as the customer receives and uses the features and services provided at the same time.

Properties ready for sale revenues
A property is regarded as sold at a certain point in time at which time the control over the sold property is transferred to the customer, that is when the property is delivered for contracts including unconditional exchange terms. For contracts including conditional exchange, sale is recognized when applying all contract terms and conditions.

Room service revenues
Room service revenues are recognized over a period of time based on percentage of completion of the services provided at the consolidated financial statements date.

Food and beverage revenues
Revenues of food and beverage are recognized at a certain point in time when sold.

Electricity sales revenues
Electricity sales revenues are recognized at a certain point of time at which the electricity produced is transferred to the customer.

Other Revenues

Leases
Operating lease contracts are those that retain all the significant risks and benefits of ownership to the lessor. All costs paid are added to the leased assets book value and are recognized as rent revenues during the leasing period.

Operating lease revenues and services are recognized over the lease term. The amount of the rent and services paid by the tenants for periods beyond the date of the consolidated financial statements is recorded as revenue received in advance, while the amount of the rent and services that have not been paid as of the date of the consolidated financial statements are recorded as accrued or unpaid income.

Interest income

Revenues are recognized as interest accrues using the effective interest method, under which the rate used discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Investment in securities income

Gains or losses on trading of investments in securities are recognized when the trading process is complete. Dividends income is recognized when the rights to receive the dividends are established.

Grant revenues

Temporarily restricted grants by the donor for a specific purpose or time are recognized by PIF as revenues when such purpose or time is satisfied.

Expenses recognition

Expenses are recognized based on the accrual basis of accounting.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other finance costs are charged to the consolidated income statement in the period they occur. Finance costs consist of interest and other costs that PIF incurs in connection with the borrowing of funds.

Income tax

PIF provides for income tax in accordance with the Palestinian Income Tax Law (or in accordance with the applicable tax regulations where the entity operates and generates taxable income) and IAS (12), which requires recognising the temporarily differences at the reporting date of the consolidated financial statements as deferred taxes.

Deferred taxes are provided on temporary differences at the consolidated statement of financial position between the tax bases of assets and the liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Income tax expense represents the accrued income tax which is calculated based on PIF's subsidiaries taxable income. Taxable income may differ from accounting income as the later includes non-taxable income or non-deductible expenses. Such income or expenses may be taxable or deductible in the following years.

PIF offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Current versus non-current classification

PIF presents assets and liabilities in the consolidated 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 normal operating cycles,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period,
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period,

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

PIF measures financial instruments and non-financial assets, such as investments properties, at fair value at each reporting date. PIF also discloses the fair value of financial assets at amortized cost in the notes to the consolidated financial statements, which include:

- Quantitative disclosures of fair value measurement hierarchy (note 35)
- Investment properties (note 8)
- Investments in securities (note 12)

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by PIF.

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

PIF uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

- Level 1 —Quoted (unadjusted) market prices in active markets.

- Level 2 —Valuation techniques for which the lowest level of inputs that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 —Valuation techniques for which the lowest level of inputs that is significant to the fair value measurement is unobservable.

There have been no transfers among the levels mentioned above during 2021 and 2020.

Cash flow hedge is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk and credit risk. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

External certified appraisers are involved for valuation of significant assets such as investment properties. PIF decides, after discussions with the external certified appraisers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, PIF has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Hedge accounting

PIF classifies its hedging contracts as cash flow hedges. PIF hedging policy uses significant judgements and assumptions, specifically future forecasts regarding interest rates, economic environment and the availability and the timing of hedging instruments. These factors could have impact on the hedge effectiveness.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation, amortization and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated income statement as incurred. Lands are not depreciated.

This item includes right-of-use assets which PIF classified as property, plant and equipment given the similarity of the nature of these right-of-use assets to the nature of property, plant and equipment.

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

	Useful lives (years)
Buildings	33 – 67
Transportation means, equipment and spare parts	4 – 10
Solar power systems	10 - 25
Office equipment, machinery, computers and systems	3 – 5
Furniture and decoration	14 – 15

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Right-of-use assets

PIF recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

	Useful lives (years)
Buildings and Transportation means	3-15

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless PIF is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, PIF recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by PIF and payments of penalties for terminating a lease, if the lease term reflects PIF exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, PIF uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

PIF applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

PIF determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. PIF has the option, under some of its leases to lease the assets for additional terms. PIF applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, PIF considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, PIF reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate fair value of the consideration transferred and the amount of any non-controlling interests in the acquiree. For each business combination, PIF measures the non-controlling interests in the acquiree at fair value or at the appropriate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and recognized in the consolidated income statement in administrative expenses.

Upon acquisition, PIF evaluates and classifies the financial assets and liabilities of the acquiree in accordance with the contractual terms and economic conditions at the date of acquisition.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated income statement.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed). If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the gain is recognized in the consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of PIF's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or not.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Investments in associates

PIF's investment in its associates is accounted for using the equity method. An associate is an entity in which PIF has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

Under the equity method, the investment in the associates is carried in the consolidated statement of financial position at cost plus post acquisition changes in PIF's share of net assets of the associates. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated income statement and the consolidated statement of comprehensive income reflect PIF's share of the result of operations of the associates. Unrealized profits and losses resulting from transactions between PIF and the associates are eliminated to the extent of the interest in the associates.

The financial statements of the associates are prepared for the same reporting period as PIF. Where necessary, adjustments are made to bring the accounting policies in line with those of PIF.

PIF determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, PIF calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the difference in the consolidated income statement.

When step acquiring an associate, PIF's share is measured at fair value as at the date of acquiring significant influence over the associate. Any resulting differences are recognized in the consolidated income statement.

Upon loss of significant influence over the associates, PIF measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated income statement.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investment in joint ventures is accounted for using the equity method. Under the equity method, investments in joint ventures appear in the consolidated statement of financial position at cost plus the subsequent changes in PIF's share in the joint ventures net assets. Goodwill resulting from the purchase of joint ventures is recorded as part of the carrying value of the investment and is neither amortized nor individually tested for impairment.

PIF's share in the operations of the joint ventures is recorded in the consolidated income statement. Unrealised profits and losses resulting from transactions between PIF and the joint ventures are eliminated to the extent of PIF's share in the joint ventures.

The financial statements for the joint ventures are prepared for the same reporting period as PIF, using consistent accounting policies for transactions of similar nature. At the date of the consolidated financial statements, PIF determines whether there is objective evidence indicating impairment in the value of the joint ventures. If such evidence exists, PIF measures the impairment by deducting the carrying value of the investment from the expected recoverable amount and recognizes the difference in the consolidated income statement.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by certified, external independent appraisers.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated income statement in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to property, plant and equipment and projects in progress, the deemed cost for subsequent accounting is the fair value at the date of change in use. If property, plant and equipment become an investment property, PIF accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Real estate properties classification:

Real estate properties are classified as follows:

- Investment properties including lands and buildings (offices) which are kept for the purpose of recognizing leasing revenues or value appreciation.
- Real estate inventory including real estate held for the purpose of resale through PIF's ordinary operations which mainly consists housing and land slots which are developed for the purpose of resale before or after development completion.

Properties ready for sale

Properties ready for sale are measured at cost less any impairment loss, costs of properties ready for sale include cost of construction, studies, design, finance costs, related lands and indirect costs.

Segments Information

A business segment consists of assets and operations providing goods or services that are exposed to risks and returns different from those of other business segments.

Projects in progress

Projects in progress constitute the costs incurred on incomplete projects, which include all costs of design, construction, direct wages, portion of the indirect costs, and finance cost. Upon completion, all project's costs are capitalized and transferred to property, plant and equipment or to properties ready for sale or investment properties based on management's intentions.

The carrying values of projects in progress are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any indication exists, and when the carrying value exceeds the recoverable amount, projects in progress value are written down to their recoverable amount.

Investments in financial assets

A- Initial recognition of financial assets:

Date of recognition
Financial assets and liabilities are initially recognized on the trade date, i.e., the date that PIF becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and liabilities recorded at fair value through profit or loss, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, PIF accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss
When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, PIF recognizes the difference between the transaction price and fair value in net income of PIF. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

B- Classification of financial assets

Financial assets at amortized cost
Debt instruments are measured at amortized cost if both of the following conditions are met:

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

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated at FVTPL as set below). They are subsequently measured at amortized cost using the effective interest method less any impairment, with interest revenue recognized on an effective yield basis.

Accounts receivable are considered as financial assets at amortized cost. Accounts receivable are stated at original invoice amount less any provisions for impaired receivables. When determining the impairment of financial assets, management uses certain estimates to determine the amounts and timing of future cash flows and also assesses whether the credit risk on the financial asset has increased substantially since initial recognition and includes future information in the measurement of expected credit losses.

Effective interest rate is the interest rate used to discount the future cash flows over the debt instrument life (or a shorter period in certain cases), in order to match its carrying value at the date of initial recognition.

PIF may irrevocably elect at initial recognition to classify a debt instrument that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial assets at fair value through profit or loss (FVTPL)
Debt instrument financial assets that do not meet the amortized cost criteria or that meet the criteria but PIF has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL. PIF has not classified any debt instrument matching amortized cost criteria as financial asset at fair value through profit or loss.

Investments in equity instruments are classified as at FVTPL, unless PIF designates an investment that is not held for trading as at fair value through other comprehensive income (FVOCI) at initial recognition.

Financial derivatives including forward currency contracts, interest rates swaps, exchange contracts and cross-currency swaps and its fair value are carried in the consolidated statement of financial position. Fair value is determined by market prices, where there are no market prices for these financial derivatives, the valuation method is disclosed and all changes in fair value are recognized in the consolidated income statement.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognized in the consolidated income statement.

Dividends income on investments in equity instruments are recognized in the consolidated income statement when PIF's right to receive the dividends is established.

Financial assets at fair value through other comprehensive income (FVOCI)
At initial recognition, PIF makes 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.

Equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gains or losses previously accumulated in the fair value reserve are not recycled to the consolidated income statement but are reclassified directly to retained earnings.

Dividends on investments in equity instruments are recognized in the consolidated income statement when PIF's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

PIF can classify debt instruments as financial assets at FVOCI if both of the following conditions are met:

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

C- Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or when PIF has transferred all the risks and rewards of the financial assets to a third party. When PIF has neither transferred nor retained all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of PIF's continuing involvement, PIF also recognizes the associated liability. If PIF retains all the risks and rewards of ownership of the transferred financial asset, PIF continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

D- Impairment of financial assets

Impairment allowances for expected credit losses (ECL) are recognized for financial instruments that are not measured at FVTPL. No impairment loss is recognized on equity investments. An ECL provision is made at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- Debt investment securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date
- Other financial instruments for which the credit risk has not increased significantly since their initial recognition.

PIF has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit loss has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, PIF classifies its financial instruments, except for accounts receivables, into stage 1, stage 2 and stage 3, as described below:

Stage 1	Financial instruments whose credit risk has not significantly increased since their initial recognition and which has not been impaired since being granted, PIF records a provision for impairment of ECL over a period of 12 months.
Stage 2	Financial instruments whose credit risk has significantly increased since their initial recognition and which has not been impaired since being granted, PIF records a provision for impairment of ECL over the life of the financial instruments.
Stage 3	Financial instruments that are considered credit impaired. PIF records a provision for impairment of ECL over the life of the financial instruments.

The calculation of ECL

PIF calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation of the EIR. A cash shortfall is the difference between the cash flows that are due to PIF in accordance with the contract and the cash flows that PIF expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD	The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.
EAD	The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
LGD	The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as percentage of the EAD.

When estimating the ECL, PIF considers three scenarios (a base case, an upside and a mild downside). Each of these is associated with different PDs, EADs and LGDs.

The mechanics of the ECL method are summarized below:

Stage 1	The 12mECL is calculated as the portion of LTECL that represents the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. PIF calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
Stage 2	When a financial instrument has shown a significant increase in credit risk since origination, PIF records an allowance for the LTECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original Effective interest rate (EIR).
Stage 3	For financial instruments considered credit impaired, PIF recognizes the lifetime expected credit losses for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%
Commitments and contingencies	When estimating LTECL for undrawn commitments, PIF estimates the expected portion of the commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the commitments are drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR.

PIF applies a simplified approach in calculating ECL for most trade receivables and recognizes a loss allowance based on lifetime ECL at each reporting date. For ECL calculation, PIF classifies trade receivables based on credit risk characteristics and days past due.

Forward looking information

In its ECL models, PIF relies on a broad range of forward-looking information as economic inputs, such as:

- GDP
- Unemployment rates

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Provisions for credit-impairment are recognized in the consolidated income statement and are reflected in an allowance account against loans granted and investment debt instruments.

Default

Financial assets that are measured at amortized cost are tested as to whether they are credit impaired. Objective evidence that a financial asset is credit-impaired may include a breach of contract, such as default or delinquency in interest or principal payments, the granting of a concession that, for economic or legal reasons relating to the borrower's financial difficulties. Irrespective of the above analysis, PIF considers that default has occurred when a financial asset is more than 90 days past due unless PIF has reasonable and supportable information to demonstrate that a different default criterion is more appropriate.

Write-offs

Financial assets are written off either partially or in their entirety only when PIF has stopped pursuing the recovery and there is no evidence of possible future recovery. Subsequent recoveries are recognized as other revenues.

Rescheduling

Financial assets that have been rescheduled and no longer accrued are re-classified as performing financial assets when all principal and interest are settled and when future settlements are reasonably guaranteed. Financial assets that have been rescheduled are subject for period reassessment to determine whether it is still impaired or could be classified as accrued. All rescheduled granted loans are classified as stage (2) or stage (3) for a period not less than 12 months from the date of rescheduling.

Financial instruments and derivatives

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising on remeasurement of financial derivatives not designated as hedging instruments and any ineffective portion of the hedging instrument is recognized in the consolidated income statement.

For hedge accounting purposes, PIF has designated interest rates exchange contracts as cash flow hedge where PIF hedges against changes in cash flows resulting in changes in interest rates from expected variables.

At the inception of a hedge relationship, PIF formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, the risk management objective, and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for and further described as follows:

Cash flow hedges:

The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income items, while any ineffective portion is recognized immediately in the consolidated income statement.

The amounts accumulated in other comprehensive income items are recycled to the consolidated income statement in the period during which the hedged cash flows affect profit or loss (i.e. recognizing interest expenses in the consolidated income statement). Since the hedged item represents the cost of non-financial assets or liabilities, the amounts recognized in other comprehensive income items are transferred to the book value of non-financial assets or liabilities.

If cash flow hedge is discontinued, the amounts that have been accumulated in OCI will be immediately recycled to the consolidated income statement as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction.

Contributions receivable

Contributions receivable are stated at the original amount of the unconditional pledge less amounts received and any uncollectible pledges. An estimate for the uncollectible amount is made when the collection of full unconditional pledge is no longer probable.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and bank balances and short-term deposits with an original maturity of three months or less, net of restricted cash and overdrafts.

Accounts payable

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans and borrowings

Loans and borrowings are initially recorded at fair value less any transaction costs. They are subsequently measured at amortized cost using the effective interest rate method. Gains or losses are recognized in the consolidated income statement when the liabilities are derecognized.

Amortized 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 amortization is included as finance costs in the consolidated income statement.

Inventory

Inventory is stated at cost, using the weighted average method, or net realizable value, whichever is lower. Costs are those amounts incurred in bringing each product to its present location and condition.

The carrying value of inventory is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any indication exists, inventory value is written down to their recoverable amount.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when PIF and its subsidiaries have an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

Assets held for sale

PIF classifies non-current assets (disposal groups) as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. Non-current assets classified as held for sale are measured at the lower of their carrying value and fair value (less costs to sell). Costs to sell are the incremental costs attributable directly to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for classifying non-current assets as held for sale are met when:

- Sale is highly probable,
- The assets are available for immediate sale in their current condition,
- Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn,
- Management is committed to the plan to sell the assets and the sale is expected to be completed within one year from the date of classification.

Property, plant and equipment are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Cash dividends

PIF recognizes a liability to make cash distributions when the distribution is authorized by the shareholder in the General Assembly. A corresponding amount is recognized directly in equity.

Foreign currencies

PIF’s consolidated financial statements are presented in U.S. $ which is also PIF’s functional currency. PIF’s subsidiaries determine their own functional currency. Items included in the financial statements of each entity are measured using subsidiaries’ functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by PIF and its subsidiaries at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated income statement with the exception for financial assets at FVOCI where any foreign exchange differences are recognized in the consolidated statement of comprehensive income.

PIF subsidiaries

The assets and liabilities of PIF’s subsidiaries with functional currencies other than U.S. $ are translated into U.S. $ at the rate of exchange prevailing at the reporting date and their income statements at the weighted average exchange rates for the year. The exchange differences arising on the translations are recognized in the consolidated statement of comprehensive income.

4. Material partially owned subsidiaries

Financial information for material partially owned subsidiaries that are not wholly owned by PIF and have material non-controlling interests is provided below:

Company name	Country of incorporation	2021 %	2020 %
Sanad Construction Resources (Sanad)	Palestine	2.46	2.46
Arab Hotels Company (AHC)	Palestine	45	45
Rasmala Palestine Equity Fund (RPEF)	Luxemburg	25	-

	U.S. $ 000's	
Balances of non-controlling interests	2021	2020
Sanad Construction Resources (Sanad)	942	954
Arab Hotels Company (AHC)	4,297	4,560
Rasmala Palestine Equity Fund (RPEF)	7,501	-
(Losses) profits allocated to non-controlling interests:		
Sanad Construction Resources (Sanad)	(12)	(237)
Arab Hotels Company (AHC)	(263)	(1,906)
Rasmala Palestine Equity Fund (RPEF)	1,801	-
Change of material subsidiaries' non-controlling interests:		
Rasmala Palestinian Equity Fund (RPEF)	(400)	-

The summarized financial information of these subsidiaries is provided below prior to elimination of balances and transactions with PIF:

Summarized Statement of Financial Position as at December 31, 2021:

	U.S. $ 000's		
	Sanad	AHC	RPEF
Current assets	99,654	1,822	30,657
Non-current assets	28,015	33,346	-
Current liabilities	(67,301)	(16,814)	(62)
Non-current liabilities	(18,475)	(7,682)	-
Total equity	41,893	10,672	30,595

Summarized Statement of Financial Position as at December 31, 2020:

	U.S. $ 000's	
	Sanad	AHC
Current assets	96,859	398
Non-current assets	46,074	34,620
Current liabilities	(80,597)	(15,941)
Non-current liabilities	(20,089)	(6,501)
Total equity	42,247	12,576

Summarized Income Statement for the year ended December 31, 2021:

	U.S. $ 000's		
	Sanad	AHC	RPEF
Sales revenue	58,931	2,706	-
Cost of sale	(54,865)	(1,544)	-
Gain from investment portfolio	-	-	9,030
Gain from investment properties	218	-	-
General and administrative expenses	(3,406)	(161)	(626)
Depreciation of property, plant and equipment	(1,244)	(1,277)	-
Provision for expected credit losses	(2,185)	-	-
Finance costs	(2,627)	(1,568)	(83)
Share of associates' results of operations	(30)	-	-
Other revenues (expenses), net	5,379	(60)	(13)
Profit (loss) for the year before income tax	171	(1,904)	8,308
Income tax expense	(525)	-	-
(Loss) profit for the year	(354)	(1,904)	8,308
Other comprehensive income items	-	-	-
Net comprehensive income for the year	(354)	(1,904)	8,308

Summarized Income Statement for the year ended December 31, 2020:

	U.S. $ 000's	
	Sanad	AHC
Sales revenue	63,139	688
Cost of sale	(60,625)	(1,915)
Loss from investment properties	(40)	-
General and administrative expenses	(3,839)	(163)
Depreciation of property, plant and equipment	(887)	(1,318)
Provision for expected credit losses	(2,891)	(305)
Finance costs	(4,218)	(760)
Share of associates' results of operations	(1,095)	-
Other revenues (expenses), net	1,120	(448)
Loss for the year before income tax	(9,336)	(4,221)
Income tax expense	(319)	-
Loss for the year	(9,655)	(4,221)
Other comprehensive income items	-	-
Net comprehensive income for the year	(9,655)	(4,221)

Summarized Cash flow information for year ended December 31, 2021:

	U.S. $ 000's		
	Sanad	AHC	RPEF
Operating activities	(2,572)	1,183	(639)
Investing activities	2,479	(3)	9,499
Financing activities	8,15	815	(9,347)
Increase (decrease) in cash and cash equivalents	7,922	1,995	(487)

Summarized Cash flow information for year ended December 31, 2020:

	U.S. $ 000's	
	Sanad	AHC
Operating activities	4,976	(1,208)
Investing activities	2,230	(44)
Financing activities	(779)	1,005
Increase (decrease) in cash and cash equivalents	6,427	(247)

Amaar and Massader also have investments in partially owned subsidiaries which have non-controlling interests. During the year, non-controlling interests changed by an increase of U.S. $ 1 million. Non-controlling interests' share of these subsidiaries' equity amounted to U.S. $ 1,378,000 as of December 31, 2021 (2020: U.S. $ 211,000). Profits attributable to non-controlling interests in these subsidiaries amounted to U.S. $ 166,000 against a loss of U.S. $ 19,000 for the years 2021 and 2020, respectively.

5. Business combination

During the year, PIF consolidated the financial statements of Rasmala Palestine Equity Fund (RPEF) with PIF's consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as the ownership percentage reached 81% at the acquisition date, giving PIF the ability to control RPEF. The non-controlling interest is measured using the fair value method. Later on, during the year, PIF's ownership in RPEF decreased to 75%as at December 31, 2021.

Following is the fair value of the assets and liabilities of RPEF as at the acquisition date:

	Fair value at acquisition date
Assets	U.S. $ 000's
Investments in securities	30,507
Other current assets	98
Cash and cash equivalent	1,012
	31,617
Liabilities	
Accounts payable	65
Fair value of net assets	31,552
Non-controlling interest share from net assets at fair value	(6,101)
Fair value of investment at acquisition date	25,451

6. Disposal of a subsidiary

During 2021, PIF sold 50%of its investment in Jericho Cement Industry Company (JCIC) (a subsidiary of Sanad) to a new investor. Consequently, PIF's ownership in JCIC decreased to 50% and PIF lost control of JCIC. Accordingly, JCIC's financial statements were not consolidated with PIF's consolidated financial statements for the year ended December 31, 2021. The sale resulted in a realized gain in an amount of U.S. $ 1,997,000 recorded in the consolidated income statement.

PIF's management believes that it has joint control over JCIC with the new investor, which consists of making decisions about JCIC's operational activities unanimously with partners. Therefore, the remaining investment in JCIC has been reclassified as investment in joint venture, where the remaining PIF's investment in JCIC has been revalued in accordance with IFRS and an unrealized gain in an amount of U.S. $ 1,997,000 was recorded in the consolidated income statement.

Following is the fair value of the assets and liabilities of JCIC as at the disposal date:

	Fair value at disposal date
Assets	U.S. $ 000's
Property, plant and equipment	6,577
Projects in progress	4,464
Other current assets	1,466
Income tax advances	100
Balances at banks	11
	12,618
Liabilities	
Accounts payable	1,577
Other current liabilities	35
	1,612
Fair value of net assets	11,006

7. Property, plant and equipment

2021	Lands	Buildings	Transportation means, equipment and spare parts	Right-of-use assets	Solar power systems	Office equipment, machinery, computers and systems	Furniture and decoration	Total
	U.S. $ 000's							
Cost								
As at January 1, 2021	11,685	79,285	94,738	2,095	2,989	19,105	6,738	216,635
Additions	-	52	140	298	-	58	15	563
Transferred to investment properties	-	(1,720)	-	-	-	-	(543)	(2,263)
Transferred from projects in progress	-	256	-	-	2,087	72	-	2,415
Transferred to assets held for sale	-	(793)	(37,697)	-	-	-	-	(38,490)
Disposal of subsidiary	-	(2,732)	-	-	-	(4,952)	(4)	(7,688)
Disposals	-	(5)	(49)	(264)	-	(1)	-	(319)
Foreign currency translation	120	218	-	-	-	-	-	338
As at December 31, 2021	11,805	74,561	57,132	2,129	5,076	14,282	6,206	171,191
Accumulated depreciation and impairment								
As at January 1, 2021	526	21,309	51,520	660	135	8,876	4,770	87,796
Depreciation charged for the year	-	2,096	9,920	250	164	540	564	13,534
Transferred to investment properties	-	-	-	-	-	-	(307)	(307)
Disposals	-	(5)	(30)	(254)	-	(1)	-	(290)
Transferred to assets held for sale	-	(753)	(36,035)	-	-	-	-	(36,788)
Disposal of subsidiary	-	(265)	-	-	-	(842)	(4)	(1,111)
Impairment provision	-	-	-	-	-	100	153	253
Foreign currency translation	-	146	-	-	-	-	-	146
As at December 31, 2021	526	22,528	25,375	656	299	8,673	5,176	63,233
Net carrying amount								
As at December 31, 2021	11,279	52,033	31,757	1,473	4,777	5,609	1,030	107,958

– Property, plant and equipment include an amount of U.S. $ 8,101,000 mortgaged to local and regional banks as collaterals against loans and credit facilities granted to PIF (notes 23 and 25).

– During 2021, U.S. $ 10,405,000 of depreciation expense have been allocated to operating expenses.

	U.S. $ 000's							
2020	Lands	Buildings	Transportation means, equipment and spare parts	Right-of-use assets	Solar power systems	Office equipment, machinery, computers and systems	Furniture and decoration	Total
Cost								
As at January 1, 2020	19,923	82,724	95,042	2,650	758	18,528	6,691	226,316
Additions	-	321	301	49	-	225	62	958
Transferred to investment properties	(4,315)	(1,355)	-	-	-	-	-	(5,670)
Net transferred from/ to projects in progress	(2,908)	(256)	-	-	2,231	616	-	(317)
Disposals	(1,301)	(2,668)	(605)	(604)	-	(264)	(15)	(5,457)
Foreign currency translation	286	519	-	-	-	-	-	805
As at December 31, 2020	11,685	79,285	94,738	2,095	2,989	19,105	6,738	216,635
Accumulated depreciation and impairment								
As at January 1, 2020	526	19,988	42,327	610	8	7,802	4,060	75,321
Depreciation charged for the year	-	2,310	9,398	389	127	1,253	718	14,195
Transferred to investment properties	-	(91)	-	-	-	-	-	(91)
Disposals	-	(916)	(205)	(339)	-	(208)	(14)	(1,682)
Impairment provision	-	-	-	-	-	29	6	35
Foreign currency translation	-	18	-	-	-	-	-	18
As at December 31, 2020	526	21,309	51,520	660	135	8,876	4,770	87,796
Net carrying amount								
As at December 31, 2020	11,159	57,976	43,218	1,435	2,854	10,229	1,968	128,839

– During 2020, an amount of U.S. $ 10,342,000 of depreciation expense have been allocated to operating expenses.

8. Investment properties

Following is the movement on investment properties during the year:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	41,157	55,418
Additions	4,787	546
Investment properties sold	(2,114)	(1,952)
Transferred from property, plant and equipment	1,956	5,579
Net transferred to properties ready for sale	-	(19,125)
Change in fair value of investment properties	(2,314)	691
Balance, end of year	43,472	41,157

Investment properties include the following:

	U.S. $ 000's	
	2021	2020
Land lots (A)	32,528	35,637
Buildings (B)	10,944	5,520
	43,472	41,157

(A) This item represents PIF and some of its subsidiary's investments in lands kept for value appreciation, accordingly, these lands were classified as investment properties.

(B) This item represents some of "Amaar Tower" rented floors to external parties other than PIF's subsidiaries. Rent revenues amounted to U.S. $ 547,000 and U.S. $ 386,000 for the years 2021 and 2020, respectively.

Investment properties amounted U.S. $ 6,421,000 were mortgaged to regional banks as collateral against loans granted to PIF (note 23).

During the years 2021 and 2020, PIF has sold part of its investment properties resulting in a gain of U.S. $ 502,000 and U.S. $ 76,000 respectively, which was recognized in the consolidated income statement.

9. Projects in progress

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	41,262	45,752
Additions	8,698	7,446
Projects in progress sold	(4,761)	(12,044)
Net transferred (to) from property, plant and equipment	(2,415)	317
Disposal of subsidiary	(4,464)	-
Impairment of projects in progress	(30)	(209)
Balance, end of year	38,290	41,262

Total expected costs to complete these projects in progress amounted to U.S. $ 44,591,000, as it is expected to complete these projects within a period of 1 to 4 years.

Projects in progress amounted to U.S. $ 1,737,000 were mortgaged to regional banks as a collateral for loans granted to PIF (note 23).

Projects in progress include the following:

	U.S. $ 000's	
	2021	2020
Jerusalem commercial center	21,954	17,575
Ersal Center development	11,526	16,457
Solar panels systems over public schools' rooftops	2,964	890
Amaar Tower project	1,737	1,720
Cement grinding mill project	-	4,293
Others	109	327
	38,290	41,262

10. Investments in associates

This item represents investments in associates operating in Palestine:

	Ownership		Carrying Amount	
	2021	2020	2021	2020
	%	%	U.S. $ 000's	
Siniora Food Industries (Listed)	29.04	-	58,545	-
Wataniya Palestine Mobile Telecommunications Company (Listed)	40.04	39.67	56,676	50,416
Arab Islamic Bank (Listed)	35.06	35.06	44,308	40,544
Specialized Arab Hospital Group	26	27.44	35,320	34,005
Mada Al-Arab Company	30	30	9,195	7,515
Palestine Power Generation Company	40.31	40.31	7,678	7,306
Al-Rabyeh for Animal Feed and Grains Co.	50	50	4,275	2,460
Palestine Ijara Company – LTD	33.33	33.33	3,893	3,533
Palestine Tourism Investment Company	27.59	28.25	3,367	3,819
Al Naya Palestinian Co. for Construction Materials	-	49	-	4,152
Others	20-40	20-49	5,669	6,854
			228,926	160,604

- The market value of PIF's investments listed in financial markets as at December 31, 2021 amounted to U.S. $ 239,980,000.
- PIF's Investment in associates includes shares with a book value of U.S. $ 23,443,000 mortgaged to regional and local banks as collateral against loans granted to PIF (note 23).
- During 2021, Aswaq (a subsidiary) exercised significant influence over Siniora Food Industries (Siniora), therefore the investment has been reclassified from investments in financial assets at FVTPL to investments in associates. PIF revaluated its investments in financial assets at fair value as at the date of acquiring significant influence, resulting in a gain of U.S. $ 1,521,000 recognized in the consolidated income statement under gain from investment in financial assets (note 30).
- During 2021, Sanad (a subsidiary) sold its investment in Al Naya Palestinian Co. for Construction Materials, which led to losing its controlling interest in Al Naya and accordingly, the investment was eliminated from investments in associates resulting in a gain of U.S. $ 766,000 recognized in the consolidated income statement.
- During 2021, Aswaq (a subsidiary) sold shares in its investment in Specialized Arab Hospital Group resulting in a gain of U.S. $ 2,186,000 recognized in the consolidated income statement. Accordingly, PIF's ownership percentage decreased from 27.44%to 26%

- During 2021 and 2020, some of PIF's subsidiaries recorded impairment on their investments in some associates in an amount of U.S. $ 307,000 and U.S. $ 94,000, respectively, recognized in the consolidated income statement.
- During prior years, Massader (a subsidiary) purchased shares in Mada Al-Arab Company (Mada). PIF's ownership percentage in Mada's capital amounted to 30% Mada operates in the telecommunications sector. During 2021, Massader has made payments to Mada's capital in an amount of U.S. $ 1,000,000.
- During prior years, Sharakat (a subsidiary) purchased shares in Al-Rabyeh for Animal Feed and Grains Co. (Al-Rabyeh). PIF's ownership percentage amounted to 50% PIF classified the shares as an investment in associate as the investment arrangement does not meet the criteria for a joint control. Al-Rabyeh operates in the field of animal feed production and grain storage. During 2021, Sharakat has made payments to Al-Rabyeh's capital in an amount of U.S. $ 1,452,000.

	U.S. $ 000's								
December 31, 2021	Siniora Food Industries	Wataniya Mobile Company	Arab Islamic Bank	Specialized Arab Hospital Group	Mada Al-Arab Company	Palestine Power Generation Company	Palestine Ijara Company	Palestine Tourism Investment Company	Al-Rabyeh for Animal Feed and Grains Co.
Associates' Statement of Financial Position									
Non-current assets	81,781	168,548	714,947	145,495	9,476	15,578	7,467	27,478	5,295
Current assets	60,306	65,069	1,022,109	104,037	10,815	2,145	15,982	259	3,517
Non-current liabilities	(40,194)	(58,204)	(80,080)	(25,010)	(3,775)	(385)	(7,377)	(8,911)	(16)
Current liabilities	(47,725)	(58,404)	(1,525,998)	(95,566)	(9,233)	(563)	(4,392)	(1,113)	(246)
Non-controlling interests	(4,717)	-	-	(36,504)	-	-	-	-	-
Unpaid capital	-	-	-	-	-	8	-	-	-
Equity holders of the associate	49,451	117,009	130,978	92,452	7,283	16,783	11,680	17,713	8,550
PIF's ownership	14,363	46,848	45,925	24,038	2,185	6,765	3,893	4,887	4,275
Adjustments	44,182	9,828	(1,617)	11,282	7,010	913	-	(1,520)	-
Carrying amount of investment	58,545	56,676	44,308	35,320	9,195	7,678	3,893	3,367	4,275
Revenues and results of operations									
Revenues	153,131	112,178	59,253	81,757	9,446	27	2,533	86	-
Results of operations	11,028	13,424	11,689	8,081	3,365	(329)	1,081	(1,692)	(118)
PIF's share of results of operations	2,239	5,266	4,292	2,072	1,009	(131)	360	(467)	(31)
PIF's share of other comprehensive income items	(2,755)	-	371	777	-	-	-	-	394
Other information									
Dividends from associates	-	-	899	-	330	-	-	-	-

– During 2021, PIF's share of other associates' results of operations amounted to a loss of U.S. $ 318,000, and PIF's share of other associates' other comprehensive income items amounted to U.S. $ 201,000. Additionally, PIF's share of other associates' dividends amounted to U.S. $ 13,000 for the year 2021.

December 31, 2020	Wataniya Mobile Company	Arab Islamic Bank	Specialized Arab Hospital Group	Mada Al-Arab Company	Palestine Power Generation Company	Al Naya Palestinian Co. for Construction Materials	Palestine Tourism Investment Company	Palestine Ijara Company
	U.S. $ 000's							
Associates' Statement of Financial Position								
Non-current assets	182,237	825,366	96,260	7,800	14,900	4,543	28,312	6,685
Current assets	47,768	731,682	91,429	7,923	1,754	9,004	468	18,279
Non-current liabilities	(70,947)	(77,584)	(17,787)	(3,713)	(269)	(3,606)	(7,956)	(9,345)
Current liabilities	(55,473)	(1,359,221)	(74,742)	(6,654)	(500)	(7,973)	(1,450)	(5,020)
Non-controlling interests	-	-	(13,942)	-	-	-	-	-
Equity holders of the associate	103,585	120,243	81,218	5,356	15,885	1,968	19,374	10,599
PIF's ownership	41,097	42,161	22,286	1,607	6,403	964	5,473	3,533
Adjustments	9,319	(1,617)	11,719	5,908	903	3,188	(1,654)	-
Carrying amount of investment	50,416	40,544	34,005	7,515	7,306	4,152	3,819	3,533
Revenues and results of operations								
Revenues	101,601	46,927	53,640	8,409	25	11,500	776	2,338
Results of operations	7,541	8,014	8,263	2,824	(523)	(1,984)	(2,316)	(213)
PIF's share of results of operations	2,909	2,636	2,261	847	(211)	(1,015)	(654)	(71)
PIF's share of other comprehensive income items	-	(130)	806	-	-	-	-	-
Other information								
Dividends from associates	-	1,403	-	264	-	-	-	-
Effect of associate's purchase of non-controlling interests	-	-	(127)	-	-	-	-	-

– During 2020, PIF's share of other associates' results of operations amounted to a loss of U.S. $ 275,000. Additionally, PIF's share of other associates' dividends amounted to U.S. $ 13,000 for the year 2020.

11. Investments in joint ventures

	U.S. $ 000's	
	2021	2020
Convention Palace Company (A)	1,184	1,556
New Capitol Hotel (B)	2,564	2,861
Jericho Cement Industry Company (C)	9,961	-
	13,709	4,417

(A) The Convention Palace Company (CPC) in Solomon Pools was established as a private limited shareholding company, with a share capital of 1,000,000 shares of U.S. $ 1 par value each, of which 50%is owned by PIF. CPC is jointly managed with another investor. The objective of CPC is to operate the Convention Palace in Bethlehem. During 2021 and 2020, PIF recorded impairment losses on its investment in CPC in an amount of U.S. $ 253,000 and U.S. $ 341,000 respectively, recognized in the consolidated income statement.

The following schedule summarizes the financial information related to PIF's investment in Convention Palace Company:

	U.S. $ 000's	
	Convention Palace Company	
	2021	2020
Statement of financial position of joint venture		
Non-current assets	7,739	8,048
Current assets	445	289
Non-current liabilities	(2,958)	(177)
Current liabilities	(552)	(3,248)
Equity attributable to venture's shareholders	4,674	4,912
PIF's ownership	2,337	2,456
Adjustments	(1,153)	(900)
Carrying amount of the investment	1,184	1,556
Revenues and results of operations		
Revenues	920	(177)
Results of operations	(238)	(427)
PIF's share of results of operations	(119)	(213)

(B) New Capitol Hotel Company was established with a share capital of 10,000 shares of ILS 1 par value each, of which 50%is owned by PIF. New Capitol Hotel is jointly managed with another investor. The company currently manages New Capitol Hotel in Jerusalem.

The following schedule summarizes the financial information related to PIF's investment in New Capitol Hotel:

	U.S. $ 000's	
	New Capitol Hotel	
	2021	2020
Statement of financial position of joint venture		
Non-current assets	3,430	3,342
Current assets	421	1,624
Non-current liabilities	(14)	(9)
Current liabilities	(523)	(1,473)
Equity attributable to venture's shareholders	3,314	3,484
PIF's ownership	1,657	1,742
Adjustments	907	1,119
Carrying amount of investment	2,564	2,861
Revenues and results of operations		
Revenues	(94)	415
Results of operations	(484)	(581)
PIF's share of results of operations	(242)	(288)
PIF's share of other comprehensive income items	(55)	(3)

(C) During 2021, PIF sold 50%of its investment in Jericho Cement Industry Company (JCIC) (a subsidiary of Sanad). Consequently, PIF's ownership in JCIC decreased to 50% (note 6). PIF's management believes that it has a joint control over JCIC with the new investor, therefore, the remaining investment in JCIC has been reclassified to joint venture investment.

The following schedule summarizes the financial information related to PIF's investment in Jericho Cement Industry Company:

	U.S. $ 000's
	Jericho Cement Industry Company
	2021
Statement of financial position of joint venture	
Non-current assets	13,118
Current assets	5,021
Non-current liabilities	(52)
Current liabilities	(815)
Equity attributable to venture's shareholders	17,272
PIF's ownership	8,636
Adjustments	1,325
Carrying amount of the investment	9,961
Revenues and results of operations	
Revenues	116
Results of operations	(294)
PIF's share of results of operations	(75)
PIF's share of other comprehensive income items	-

12. Investments in financial securities

	U.S. $ 000's	
	2021	2020
Financial assets at FVOCI (A)	120,198	95,396
Financial assets at amortized cost (B)	-	4,965
	120,198	100,361
Financial assets at FVTPL – current (C)	128,554	162,740
	248,752	263,101

(A) PIF perceives these investments as strategic investments, accordingly, these investments were classified as financial assets at fair value through other comprehensive income items. The financial assets at FVOCI include the following:

	U.S. $ 000's	
	2021	2020
Quoted shares in financial markets	104,162	74,078
Unquoted shares	16,036	21,318
	120,198	95,396

Financial assets at FVOCI as at December 31, 2021 include shares with a book value of U.S. $ 28,110,000 mortgaged to local and regional banks as a collateral for loans granted to PIF (note 23).

Movement on the fair value reserve was as follows:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	(2,201)	1,782
Net gain (loss) from valuation of financial assets at FVOCI	31,640	(3,477)
Change in fair value of cash flow hedge	1,315	(420)
PIF's share of associates' other comprehensive income items	378	(134)
Loss from sale of financial assets at FVOCI recognized in retained earnings	181	48
Balance, end of year	31,313	(2,201)

Financial assets at FVOCI sold during the year amounted to U.S. $ 6,877,000. Sale transactions of these financial assets were made to finance other investment activities and to exit non-strategic investments.

(B) Financial assets at amortized cost include the following:

		U.S. $ 000's	
	Credit Rating	2021	2020
Unquoted national debt instruments	Un-rated	-	5,000
Provision for expected credit losses		-	(35)
		-	4,965

Interest on the financial assets at amortized cost amounted to 5% and was fully matured during 2021.

During 2020, PIF sold its investments in unquoted national debt instruments for U.S. $ 2,434,000, as the issuing company has exercised its right of early redemption, this resulted in gain of U.S. $ 24,000 recognized in the consolidated income statement.

Movement on financial assets at amortized cost was as follows:

	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $ 000's			
As at January 1, 2021	5,000	-	-	5,000
Matured financial assets at amortized cost	(5,000)	-	-	(5,000)
As at December 31, 2021	-	-	-	-

Movement on provision for expected credit losses in accordance with IFRS (9), was as follows:

	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $ 000's			
As at January 1, 2021	35	-	-	35
Recovery of ECL provision during the year	(35)	-	-	(35)
As at December 31, 2021	-	-	-	-

(C) Financial assets at FVTPL include the following:

	U.S. $ 000's	
	2021	2020
Quoted shares in financial markets	104,444	115,991
Unquoted investment portfolios	23,313	45,887
Unquoted shares	797	862
	128,554	162,740

As at December 31, 2021, financial assets at FVTPL include shares with a book value of U.S. $ 7,381,000 mortgaged to a regional bank as collateral for loans granted to PIF (note 23).

13. Other assets

	U.S. $ 000's	
	2021	2020
Prepayment on investment (A)	45,800	45,800
Long-term bank deposits (B)	23,265	-
Granted loans (C)	17,439	22,167
	86,504	67,967

A. According to Ministry of Finance letter dated June 28, 2010, the amount of U.S. $ 45.8 million previously paid on the shareholder account was considered as prepayment on investment in Wataniya Palestine Mobile Telecommunications Company - Ooredoo (associate). The amount represents PIF's share in the remaining amount of the second operator's license which was paid in advance to the Ministry of Telecommunications and Information Technology (MTIT) until Wataniya meets the requirements in accordance with the agreement signed with the MTIT.

B. This item represents term deposits at banks with a maturity period of more than one year from the date of the consolidated financial statements. During the year, the average interest rate on term deposits at banks was %3.23 on U.S. $ deposits, and %3.95 on JD deposits.

C. This item includes loans granted to the following entities:

	Settlement	U.S. $ 000's 2021	U.S. $ 000's 2020
Palestinian microfinance institutions	2023 - 2025	12,079	15,662
Palestine Development Fund	2017 – 2024	2,500	2,729
Finance lease companies	2023	1,884	2,113
Tourism investments companies	2017 – 2024	1,617	1,083
First Trading Centre	2015	1,100	1,100
The Lebanese Association for Development	2021	917	917
Latin Patriarch in Jerusalem	2020 – 2022	450	450
Finance for Jobs	2022	363	363
Others	2020 - 2026	1,461	845
		22,371	25,262
Accrued interest on loans		642	642
		23,013	25,904
Provision for expected credit losses *		(5,574)	(3,737)
		17,439	22,167

Movement on gross granted loans during 2021 and 2020 was as follows:

2021	Stage (1)	Stage (2)	Stage (3)	Total
		U.S. $ 000's		
As at January 1, 2021	20,817	694	3,751	25,262
Loans granted during the year	2,307	-	534	2,841
Collections during the year	(5,417)	(228)	(91)	(5,736)
Transfers between stages	(2,715)	2,715	-	-
Currency variance	-	-	4	4
As at December 31, 2021	14,992	3,181	4,198	22,371

2020	Stage (1)	Stage (2)	Stage (3)	Total
		U.S. $ 000's		
As at January 1, 2020	16,405	2,028	2,178	20,611
Loans granted during the year	9,363	-	431	9,794
Collections during the year	(4,951)	-	(209)	(5,160)
Transfers between stages	-	(1,334)	1,334	-
Currency variance	-	-	17	17
As at December 31, 2020	20,817	694	3,751	25,262

* Movement on provision for expected credit losses for granted loans in accordance with IFRS (9) was as follows:

2021	Stage (1)	Stage (2)	Stage (3)	Total
		U.S. $ 000's		
As at January 1, 2021	498	18	3,221	3,737
Transfers between stages	(60)	60	-	-
Net remeasurement of ECL provision during the year	150	282	1,398	1,830
Currency variance	-	-	7	7
As at December 31, 2021	588	360	4,626	5,574

2020	Stage (1)	Stage (2)	Stage (3)	Total
		U.S. $ 000's		
As at January 1, 2020	258	177	2,476	2,911
Transfers between stages	-	(159)	159	-
Net remeasurement of ECL provision during the year	240	-	569	809
Currency variance	-	-	17	17
As at December 31, 2020	498	18	3,221	3,737

ECL provisions reflect the probability-weighted estimate of expected credit losses. The provisions comprise both financial and non-financial information and analysis, based on PIF's historical experience and taking into consideration both internal and external factors.

PIF has obtained guarantees against part of these granted loans. The total value of guarantees against these loans amounted to U.S. $ 1,577,000 as at December 31, 2021.

14. Properties ready for sale

This item represents the cost of residential units and lands transferred from projects in progress and investment properties upon completion and becoming ready for sale.

Movement on properties ready for sale is as follows:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	29,262	22,404
Additions	-	1,270
Net transferred from investment properties	-	19,125
Residential units sold	(10,521)	(13,537)
Balance, end of year	18,741	29,262

Properties ready for sale include properties with a carrying amount of U.S. $ 7,561,000 that are mortgaged to a regional bank as collateral on loans granted to PIF (note 23).

15. Accounts receivable

	U.S. $ 000's	
	2021	2020
Checks under collection	77,685	80,904
Trade receivables	41,579	53,719
Cap Holding Company	11,305	11,305
Due from related parties	2,521	686
Others	871	880
	133,961	147,494
Provision for expected credit losses	(31,381)	(27,586)
	102,580	119,908

The movement on the provision for expected credit losses during the year was as follows:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	27,586	23,003
Net remeasurement of ECL provision during the year	3,400	3,985
Currency variance	395	598
Balance, end of year	31,381	27,586

Aging analysis of the accounts receivable as at December 31, 2021 and 2020 is as follows:

	U.S. $ 000's				
			Past due		
2021	Total	Not past due	< 90 days	91-180 days	> 181 days
Accounts receivable	133,961	82,280	6,881	800	44,000
Provision for expected credit losses	(31,381)	(2,271)	(322)	(75)	(28,713)
	102,580	80,009	6,559	725	15,287
2020					
Accounts receivable	147,494	80,525	20,140	8,308	38,521
Provision for expected credit losses	(27,586)	(1,363)	(1,505)	(382)	(24,336)
	119,908	79,162	18,635	7,926	14,185

The subsidiaries obtain guarantees against some of these receivables. Regarding receivables resulting from sale of properties, the sold properties ownership is not transferred to the buyers until the receivables are settled in full as a guarantee. The total value of these properties amounted to U.S. $ 18 million as at December 31, 2021.

16. Other current assets

	U.S. $ 000's	
	2021	2020
Due from Value Added Tax department	14,791	15,656
Receivables from sale of associates	6,270	4,734
Receivables from sale of subsidiary	5,500	-
Advances to suppliers	4,673	3,722
Accrued revenues	1,574	1,738
Inventory *	1,198	1,237
Contributions receivable **	1,081	3,074
Dividends receivable	225	652
Prepaid expenses	207	459
Due from brokers	72	57
Due from employees	-	181
Others	6,459	5,193
	42,050	36,703
Provision for expected credit losses	(5,310)	(3,727)
	36,740	32,976

* During the year, some of PIF's subsidiaries recorded impairment loss on inventory in an amount of U.S. $ 47,000 recognized in the consolidated income statement.

** This item represents contributions receivable from donors. These contributions aim to develop the private sector in Jerusalem especially for small and medium enterprises. In addition to a grant to finance solar PV systems project over the public schools' rooftops (note 27).

The movement on the provision of expected credit losses during the year was as follows:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	3,727	3,811
Net remeasurement of ECL provision during the year	1,561	(110)
Written-off during the year	-	(18)
Currency variances	22	44
Balance, end of year	5,310	3,727

17. Assets held for sale

Assets held for sale represent buildings, heavy equipment and transportation means that PIF intends to sell during the upcoming year in its current condition as follows:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	1,303	8,982
Transferred from property, plant and equipment	1,702	-
Sold assets held for sale	(1,146)	(7,268)
Impairment provision	(56)	(411)
Balance, end of year	1,803	1,303

Assets held for sale in an amount of U.S. $ 101,000 are mortgaged to a local bank as collateral on loans granted to PIF (note 25).

18. Cash and deposits at banks

	U.S. $ 000's	
	2021	2020
Cash on hand and current accounts at banks	19,390	20,139
Short-term deposits at banks	10,376	23,344
	29,766	43,483
Provision for expected credit losses *	(158)	-
	29,608	43,483

Short-term deposits are due within one to three months of the date of consolidated financial statements.

* The movement on the provision for expected credit losses during the year was as follows:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	-	-
Additions during the year	(158)	-
Balance, end of year	(158)	-

For the purpose of the consolidated statement of cash flow, cash and cash equivalents comprise the following as at December 31, 2021 and 2020:

	U.S. $ 000's	
	2021	2020
Cash on hand and current accounts at banks	19,390	20,139
Term deposits at banks	10,376	23,344
	29,766	43,483
Credit facilities – overdrafts (note 25)	(19,672)	(27,615)
Deposits maturing in more than 3 months	(1,780)	(3,250)
Restricted cash **	(18,043)	(14,869)
	(9,729)	(2,251)

** Cash and cash equivalents include amount of U.S. $ 6,248,000 restricted as a collateral against certain banks facilities, in addition to restricted cash of U.S. $ 11,795,000 as at December 31, 2021 and U.S. $ 14,869,000 as at December 31, 2020.

19. Paid-in capital

PIF's paid-in-capital represents the fair value of net assets transferred by the shareholder as determined by Standard & Poor's valuation reports at the date of establishment of PIF. The authorized and paid capital amounts to U.S. $ 625 million as at December 31, 2021 and 2020.

20. Shareholder's current account

This item represents the current account between PIF and the shareholder and is not subject to any interest or payment terms. Following are the details of this account:

	U.S. $ 000's	
	2021	2020
Receivables from operational services	60,268	45,497
Receivables on returned lands	31,206	31,206
Others	939	422
	92,413	77,125

The movement on the shareholder's current account during 2021 and 2020 was as follows:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	77,125	57,818
Distributed dividends	(5,000)	(17,000)
Receivables from operational services for the year	14,771	14,663
Properties returned to Ministry of Finance during the year	-	4,526
Payments to Ministry of Finance	6,000	17,000
Others	(483)	118
Balance, end of year	92,413	77,125

21. Reserves

Statutory Reserve

Statutory reserve represents accumulation of profits transferred at 10% of annual net profit in accordance with the Palestinian Companies' Law. This reserve is not available for distribution to the shareholder.

Voluntary Reserve

Based on the Board of Directors recommendation dated July 14, 2009, a voluntary reserve is appropriated at 10% of PIF's profit starting from 2009, for the purpose of supporting economic development projects in Palestine and covering any fluctuations or risks that PIF may face in the future. During 2011, PIF started to support several small and medium sized projects following the decision of the Board of Directors.

The Board of Directors decided in its meeting held on June 8, 2020, the distribution of U.S. $ 7 million dividends from the voluntary reserve (note 22). Later on, the Board of Directors decided to transfer an amount of U.S. $ 20 million from the voluntary reserve to retained earnings.

22. Distributed dividends

The General Assembly approved in its meeting held on June 30, 2021, the distribution of U.S. $ 5 million cash dividends during the year.

During the year, the Board of Directors approved the distribution of interim dividends in an amount of U.S. $ 1 million for PIF's profit of the year 2021, which will be approved at the first meeting of PIF's General Assembly.

Dividends in an amount of U.S. $ 7 million were distributed from the voluntary reserve and paid to the shareholder in 2020 based on Board of Directors' decision in its meeting held on June 8, 2020.

The General Assembly approved in its meeting held on June 10, 2020 the distribution of U.S. $ 10 million dividends from retained earnings, which have been paid during 2020.

23. Long-term loans and lease liabilities

	U.S. $ 000's	
	2021	2020
Long-term loans	142,573	153,772
Lease liabilities	1,624	1,557
Current portion of long-term loans (note 25)	(44,078)	(43,301)
Current portion of lease liabilities (note 25)	(447)	(334)
	99,672	111,694

During 2021, PIF signed a long-term loan agreement with a regional bank in an amount of JD 15 million (equivalent to U.S. $ 21 million) to finance PIF and its subsidiaries' investment operations and programs. The loan is to be settled through semi-annual payments with a grace period of one and a half years starting from the date of the first withdrawal, where the last installment is to be settled during 2027. During the year, PIF has withdrawn the full loan, and the outstanding balance of the loan is U.S. $ 21 million as at December 31, 2021.

Furthermore, during 2021, PIF and Massader signed a long-term loan agreement with European Investment Bank with a ceiling of U.S. $ 18 million to finance the construction of solar power plants. During the year, PIF has withdrawn an amount of U.S. $ 5.8 million from the total loan balance. The amount withdrawn along with the related interests is to be settled through semi-annual payments with a grace period of two years starting from the date of the first withdrawal, where the last installment is to be settled during 2028.

During 2021, PIF signed an Islamic finance agreement (Tawaruq) with a local Islamic bank in an amount of JD 5.5 million (equivalent to U.S. $ 7.8 million). The loan is to be settled through semi-annual payments with a grace period of one and a half years where the last installment is to be settled during 2027. The outstanding balance as at December 31, 2021 amounted to U.S. $ 7.8 million.

During 2020, PIF signed a long-term loan agreement with a local bank in an amount of U.S. $ 10 million to finance PIF's expected projects for the years from 2020 to 2023. The loan is to be settled through semi-annual payments with a grace period of one and a half years where the last installment is to be settled during 2023. During 2020, PIF has withdrawn the full loan amount. The outstanding balance as at December 31, 2021 amounted to U.S. $ 10 million.

During 2020, Sanad Trading and Marketing Co. (a subsidiary of Sanad for Construction Resources) signed a lease purchase agreement with a local Islamic bank in an amount of U.S. $ 4 million. The loan is to be settled in 90 months period, including a grace period of 6 months. Sanad has fully settled the loan in 2021.

During the previous years, PIF signed a long-term loan agreement with a regional bank in an amount of U.S. $ 30 million to fund PIF's expected projects for the following years. The loan is to be settled through semi-annual payments with a grace period of one and a half years where the last installment is to be settled during 2025. During the year, PIF has settled an amount of U.S. $ 6 million. The outstanding balance as at December 31, 2021 amounted to U.S. $ 24 million.

During the previous years, PIF signed a long-term loan agreement with a regional bank in an amount of U.S. $ 50 million to fund PIF's expected projects for the following years. The loan is to be settled through semi-annual payments with a grace period of one and a half years where the last installment is to be settled during 2024. During the year, PIF has settled an amount of U.S. $ 10 million. The outstanding balance of the loan as at December 31, 2021 amounted to U.S. $ 25 million.

During previous years, PIF has signed a long-term loan agreement with Arab Fund for Economic and Social Development in an amount of U.S. $ 30 million. The loan is to be settled through semi-annual payments along with a grace period of 3 years starting from the date of the first withdrawal (which was in 2016) and where the right to withdrawal ends in 2021. During 2021, PIF has settled an amount of U.S. $ 2 million, accordingly the outstanding balance of the loan as at December 31, 2021 amounted to U.S. $ 22 million.

During 2017, Aswaq (a subsidiary) signed a long-term loan agreement with a local bank in an amount of U.S. $ 20 million. The loan is to be settled through semi-annual payments with a grace period of one year where the last installment is to be settled during 2023. During 2021, Aswaq has settled an amount of U.S. $ 4 million. The outstanding balance of the loan as at December 31, 2021 amounted to U.S. $ 8 million.

Sanad Construction Resources (a subsidiary) and some of its subsidiaries signed agreements with regional and local banks during previous years for long-term loans to finance the activities of these companies. These loans are to be settled within a period of 1 to 2 years. The outstanding balance of these loans as at December 31, 2021 amounted to U.S. $ 17 million.

In addition, during previous years, PIF and some of its subsidiaries signed long-term loan agreements with local and regional banks to finance these companies' operations. These loans are to be settled within one year from the date of the consolidated financial statements. The outstanding balance of these loans as at December 31, 2021 was approximately U.S. $ 2 million.

These loans were secured by mortgaging some of PIF's and its subsidiaries' assets.

The following table represents the mortgaged assets as at December 31, 2021:

Items	Book value of collaterals U.S. $ 000's	Note
Property, plant and equipment	5,594	7
Investment properties	6,421	8
Projects in progress	1,737	9
Investments in associates	23,443	10
Financial assets at FVOCI	28,110	12
Financial assets at FVTPL	7,381	12
Properties ready for sale	7,561	14
Investments in subsidiaries	2,439	
Total	82,686	

The maturities of loans and lease liabilities are as follows:

	U.S. $ 000's
Matures in 2022	44,525
2023	41,608
2024	23,161
2025	16,907
Thereafter	17,996
	144,197

24. Deferred tax liabilities

Movement on deferred tax liabilities resulting from re-evaluating investment properties at fair value was as follows:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	1,643	2,234
Additions	55	125
Amortization of deferred tax liabilities	(520)	(716)
Balance, end of year	1,178	1,643

25. Credit facilities and current portion of long-term loans and lease liabilities

	U.S. $ 000's	
	2021	2020
Current portion of long-term loans (note 23)	44,078	43,301
Current portion of lease liabilities (note 23)	447	334
Overdrafts *	19,672	27,615
	64,197	71,250

* During previous years, Sanad Trading and Marketing Co. (a subsidiary of Sanad Construction Resources) signed several credit facilities agreements with local, Islamic, and regional banks in U.S. $ and in ILS to finance its operational activities. The ILS credit facilities ceiling amounted to ILS 62.3 million (equivalent to U.S. $ 20 million), where the U.S. $ credit facilities ceiling amounted to U.S. $ 16 million. The facilities are repaid within different periods less than a year from the date of the withdrawal and is secured by deposit of checks under collection at an amount not less than 130%of the facilities amount and guaranteed by Sanad (a subsidiary), in addition to mortgaging property, plant and equipment in an amount of U.S $ 2,507,000 and assets held for sale in an amount of U.S. $ 101,000 (notes 7 and 17) as a collateral. The utilized balance of these facilities as at December 31, 2021 was U.S. $ 19,672,000.

26. Accounts Payable

	U.S. $ 000's	
	2021	2020
Trade payables	15,947	19,337
Contractors payables	302	197
Properties sales advances	-	482
Others	140	67
	16,389	20,083

27. Provisions and other liabilities

	U.S. $ 000's	
	2021	2020
Accrued expenses	6,562	5,207
Temporarily restricted contributions *	4,384	6,353
Postponed checks	3,089	10,804
Provision for employees' indemnity **	2,582	3,667
Forward currency contracts	1,821	2,383
Employees' income tax payable	1,558	1,216
Bonuses provision	1,047	168
ECL on guarantees ***	540	712
Due to brokers	346	172
Interest rates swaps	320	1,635
Leasehold improvement taxes	290	281
Employee's payables	215	-
Others	18,898	16,148
	41,652	48,746

* This account represents temporarily restricted contributions from different donors. These contributions aim to develop the private sector in Jerusalem especially for small and medium enterprises. In addition, Massader (a subsidiary) received a grant during 2019 to finance solar PV systems project over the public schools' rooftops. During the year, Massader recognized revenue an amount of U.S. $ 2 million as the purpose of the contribution is satisfied, which is reflected in the consolidated income statement (note 34).

Following is the movement on temporarily restricted contributions during 2021 and 2020:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	6,353	6,420
Recognized revenues	(2,000)	-
Written-off during the year	-	(46)
Currency variances	31	(21)
Balance, end of year	4,384	6,353

** Provision for employee's end of service benefits is provided for in accordance with the labor law prevailing in Palestine and PIF's human resources policies. Following is the movement on provision for employees' indemnity during the years of 2021 and 2020:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	3,667	2,899
Additions	1,595	2,285
Payments during the year	(2,721)	(1,559)
Currency variances	41	42
Balance, end of year	2,582	3,667

*** Following is the movement on provision for expected credit losses on guarantees granted to associates in accordance with IFRS (9):

	Stage (1)	Stage (2)	Stage (3)	Total
	U.S. $ 000's			
As at January 1, 2021	204	508	-	712
Net recovery during the year	(172)	-	-	(172)
As at December 31, 2021	32	508	-	540

28. Provision for income tax

The taxable income of PIF and its subsidiaries is subject to income tax at the corporate tax rate of 15% Following is the movement on the provision for income tax during 2021 and 2020:

	U.S. $ 000's	
	2021	2020
Balance, beginning of year	2,655	749
Additions during the year	2,092	1,718
Amortization of deferred tax liabilities (note 24)	520	716
Payments during the year	(661)	(437)
Recovery of prior years' taxes *	(1,393)	-
Disposal of a subsidiary	100	-
Currency variances	25	(91)
Balance, end of year	3,338	2,655

* Amaar (a subsidiary) has reached a final settlement with the Income Tax Department for the results of its operations for prior periods up to 2019, which resulted in recovery of income tax provision in amount of U.S. $ 1,393,000.

PIF has not reached final settlements with the Income Tax Department for the results of its operations from 2015 to 2020. Furthermore, PIF's remaining subsidiaries have not reached final settlements with the Income Tax Department for their results of operations for prior periods up to 2020, taking into consideration that all tax filings have been completed and the tax consultant is following up on tax reconciliations with tax authorities.

Taxes shown in the consolidated income statement represent the following:

	U.S. $ 000's	
	2021	2020
Additions during the year	2,092	1,718
Deferred tax liabilities (note 24)	55	125
Recovery of prior years' taxes	(1,393)	-
	754	1,843

29. Operating revenues

	U.S. $ 000's			
	2021			
	Operating revenues	Cost of sales	Operating expenses	Operating income
Investment	14,878	-	(12,736)	2,142
Trade and transportation	58,933	(50,690)	(4,271)	3,972
Real estate	28,909	(17,249)	(568)	11,092
Energy	1,045	(663)	-	382
Tourism	2,706	(324)	(1,856)	526
	106,471	(68,926)	(19,431)	18,114

	U.S. $ 000's			
	2020			
	Operating revenues	Cost of sales	Operating expenses	Operating income
Investment	14,663	-	(12,061)	2,602
Trade and transportation	63,140	(55,167)	(5,441)	2,532
Real estate	27,506	(20,619)	(596)	6,291
Energy	7,722	(7,311)	-	411
Tourism	915	(443)	(1,993)	(1,521)
	113,946	(83,540)	(20,091)	10,315

All above revenues are subject to IFRS (15) – "Revenues from contracts with customers" except for rental revenues which are accounted for in accordance with IFRS (16) – "Leases". All PIF's revenues are generated in Palestine.

Following are the details of revenues from contracts with customers and rentals:

	U.S. $ 000's	
	2021	2020
Revenues from contracts with customers: According to time of recognition		
At point in time	89,205	98,286
Over a period of time	16,479	15,144
	105,684	113,430
Rental revenues	787	516
Total	106,471	113,946

30. Gain from investments in financial assets

	U.S. $ 000's	
	2021	2020
Gain on sale and revaluation of financial assets at FVTPL	17,635	13,219
Dividends income from financial assets at FVOCI	4,807	6,212
Dividends income from financial assets at FVTPL	4,477	5,184
Valuation gain resulting from reclassifying investment in associate	1,521	-
Gain from sale of financial assets at amortized cost	-	24
Interest on bonds	142	294
	28,582	24,933

31. Interest income

	U.S. $ 000's	
	2021	2020
Interest on deposits with banks	1,441	989
Interest on granted loans	765	506
	2,206	1,495

32. Investment expenses

	U.S. $ 000's	
	2021	2020
Employees' salaries, wages and benefits	1,575	1,738
Professional fees	427	245
Travel and transportation	13	3
Others	9	29
	2,024	2,015

33. General and administrative expenses

	U.S. $ 000's	
	2021	2020
Employees' salaries, wages and benefits	7,756	8,038
Professional fees	2,844	1,618
Board of Directors bonuses	830	526
Fees and subscriptions	612	529
Insurance	189	199
Travel and transportation	187	175
Maintenance	176	160
Telephone and postage	134	163
Rents	69	36
Hospitality	59	54
Printing and stationery	57	66
Marketing	46	53
Others	523	419
	13,482	12,036

34. Other revenues (expenses), net

	U.S. $ 000's	
	2021	2020
Gain from currency variances	1,570	2,466
ECL – simplified approach (notes 15 and 16)	(4,961)	(3,875)
Assets impairment losses (notes 7, 9, 10, 11, 16 and 17)	(946)	(1,090)
ECL – general approach (notes 12, 13, 18 and 27)	(1,781)	(827)
Recognized grant revenue (note 27)	2,000	-
Loss from sale of property, plant and equipment	(8)	(218)
Others	(109)	(432)
	(4,235)	(3,976)

35. Fair value

Fair value measurement

PIF did not make any transfers between the levels during the year 2021 and 2020. The following table provides the fair value measurement hierarchy of PIF's assets and liabilities as at December 31, 2021:

	Date of measurement	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			U.S. $ 000's	
Assets measured at fair value:				
Financial assets at FVTPL	December 31, 2021	104,444	6,927	17,183
Financial assets at FVOCI	December 31, 2021	104,162	6,433	9,603
Investment properties	December 31, 2021	-	-	43,472
Assets for which fair value is disclosed				
Investments in associates (Quoted)	December 31, 2021	239,980	-	-
Liabilities measured at fair value:				
Interest rates swaps	December 31, 2021	-	-	320
Forward currency contracts	December 31, 2021	-	1,821	-

The following table provides the fair value measurement hierarchy of PIF's assets and liabilities as at December 31, 2020:

	Date of measurement	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			U.S. $ 000's	
Assets measured at fair value:				
Financial assets at FVTPL	December 31, 2020	115,991	31,419	15,330
Financial assets at FVOCI	December 31, 2020	74,078	10,696	10,622
Investment properties	December 31, 2020	-	-	41,157
Assets for which fair value is disclosed				
Investments in associates (Quoted)	December 31, 2020	145,807	-	-
Liabilities measured at fair value:				
Interest rates swaps	December 31, 2020	-	-	1,635
Forward currency contracts	December 31, 2020	-	2,383	-

The following table represents movement on assets measured at the fair value through "Level 3":

	Financial assets at FVTPL	Financial assets at FVOCI	Investment properties	Interest rates swaps	Total
			U.S. $ 000's		
Balance, January 1, 2021	15,330	10,622	41,157	(1,635)	65,474
Net movement during the year	1,915	-	4,629	-	6,544
Change in fair value	(62)	(1,019)	(2,314)	1,315	(2,080)
Balance, December 31, 2021	17,183	9,603	43,472	(320)	69,938

Following are the main assumptions used to determine the fair value of investment properties:

Regarding lands, PIF assigns licensed external appraisers to assess the fair value of investment properties which mainly represents prices for similar lands sold during the year. The fair value is calculated by multiplying fair value per meter square by the total area of the land. PIF recognizes the fair value of investment properties in its financial statements based on the valuation of independent appraisers and according to policies approved by the Board of Directors. Rented buildings have been evaluated by discounting future cash flows from rents.

The following table represents the sensitivity of investment properties' (lands) fair value:

	Increase/ decrease in fair value	Effect on fair value and profit for the year
	%	U.S. $ 000's
2021		
Fair value per meter square	+ 5	1,626
Fair value per meter square	- 5	(1,626)
2020		
Fair value per meter square	+ 5	1,782
Fair value per meter square	- 5	(1,782)

The following table represents the sensitivity of investment properties' (rented floors) fair value:

	Increase/ decrease in fair value	Effect on fair value and profit for the year
2021	%	U.S. $ 000's
Discounted rate	+ 5	(362)
Growth rate	+ 5	33
2020		
Discounted rate	+ 5	(467)
Growth rate	+ 5	52

In respect of financial derivatives, fair value is determined using discounted cash flows method (DCF) and appropriate valuation methods, the following table represents financial derivatives as at December 31, 2021 and 2020:

	Positive fair value	Negative fair value	Par value	Matures in one year	Matures in more than one year
			U.S. $ 000's		
2021					
Interest rates swap contracts	-	320	44,000	16,000	28,000
Forward currency contracts	-	1,821	16,570	16,570	-
	-	2,141	60,570	32,570	28,000
2020					
Interest rates swap contracts	-	1,635	60,000	16,000	44,000
Forward currency contracts	-	2,383	25,320	25,320	-
	-	4,018	85,320	41,320	44,000

Interest rates swaps are subject to hedging policies representing cash flow hedges.

Fair values of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of PIF's financial instruments as at December 31, 2021 and 2020:

	U.S. $ 000's			
	Carrying amount		Fair value	
	2021	2020	2021	2020
Financial assets				
Granted loans	17,439	22,167	17,439	22,167
Term deposits at banks	23,265	-	23,265	-
Investments in securities	248,752	263,101	248,752	263,101
Accounts receivable	102,580	119,908	102,580	119,908
Other financial assets	24,302	22,365	24,302	22,365
Cash and deposits at banks	29,608	43,483	29,608	43,483
	445,946	471,024	445,946	471,024
Financial liabilities				
Accounts payable	16,249	19,534	16,249	19,534
Loans, lease liabilities and credit facilities	163,869	182,944	163,869	182,944
Other financial liabilities	17,662	23,430	17,662	23,430
	197,780	225,908	197,780	225,908

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

– The fair values of accounts receivable, other financial assets, cash and deposits at banks, accounts payable and other financial liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

– The fair value of granted loans, loans, credit facilities and long-term lease liabilities are estimated by discounting future cash flows using rates currently available for debt on similar credit terms. The carrying amounts of granted loans, loans, credit facilities and long-term lease liabilities are not materially different from their fair value.

– The fair value of quoted financial assets at FVTPL and quoted financial assets at FVOCI is determined based on their price quotations at the reporting date.

– The fair value of unquoted financial assets at fair value is determined using appropriate valuation methods.

36. Related parties' balances and transactions

This item represents balances and transactions with related parties. Related parties represent associated companies, the shareholder, members of Board of Directors, key management personnel, and entities controlled, or significantly influenced by such parties. Pricing policies and terms related to transactions with related parties are approved by PIF's Board of Directors.

– Balances with related parties included in the consolidated statement of financial position are as follows:

	U.S. $ 000's	
	2021	2020
Shareholder's current account	92,413	77,125
Granted loans to associates and related accrued interest *	6,007	4,776
Accounts receivable (associates)	2,797	3,232
Due from related parties (joint ventures)	2,521	686
Cash and deposits at banks (associate)	2,297	6,328
Long-term loans, lease liabilities, and credit facilities (associates)	12,066	16,472
Provisions and other liabilities (associates)	18	192
Accrued Board of Directors bonuses	343	150

– Transactions with related parties included in the consolidated income statement are as follows:

	U.S. $ 000's	
	2021	2020
Operational services revenues with the shareholder	14,878	14,663
Sales revenues - associates	298	181
Service revenues - joint ventures	79	-
Sales revenues - non-controlling interests	623	351
Gain on sale of property, plant and equipment - associates	-	715
Interest on granted loans to associates	243	118
Interest on deposits with associates	181	216
Interest on long-term loans, lease liabilities, and credit facilities - associates	811	470

– Key management salaries and remunerations of PIF and its subsidiaries are as follows:

	U.S. $ 000's	
	2021	2020
Board of Directors bonuses	830	526
Key management's share of salaries and related benefits	2,263	2,133
Key management's share of employees' indemnity	284	523

* ECL provision on granted loans to associates amounted to U.S. $ 1,111,000 and U.S. $ 535,000 as at December 31, 2021 and 2020, respectively.

Furthermore, PIF is considered as a guarantor for granted loans to some associates, the value of the guarantees amounted to U.S. $ 5,475,000 and U.S. $ 32,717,000 as at December 31, 2021 and 2020, respectively. The ECL provision on these guarantees amounted to U.S. $ 540,000 and U.S. $ 712,000 as at December 31, 2021 and 2020, respectively.

37. Risk management

PIF's financial liabilities comprise loans, lease liabilities, credit facilities, accounts payable and some other financial liabilities. The main purpose of these financial liabilities is to finance PIF's operations. In addition, PIF has various financial assets such as accounts receivables, granted loans, cash and deposits at banks, some other financial assets, and investments in securities, which arise directly from PIF's operations.

Financial assets are classified as follows:

December 31, 2021	Financial assets at amortized cost	Financial assets at FVTPL	Financial assets at FVOCI	Total
	U.S. $ 000's			
Investments in securities	-	128,554	120,198	248,752
Granted loans	17,679	-	-	17,679
Term deposits at banks	23,265	-	-	23,265
Accounts receivable	102,580	-	-	102,580
Cash and deposits at banks	29,608	-	-	29,608
Other financial assets	24,302	-	-	24,302
	197,434	128,554	120,198	446,186

December 31, 2020	Financial assets at amortized cost	Financial assets at FVTPL	Financial assets at FVOCI	Total
	U.S. $ 000's			
Investments in securities	4,965	162,740	95,396	263,101
Granted loans	22,167	-	-	22,167
Accounts receivable	119,908	-	-	119,908
Cash and deposits at banks	43,483	-	-	43,483
Other financial assets	22,365	-	-	22,365
	212,888	162,740	95,396	471,024

All financial liabilities have been classified at amortized cost as at December 31, 2021 and 2020 except for forward currency contracts which have been classified as financial liabilities at fair value through profit or loss and interest rates swaps which have been classified as financial liabilities at fair value through other comprehensive income.

The main risks arising from PIF's financial instruments are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. PIF's Board of Directors reviews and approves policies for managing these risks which are summarized below:

Interest rate risk

PIF and its subsidiaries' exposure to the risk of changes in interest rates relates primarily to floating interest bearing assets and liabilities, such as term deposits at banks, granted loans and obtained long term loans.

The following table demonstrates the sensitivity of the consolidated income statement to reasonable possible changes in interest rates as of December 31, 2021 and 2020, with all other variables held constant. The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on PIF and its subsidiaries' profit for one year, based on assets and liabilities with floating interest rates at December 31, 2021.

The effect of decreases in interest rate is expected to be equal and opposite to the effect of the increases shown below:

2021	Increase in interest rate (basis points)	Effect on profit for the year U.S. $ 000's
U.S. $	+10	(6)
Israeli Shekel	+10	-

2020	Increase in interest rate (basis points)	Effect on profit for the year U.S. $ 000's
U.S. $	+10	(8)
Israeli Shekel	+10	(3)

Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. $ exchange rate against other currencies, with all other variables held constant, on PIF's profit and equity. The Jordanian Dinar (JD) and the Qatari Riyal (QR) are linked to U.S. $. Therefore, no effect resulting from the fluctuations in JD and QR rates is expected on the consolidated financial statements. The effect of decreases in the exchange rate of U.S. $ against other currencies is expected to be equal and opposite to the effect of the increase shown below:

	Increase in currency rate to U.S. $ %	Effect on profit U.S. $ 000's	Effect on equity U.S. $ 000's
2021			
Israeli Shekel	10+	5,537	406
Other currencies	10+	41	(276)
2020			
Israeli Shekel	10+	3,990	270
Other currencies	10+	42	-

Equity price risk

The following table demonstrates the sensitivity of the cumulative changes in fair value for financial assets at FVTPL and FVOCI to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown below:

2021	Increase in equity price (%)	Effect on equity U.S. $ 000's	Effect on income statement U.S. $ 000's
Shares listed in Palestine Securities Exchange	+10	10,355	10,413
Shares listed in other markets	+10	61	31
Shares and portfolios not listed	+10	1,604	2,411
2020			
Shares listed in Palestine Securities Exchange	+10	7,354	5,825
Shares listed in other markets	+10	54	5,774
Shares and portfolios not listed	+10	2,132	4,675

Credit risk

PIF and its subsidiaries' exposure to credit risk arises from the default of the counterparty.

PIF and its subsidiaries believe that they are not significantly exposed to credit risk as they are currently managing their credit risks by setting credit limits for customers and continuously monitoring the accounts receivable in coordination with legal consultants. The maximum exposure to credit risk on granted loans, accounts receivable and investments in financial assets at amortized cost is their carrying amounts as explained in notes (12), (13) and (15). Details and distribution of these exposures based on staging and guarantees are detailed in the same notes.

With respect to credit risk arising from other financial assets of PIF, including cash and deposits at banks, and other financial assets, PIF's financial and investing decisions are made only for approved parties. These exposures have been classified as stage (1) in accordance with IFRS (9). PIF's exposure to credit risk arises from default of the counterparty, with a maximum exposure equals to the carrying amount of these financial assets.

Liquidity risk

PIF and its subsidiaries manage liquidity risk by ensuring the availability of sufficient cash balances and credit facilities and pursuing the collection of accounts receivables.

The table below summarizes the allocation of undiscounted financial liabilities as at December 31, 2021 and December 31, 2020, based on their remaining maturity:

	U.S. $ 000's				
	Less than 3 months	3 to 12 Months	1 to 5 years	More than 5 years	Total
December 31, 2021					
Long-term loans, lease liabilities and credit facilities	5,745	64,593	107,542	1,103	178,983
Accounts payable	16,249	-	-	-	16,249
Other financial liabilities	10,152	7,510	-	-	17,662
	32,146	72,103	107,542	1,103	212,894
December 31, 2020					
Long-term loans, lease liabilities and credit facilities	1,065	76,453	118,491	3,475	199,484
Accounts payable	19,534	-	-	-	19,534
Other financial liabilities	13,691	9,739	-	-	23,430
	34,290	86,192	118,491	3,475	242,448

38. Capital management

The primary objective of PIF's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize its equity. PIF manages its capital structure and make adjustments in light of changes in business conditions. No changes were made in the objectives, policies or processes during 2021 and 2020.

Capital includes paid-in share capital, shareholder's current account, reserves, retained earnings and non-controlling interests with a total of U.S. $ 730,657,000 and U.S. $ 678,208,000 as at December 31, 2021 and 2020, respectively.

39. Segment information

PIF presents segment reporting information in accordance with PIF's nature of operations, as risks and rates of return are affected predominantly by differences in the products and services provided. Business segments comprise trade and transportation, real estate, tourism, energy, in addition to the investment sector. Business operations are organised and managed separately according to the nature of the services provided by each sector, as each sector presents a strategic business unit.

The following table presents revenue and results of operations and certain assets and liabilities information regarding PIF's business segments for the year ended December 31, 2021:

	U.S. $ 000's						
	Investment sector	Trade and transportation	Real estate	Tourism	Energy	Eliminations	Total
Revenues							
External revenues	14,878	58,933	28,909	2,706	1,045	-	106,471
Inter-segment revenues (eliminated)	-	-	3,960	-	-	(3,960)	-
Total revenues	14,878	58,933	32,869	2,706	1,045	(3,960)	106,471
Profit (loss) before tax	31,112	(971)	6,374	(3,603)	855	1,088	34,855
Other information							
Depreciation of property, plant and equipment	9,605	1,832	553	1,818	282	(556)	13,534
Capital expenditures	3,408	4,925	4,477	6	4,331	(3,099)	14,048
Interest revenues	1,710	-	461	35	-	-	2,206
Finance costs	5,479	2,798	38	670	272	(145)	9,112
Investments in associates and joint ventures	261,732	4,970	4,782	4,551	16,873	(50,273)	242,635
Share of associates' results of operations	14,208	-	(197)	(598)	878	-	14,291
Share of joint ventures' results of operations	(45)	(30)	(361)	-	-	-	(436)

The following table presents segments' assets and liabilities as at December 31, 2021:

	Investment sector	Trade and transportation	Real estate	Tourism	Energy	Eliminations	Total
Assets and liabilities							
Segments' assets	738,354	178,026	172,005	62,418	37,001	(230,721)	957,083
Segments' liabilities	288,378	91,614	15,134	72,786	3,004	(244,490)	226,426

The following table presents revenue and profit information and certain assets and liabilities information regarding PIF's business segments for the year ended December 31, 2020:

	U.S. $ 000's						
	Investment sector	Trade and transportation	Real estate	Tourism	Energy	Eliminations	Total
Revenues							
External revenues	14,663	63,140	27,506	915	7,722	-	113,946
Inter-segment revenues (eliminated)	-	-	681	-	-	(681)	-
Total revenues	14,663	63,140	28,187	915	7,722	(681)	113,946
Profit (loss) before tax	22,784	(9,283)	4,714	(7,832)	62	-	10,445
Other information							
Depreciation of property, plant and equipment	9,787	2,075	483	1,883	253	(286)	14,195
Capital expenditures	529	1,070	5,534	46	3,041	-	10,220
Interest revenues	1,037	-	458	-	-	-	1,495
Finance costs	5,382	4,226	53	671	93	(61)	10,364
Investments in associates and joint ventures	186,070	5,123	5,407	5,375	14,821	(51,775)	165,021
Share of associates' results of operations	7,661	(1,095)	(121)	(654)	636	-	6,427
Share of joint ventures' results of operations	-	-	(501)	-	-	-	(501)

The following table presents segments' assets and liabilities as at December 31, 2020:

Assets and liabilities							
Segments' assets	712,036	174,759	200,049	55,786	40,035	(248,386)	934,279
Segments' liabilities	286,720	85,588	24,977	66,109	4,929	(212,252)	256,071

40. Commitments and contingencies

- PIF and its subsidiaries may be exposed to liabilities associated with the liquidation of some non-operating companies of which the ownership was transferred from the shareholder to PIF.
- PIF and some of its subsidiaries appear as a defendant in a number of lawsuits in the Palestinian courts which amounted to U.S. $ 17,073,000 as at December 31, 2021. PIF's management and legal counsels believe that provisions made against these litigations are sufficient.
- As of the consolidated financial statements date, PIF and its subsidiaries have contractual commitments resulting from purchases, services and construction contracts. The contractual commitments represent the difference between total contract cost and the amounts of materials or services received as of the consolidated financial statements date. The value of contractual obligations to be paid in subsequent years amounted to U.S. $ 3,667,000 as at December 31, 2021.

41. Coronavirus risk effects (Covid-19)

Despite the fact that the Coronavirus (Covid-19) continues to affect the global economy and the different business sectors, PIF's management believes that the severity of the impact of Covid-19 on its operations and financial performance has declined relatively compared with the previous year, particularly with regard to gains from investments in financial assets at FVTPL and FVOCI. On the other hand, the tourism sector continues to witness irregular work, which had a negative impact on the tourism sector revenues which have declined compared to the years before the pandemic. During the year, some of PIF's tourism facilities partially resumed operations, resulting in an increase in revenues compared to the revenues of 2020.

The extent and impact that could result from these global and local conditions is still unclear and depends on future developments that cannot be predicted accurately at the present time, noting that these developments could impact PIF's future financial results, cash flows and financial condition.

42. Concentration of risk in geographic area

PIF and most of its subsidiaries are carrying out their activities in Palestine, in which the political and economic situations are not stable.