

**ALDAR PROPERTIES PJSC**

**Review report and interim  
financial information  
for the period ended  
30 June 2020**

## **ALDAR PROPERTIES PJSC**

### **Review report and interim financial information for the period ended 30 June 2020**

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## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ALDAR PROPERTIES PJSC**

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Aldar Properties PJSC (the “Company”) and its subsidiaries (together the “Group”) as at 30 June 2020 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Georges F. Najem  
Registration No. 809  
12 August 2020  
Abu Dhabi  
United Arab Emirates

**Condensed consolidated statement of financial position  
as at 30 June 2020**

|  |              | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
|--|--------------|---|---|
|  | <b>Notes</b> |   |   |
| <b>ASSETS</b>  |              |   |   |
| <b>Non-current assets</b>  |              |   |   |
| Property, plant and equipment  | <b>5</b>     | <b>3,392,394</b>                                    | 3,504,590                                   |
| Intangible assets and goodwill                                       | <b>6</b>     | <b>191,370</b>                                      | 192,223                                     |
| Investment properties  | <b>7</b>     | <b>16,677,063</b>                                   | 16,782,476                                  |
| Investment in associates and joint ventures                          | <b>8</b>     | <b>192,588</b>                                      | 198,979                                     |
| Financial assets at fair value through other<br>comprehensive income | <b>9</b>     | <b>51,394</b>                                       | 55,202                                      |
| Trade and other receivables  | <b>10</b>    | <b>239,495</b>                                      | 238,926                                     |
| <b>Total non-current assets</b>                                      |              | <b>20,744,304</b>                                   | 20,972,396                                  |
| <b>Current assets</b>  |              |   |   |
| Land held for sale   |              | <b>4,756,482</b>                                    | 4,796,967                                   |
| Development work in progress   | <b>11</b>    | <b>2,584,520</b>                                    | 2,546,972                                   |
| Inventories  | <b>12</b>    | <b>1,248,138</b>                                    | 1,052,786                                   |
| Trade and other receivables  | <b>10</b>    | <b>6,189,584</b>                                    | 6,211,360                                   |
| Cash and bank balances   | <b>13</b>    | <b>3,678,061</b>                                    | 5,686,242                                   |
| <b>Total current assets</b>  |              | <b>18,456,785</b>                                   | 20,294,327                                  |
| <b>TOTAL ASSETS</b>  |              | <b>39,201,089</b>                                   | 41,266,723                                  |

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


## ALDAR PROPERTIES PJSC

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
**Condensed consolidated statement of financial position  
as at 30 June 2020 (continued)**

|  | Notes | 30 June<br>2020<br>(unaudited)<br>AED'000 | 31 December<br>2019<br>(audited)<br>AED'000 |
|--|-------|---|---|
| <b>EQUITY AND LIABILITIES</b>                    |       |   |   |
| <b>Equity</b>                                    |       |   |   |
| Share capital                                    |       | 7,862,630                                 | 7,862,630                                   |
| Statutory reserve                                |       | 3,931,315                                 | 3,931,315                                   |
| Hedging reserve                                  |       | (36,901)                                  | (33,482)                                    |
| Investment revaluation reserve                   |       | 15,632                                    | 19,439                                      |
| Retained earnings                                |       | 12,700,986                                | 13,057,604                                  |
|  |       | <hr/>                                     | <hr/>                                       |
| Equity attributable to the owners of the Company |       | 24,473,662                                | 24,837,506                                  |
| Non-controlling interests                        |       | 116,886                                   | 113,744                                     |
|  |       | <hr/>                                     | <hr/>                                       |
| <b>Total equity</b>                              |       | <b>24,590,548</b>                         | <b>24,951,250</b>                           |
|  |       | <hr/>                                     | <hr/>                                       |
| <b>Non-current liabilities</b>                   |       |   |   |
| Non-convertible sukuk                            | 14    | 3,631,399                                 | 3,628,113                                   |
| Bank borrowings                                  | 14    | 4,412,651                                 | 4,407,417                                   |
| Retentions payable                               |       | 233,096                                   | 260,210                                     |
| Lease liabilities                                |       | 357,220                                   | 431,559                                     |
| Employees benefits                               |       | 170,698                                   | 167,464                                     |
| Other financial liabilities                      |       | 17,626                                    | 10,760                                      |
|  |       | <hr/>                                     | <hr/>                                       |
| <b>Total non-current liabilities</b>             |       | <b>8,822,690</b>                          | <b>8,905,523</b>                            |
|  |       | <hr/>                                     | <hr/>                                       |
| <b>Current liabilities</b>                       |       |   |   |
| Non-convertible sukuk                            | 14    | 36,422                                    | 36,377                                      |
| Bank borrowings                                  | 14    | 73,760                                    | 75,226                                      |
| Retentions payable                               |       | 608,544                                   | 604,694                                     |
| Lease liabilities                                |       | 87,519                                    | 80,781                                      |
| Advances from customers                          | 15    | 370,783                                   | 487,658                                     |
| Trade and other payables                         | 16    | 4,610,823                                 | 6,125,214                                   |
|  |       | <hr/>                                     | <hr/>                                       |
| <b>Total current liabilities</b>                 |       | <b>5,787,851</b>                          | <b>7,409,950</b>                            |
|  |       | <hr/>                                     | <hr/>                                       |
| <b>Total liabilities</b>                         |       | <b>14,610,541</b>                         | <b>16,315,473</b>                           |
|  |       | <hr/>                                     | <hr/>                                       |
| <b>TOTAL EQUITY AND LIABILITIES</b>              |       | <b>39,201,089</b>                         | <b>41,266,723</b>                           |
|  |       | <hr/> <hr/>                               | <hr/> <hr/>                                 |

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.

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**Mohamed Al Mubarak**  
 Chairman

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**Talal Al Dhiyebi**  
 Chief Executive Officer

DocuSigned by:  
  
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**Greg Fewer**  
 Chief Financial Officer

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

### Condensed consolidated income statement for the period ended 30 June 2020

|  | Notes | 3 months ended 30 June |                        | 6 months ended 30 June |                        |
|--|-------|------------------------|------------------------|------------------------|------------------------|
|  |       | 2020                   | 2019                   | 2020                   | 2019                   |
|  |       | (unaudited)<br>AED'000 | (unaudited)<br>AED'000 | (unaudited)<br>AED'000 | (unaudited)<br>AED'000 |
| Revenue  | 23.1  | 2,006,831              | 1,656,148              | 3,763,842              | 3,420,653              |
| Direct costs   | 23.1  | (1,291,091)            | (987,317)              | (2,349,436)            | (2,029,039)            |
| <b>Gross profit</b>  |       | <b>715,740</b>         | 668,831                | <b>1,414,406</b>       | 1,391,614              |
| Selling and marketing expenses   |       | (24,752)               | (17,169)               | (42,988)               | (42,069)               |
| <i>General and administrative expenses</i>   |       |                        |                        |                        |                        |
| Staff costs  |       | (58,371)               | (60,182)               | (116,555)              | (117,774)              |
| Depreciation and amortisation  |       | (65,804)               | (66,304)               | (131,886)              | (131,523)              |
| Provisions, impairments and write downs - net  |       | (10,206)               | (2,527)                | (43,431)               | (16,941)               |
| Others   |       | (12,850)               | (24,719)               | (33,988)               | (47,025)               |
| Loss on revaluation of investment properties   | 7     | (38,190)               | (40,138)               | (173,118)              | (80,275)               |
| Gain on transfer from development work in progress to investment properties due to change in use | 7     | -                      | -                      | 3,855                  | -                      |
| Share of loss from associates and joint ventures   | 8     | (6,268)                | (4,375)                | (7,171)                | (910)                  |
| Gain on disposal of property, plant and equipment  |       | 36                     | 23,013                 | 53                     | 23,013                 |
| Gain on disposal of investment property  |       | 2,079                  | -                      | 2,237                  | 17,690                 |
| Finance income   | 17    | 14,481                 | 18,600                 | 36,121                 | 42,710                 |
| Finance costs  | 18    | (81,612)               | (88,242)               | (172,709)              | (177,384)              |
| Other income   | 19    | 49,947                 | 69,359                 | 51,780                 | 107,553                |
| <b>Profit for the period</b>   |       | <b>484,230</b>         | 476,147                | <b>786,606</b>         | 968,679                |
| <b>Attributable to:</b>  |       |                        |                        |                        |                        |
| Owners of the Company  |       | 483,363                | 470,428                | 783,464                | 1,023,401              |
| Non-controlling interests  |       | 867                    | 5,719                  | 3,142                  | (54,722)               |
|  |       | <b>484,230</b>         | 476,147                | <b>786,606</b>         | 968,679                |
| <b>Basic and diluted earnings per share (AED)</b>  | 20    | <b>0.061</b>           | 0.060                  | <b>0.100</b>           | 0.130                  |

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

**Condensed consolidated statement of comprehensive income  
for the period ended 30 June 2020**

|   | 3 months ended 30 June         |                                | 6 months ended 30 June         |                                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | 2020<br>(unaudited)<br>AED'000 | 2019<br>(unaudited)<br>AED'000 | 2020<br>(unaudited)<br>AED'000 | 2019<br>(unaudited)<br>AED'000 |
| <b>Profit for the period</b>  | <b>484,230</b>                 | 476,147                        | <b>786,606</b>                 | 968,679                        |
| <b>Other comprehensive income</b>   |                                |                                |                                |                                |
| <i>Items that will not be reclassified subsequently to profit or loss:</i>                                |                                |                                |                                |                                |
| Loss on revaluation of financial assets at fair value through other comprehensive income ("FVTOCT")       | (300)                          | (2,864)                        | (3,807)                        | (1,931)                        |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i>                              |                                |                                |                                |                                |
| Fair value gain (loss) arising on hedging instruments during the period classified under cash flow hedges | 571                            | (42,505)                       | (6,867)                        | (83,379)                       |
| Cumulative loss/(gain) arising on hedging instruments reclassified to profit or loss (note 18)            | 1,724                          | (5,946)                        | 3,448                          | (5,946)                        |
| Reclassification of hedging reserve of a joint venture upon derecognition (note 8)                        | -                              | -                              | -                              | 1,717                          |
| Other comprehensive income/(loss) for the period  | 1,995                          | (51,315)                       | (7,226)                        | (89,539)                       |
| <b>Total comprehensive income for the period</b>  | <b>486,225</b>                 | 424,832                        | <b>779,380</b>                 | 879,140                        |
| <b>Total comprehensive income attributable to:</b>  |                                |                                |                                |                                |
| Owners of the Company   | 485,358                        | 419,113                        | 776,238                        | 933,862                        |
| Non-controlling interests   | 867                            | 5,719                          | 3,142                          | (54,722)                       |
|   | <b>486,225</b>                 | 424,832                        | <b>779,380</b>                 | 879,140                        |

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

**Condensed consolidated statement of changes in equity  
for the period ended 30 June 2020**

|  | Share<br>capital<br>AED'000 | Legal<br>reserve<br>AED'000 | Hedging<br>reserve<br>AED'000 | Investment<br>revaluation<br>reserve<br>AED'000 | Retained<br>earnings<br>AED'000 | Equity<br>attributable<br>to Owners of<br>the Company<br>AED'000 | Non-<br>controlling<br>interests<br>AED'000 | Total<br>AED'000  |
|--|-----------------------------|-----------------------------|-------------------------------|---|---------------------------------|--|---|-------------------|
| Balance at 1 January 2019 (audited)        | 7,862,630                   | 3,931,315                   | 70,547                        | 34,729  | 12,163,947                      | 24,063,168   | 172,662                                     | 24,235,830        |
| Profit for the period                      | -                           | -                           | -                             | -   | 1,023,401                       | 1,023,401  | (54,722)                                    | 968,679           |
| Other comprehensive loss for the period    | -                           | -                           | (87,608)                      | (1,931)   | -                               | (89,539)   | -   | (89,539)          |
| Dividends (note 25)                        | -                           | -                           | -                             | -   | (1,100,768)                     | (1,100,768)  | -   | (1,100,768)       |
| Balance at 30 June 2019 (unaudited)        | 7,862,630                   | 3,931,315                   | (17,061)                      | 32,798  | 12,086,580                      | 23,896,262   | 117,940                                     | 24,014,202        |
| Balance at 1 January 2020 (audited)        | 7,862,630                   | 3,931,315                   | (33,482)                      | 19,439  | 13,057,604                      | 24,837,506   | 113,744                                     | 24,951,250        |
| Profit for the period                      | -                           | -                           | -                             | -   | 783,464                         | 783,464  | 3,142                                       | 786,606           |
| Other comprehensive loss for the period    | -                           | -                           | (3,419)                       | (3,807)   | -                               | (7,226)  | -   | (7,226)           |
| Dividends (note 25)                        | -                           | -                           | -                             | -   | (1,140,082)                     | (1,140,082)  | -   | (1,140,082)       |
| <b>Balance at 30 June 2020 (unaudited)</b> | <b>7,862,630</b>            | <b>3,931,315</b>            | <b>(36,901)</b>               | <b>15,632</b>                                   | <b>12,700,986</b>               | <b>24,473,662</b>  | <b>116,886</b>                              | <b>24,590,548</b> |

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



**Condensed consolidated statement of cash flows  
for the period ended 30 June 2020**

|   | Notes | <b>6 months ended 30 June</b>                       |   |
|---|-------|---|---|
|   |       | <b>2020</b><br><b>(unaudited)</b><br><b>AED'000</b> | <b>2019</b><br><b>(unaudited)</b><br><b>AED'000</b> |
| <b>Net cash (used in)/generated from operating activities</b>                   |       | <b>(728,590)</b>                                    | 20,199  |
| <b>Cash flows from investing activities</b>                                     |       |   |   |
| Purchases of property, plant and equipment                                      | 5     | (16,473)  | (25,326)  |
| Purchases of intangible assets  | 6     | (6,023)   | (1,656)   |
| Additions/acquisitions of investment properties                                 |       | (32,211)  | (72,509)  |
| Acquisition of cash and cash equivalents  | 8     | -   | 89,783  |
| Proceeds from disposal of investment properties                                 |       | 47,938  | 281,829   |
| Movement in term deposits with original maturities greater than three months    |       | 153,178   | 800,392   |
| Movement in restricted bank balances  |       | 1,388,047   | 651,075   |
| Capital calls for investment in financial assets at FVTOCI                      |       | -   | (2,451)   |
| Capital distributions received against investment in financial assets at FVTOCI |       | -   | 7,605   |
| Finance income received   |       | 45,901  | 62,467  |
| Dividends received  |       | 4,900   | 7,600   |
| <b>Net cash generated from investing activities</b>                             |       | <b>1,585,257</b>                                    | 1,798,809   |
| <b>Cash flows from financing activities</b>                                     |       |   |   |
| Repayments of borrowings  |       | (531,250)   | (1,032,851)   |
| Borrowings raised   |       | 530,500   | 794,000   |
| Payment for obligations under lease liabilities                                 |       | (31,076)  | (31,304)  |
| Finance costs paid  |       | (150,962)   | (170,240)   |
| Dividends paid  |       | (1,140,835)   | (1,101,150)   |
| <b>Net cash used in financing activities</b>                                    |       | <b>(1,323,623)</b>                                  | (1,541,545)   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                     |       | <b>(466,956)</b>                                    | 277,463   |
| Cash and cash equivalents at beginning of the year                              |       | 2,290,112   | 1,394,358   |
| <b>Cash and cash equivalents at end of the period</b>                           | 13    | <b>1,823,156</b>                                    | 1,671,821   |

Refer to note 26 for details of non-cash transactions excluded from the condensed consolidated statement of cash flows.

The net cash used in operating activities for the period ended 30 June 2020 include an amount of AED 963,474 thousand (30 June 2019: AED 331,337 thousand) related to net cash balances transfers to a fee based client (a related party) for funds managed on their behalf.

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

## Notes to the condensed consolidated financial statements for the period ended 30 June 2020

### 1 General information

The establishment of Aldar Properties PJSC (the “Company”) was approved by Decision No. (16) of 2004 of the Abu Dhabi Department of Planning and Economy dated 12 October 2004. The Company’s incorporation was declared by Ministerial Resolution No. (59) of 2005 issued by the UAE Minister of Economy dated 23 February 2005.

The Company is domiciled in the United Arab Emirates (UAE) and its registered office address is P.O. Box 51133, Abu Dhabi.

The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (together referred to as the “Group”) are engaged in various businesses primarily the development, sales, investment, construction, leasing, management and associated services for real estate. In addition, the Group is also engaged in management and operation of hotels, schools, marinas, cooling stations, restaurants, beach clubs and golf courses.

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been applied in these condensed consolidated financial statements.

#### Amendments to References to the Conceptual Framework in IFRS Standards

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

These amendments do not have any significant impact on the Group’s condensed consolidated financial statements.

#### Amendment to IFRS 3 Business Combinations relating to definition of a business

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A “Defined Terms”, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendments do not have any significant impact on the Group’s condensed consolidated financial statements for the current period but may have impact on the Group’s financial statements in future.

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)****2 Application of new and revised International Financial Reporting Standards (IFRSs)  
(continued)***Definition of Material (Amendments to IAS 1 and IAS 8)*

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of ‘material’ and align the definition used in the Conceptual Framework and the standards.

These amendments do not have any significant impact on the Group’s condensed consolidated financial statements.

*Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)*

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

These amendments do not have any significant impact on the Group’s condensed consolidated financial statements.

*Covid-19-Related Rent Concessions - amendments to IFRS 16*

On 28 May 2020, the IASB issued amendments to IFRS 16: COVID-19 Related Rent Concessions. These amendments introduce a practical expedient available to lessees in accounting for rent concessions (e.g. rent holidays and deferrals of lease payments) that are a direct consequence of the COVID-19 pandemic and that satisfy certain other criteria.

These amendments do not have any significant impact on the Group’s condensed consolidated financial statements.

**3 Summary of significant accounting policies****3.1 Statement of compliance**

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” (IAS 34) and comply with the applicable requirements of the laws in the UAE.

These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2019. In addition, results for the three months and six months period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

## Notes to the condensed consolidated financial statements for the period ended 30 June 2020 (continued)

### 3 Summary of significant accounting policies (continued)

#### 3.2 Basis of preparation

These condensed consolidated financial statements are presented in UAE Dirhams (“AED”) which is functional and presentation currency of the Group and all values are rounded to the nearest thousand except when otherwise indicated.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments and investment properties.

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those applied to the audited annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards and interpretations effective 1 January 2020.

### 4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of these condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group’s accounting policies, and the key sources of estimates uncertainty were the same as those applied in the Group consolidated financial statements as at and for the year ended 31 December 2019, except for the adoption of new standards and interpretations effective 1 January 2020 and for reassessment of significant judgments, estimates and assumptions as discussed in note 28 which are primarily arising due to the outbreak of a novel strain of the coronavirus (“COVID-19”).

### 5 Property, plant and equipment

|   | <b>30 June<br/>2020<br/>(unaudited)<br/>AED’000</b> | 31 December<br>2019<br>(audited)<br>AED’000 |
|---|---|---|
| Balance at the beginning of the period/year   | <b>3,504,590</b>                                    | 3,600,971                                   |
| Additions/acquisition during the period/year  | <b>16,473</b>                                       | 127,518                                     |
| Depreciation charge for the period/year       | <b>(128,669)</b>                                    | (265,693)                                   |
| Transfers from investment properties (note 7) | -   | 13,665                                      |
| Disposals                                     | -   | (1,057)                                     |
| Reversal of impairment for the period/year    | -   | 29,186                                      |
|   | <hr/>   | <hr/>                                       |
| Balance at the end of the period/year         | <b>3,392,394</b>                                    | 3,504,590                                   |
|   | <hr/> <hr/>   | <hr/> <hr/>                                 |

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**5 Property, plant and equipment (continued)**

Property, plant and equipment includes right-of-use assets with respect to land leases amounting to AED 70,438 thousand (31 December 2019: AED 71,784 thousand).

As disclosed in note 28, during the period, the Group carried out a review of recoverable amounts of its hospitality and leisure properties classified under property, plant and equipment. The recoverable amounts of relevant assets is based on fair value less cost to sell determined internally by reference to the discounted cash flows method. As a result of assessment performed, the Group concluded that no additional impairment is required for its hospitality and leisure properties as at 30 June 2020. No impairment indications were observed for any other items of property, plant and equipment during the period ended 30 June 2020.

**6 Intangible assets and goodwill**

The major movement in intangible assets and goodwill relates to amortisation of intangible assets for the period amounting to AED 6,876 thousand (30 June 2019: AED 5,866 thousand) and additions amounting to AED 6,023 thousand (30 June 2019: AED 1,656 thousand).

**7 Investment properties**

|   | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
|---|---|---|
| Balance at the beginning of the period/year   | <b>16,782,476</b>                                   | 16,408,303                                  |
| Additions/acquisitions during the period/year | <b>32,211</b>                                       | 1,224,758                                   |
| Fair value loss, net                          | <b>(173,118)</b>                                    | (374,751)                                   |
| Disposals                                     | <b>(45,701)</b>                                     | (271,080)                                   |
| <i>Transfers from/(to):</i>                   |   |   |
| Inventories                                   | -   | 2,846                                       |
| Development work in progress* (note 11)       | <b>81,195</b>                                       | (205,635)                                   |
| Property, plant and equipment (note 5)        | -   | (13,665)                                    |
| Land held for sale                            | -   | 11,700                                      |
|   | <hr/>   | <hr/>                                       |
| Balance at the end of the period/year         | <b>16,677,063</b>                                   | 16,782,476                                  |
|   | <hr/> <hr/>   | <hr/> <hr/>                                 |

\* This represents transfer of a property from development work in progress due to change in use since the Group entered into operating leases with other parties for the property during the period ended 30 June 2020. The Group recorded a fair value gain of AED 3,855 thousand on the transfer.

Investment properties include right-of-use assets with respect to land leases amounting to AED 332,972 thousand (31 December 2019: AED 349,826 thousand).

The investment properties are categorised under Level 3 in the fair value hierarchy.

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)****7 Investment properties (continued)**

As disclosed in note 28, during the period, the fair values of major investment properties were reassessed on the basis of internal valuations that resulted in a fair value loss of AED 173,118 thousand at 30 June 2020.

The Group also conducted sensitivity analysis on the capitalisation rates and rental rates for the properties on which fair value loss was recognised as of 30 June 2020. Based on this sensitivity analysis:

- a decrease in the capitalisation rates by 50bps would result in AED 827,308 thousand increase in the valuation, whilst an increase in the capitalisation rates by 50bps would result in AED 565,947 thousand decrease in the valuation of those properties; and
- an increase in the rental rates by 10% would result in AED 966,781 thousand increase in the valuation, whilst a decrease in the rental rates by 10% would result in AED 815,893 thousand decrease in the valuation of those properties.

**8 Investment in associates and joint ventures**

The major movement in the investment in associates and joint ventures relates to share of the current period losses amounting to AED 7,171 thousand (30 June 2019: profit of AED 910 thousand) and derecognition of investment in joint ventures amounting to nil (30 June 2019: AED 771,976 thousand). The share of losses of associates and joint ventures include losses amounting to AED 4,280 thousand that were recognised against amounts due from associates and joint ventures (30 June 2019: AED 186 thousand).

Effective 1 March 2019, the Company entered into a framework agreement with respect to share transfer whereby:

- The Company acquired additional 50% ownership of Aldar Etihad Investment Properties LLC and Aldar Etihad First Investment Properties LLC resulting in holding the entire share capital of these entities. The acquired entities did not meet the definition of business under *IFRS 3 Business Combinations* and hence the acquisitions have been accounted for as assets acquisitions effective 1 March 2019; and
- The Company sold its entire 50% ownership of Aldar Etihad Development LLC, a joint venture.

The above transaction resulted in derecognition of investment in joint ventures accounted for using equity method of AED 771,976 thousand. As per the agreement, the Group will receive an additional asset of AED 30,000 thousand. The Group also assumed bank borrowings in the acquired entities amounting to AED 507,601 thousand. As a result of the above transaction, the Group recycled to profit or loss the hedging reserve that was recorded by Aldar Etihad Investment Properties LLC as at the date of the transaction amounting to AED 1,717 thousand.

During 2018, the Company sold one of its investments in a joint venture. As per the agreement, the Group is entitled to further compensation which is contingent based on performance of the investee. As of 30 June 2020 and 31 December 2019, fair value of the contingent consideration amounted to Nil.

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**9 Financial assets at fair value through other comprehensive income**

|                                       | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
|---------------------------------------|---|---|
| Investment in UAE quoted securities   | <b>34,250</b>                                       | 40,000                                      |
| Investment in UAE unquoted securities | <b>17,144</b>                                       | 15,202                                      |
|                                       | <hr/>   | <hr/>                                       |
|                                       | <b>51,394</b>                                       | 55,202                                      |
|                                       | <hr/> <hr/>   | <hr/> <hr/>                                 |

During the period, dividend income of AED 1,400 thousand was received from financial assets at fair value through other comprehensive income (30 June 2019: AED 1,400 thousand).

As at 30 June 2020 and 31 December 2019, the fair value hierarchy are as follows:

|  | <b>Level 1<br/>AED'000</b> | <b>Level 2<br/>AED'000</b> | <b>Level 3<br/>AED'000</b> | <b>Total<br/>AED'000</b> |
|--|----------------------------|----------------------------|----------------------------|--------------------------|
| <b>30 June 2020 (unaudited)</b>                  |                            |                            |                            |                          |
| <i>Investments in financial assets at FVTOCI</i> |                            |                            |                            |                          |
| Equities   | <b>34,250</b>              | -                          | <b>17,144</b>              | <b>51,394</b>            |
|  | <hr/>                      | <hr/>                      | <hr/>                      | <hr/>                    |
| <b>31 December 2019 (audited)</b>                |                            |                            |                            |                          |
| <i>Investments in financial assets at FVTOCI</i> |                            |                            |                            |                          |
| Equities   | 40,000                     | -                          | 15,202                     | 55,202                   |
|  | <hr/>                      | <hr/>                      | <hr/>                      | <hr/>                    |

There were no transfers during the period from level 1 and level 2 or transfer in or out of level 3.

**10 Trade and other receivables**

|   | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
|---|---|---|
| <b>Non-current portion</b>                |   |   |
| Receivables relating to project finance   | <b>141,289</b>                                      | 141,985                                     |
| Due from associates and joint ventures    | <b>175,166</b>                                      | 174,597                                     |
| Others                                    | <b>78,043</b>                                       | 73,601                                      |
|   | <hr/>   | <hr/>                                       |
|   | <b>394,498</b>                                      | 390,183                                     |
| Less: allowance for expected credit loss* | <b>(155,003)</b>                                    | (151,257)                                   |
|   | <hr/>   | <hr/>                                       |
|   | <b>239,495</b>                                      | 238,926                                     |
|   | <hr/> <hr/>   | <hr/> <hr/>                                 |

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**10 Trade and other receivables (continued)**

|   | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
|---|---|---|
| <b>Current portion</b>  |   |   |
| Trade receivables   | <b>3,220,110</b>                                    | 2,284,156                                   |
| Refundable costs  | <b>180,171</b>                                      | 138,990                                     |
| Receivables relating to project finance                                 | <b>6,980</b>  | 6,938                                       |
| Receivables from the Government of Abu Dhabi                            | <b>270,362</b>                                      | 440,907                                     |
| Due from associates and joint ventures                                  | <b>25,892</b>                                       | 25,889                                      |
| Gross amounts due from customers on contracts for sale<br>of properties | <b>1,358,618</b>                                    | 1,987,629                                   |
| Gross amounts due from customers on contracts to<br>construct assets    | <b>36,987</b>                                       | 49,397                                      |
| Advances and prepayments  | <b>682,246</b>                                      | 868,320                                     |
| Accrued interest  | <b>29,061</b>                                       | 32,767                                      |
| Others  | <b>673,763</b>                                      | 649,737                                     |
|   | <hr/>   | <hr/>                                       |
|   | <b>6,484,190</b>                                    | 6,484,730                                   |
| Less: allowance for expected credit loss*                               | <b>(294,606)</b>                                    | (273,370)                                   |
|   | <hr/>   | <hr/>                                       |
|   | <b>6,189,584</b>                                    | 6,211,360                                   |
|   | <hr/> <hr/>   | <hr/> <hr/>                                 |

\* During the period, allowance for expected credit loss of AED 41,142 thousand (30 June 2019: AED 18,954 thousand) was made against trade and other receivables. Trade receivables amounting to AED 16,161 thousand were written off against allowance (30 June 2019: AED 8,938 thousand).



**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**11 Development work in progress**

Development work in progress represents development and construction costs incurred on properties being constructed for sale. Movement during the period/year is as follows:

|   | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
|---|---|---|
| Balance at beginning of the period/year           | <b>2,546,972</b>                                    | 2,473,374                                   |
| Development costs incurred during the period/year | <b>1,319,613</b>                                    | 2,571,976                                   |
| Recognised in direct costs of properties sold     | <b>(682,571)</b>                                    | (1,693,776)                                 |
| Exchanged during the period/year                  | -   | (772,197)                                   |
| Write-off of project costs                        | <b>(3,563)</b>                                      | (16,503)                                    |
| <i>Transfers from/(to):</i>                       |   |   |
| Land held for sale                                | -   | 233,079                                     |
| Inventories (note 12)                             | <b>(518,591)</b>                                    | (454,616)                                   |
| Investment properties (note 7)                    | <b>(77,340)</b>                                     | 205,635                                     |
|   | <hr/>   | <hr/>                                       |
| Balance at the end of the period/year             | <b>2,584,520</b>                                    | 2,546,972                                   |
|   | <hr/> <hr/>   | <hr/> <hr/>                                 |

All development work in progress projects are located in the United Arab Emirates.

Refer to note 28 for the assessment and conclusion made as a result of COVID-19.

**12 Inventories**

|                                | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
|--------------------------------|---|---|
| Completed properties           | <b>1,196,569</b>                                    | 1,005,499                                   |
| Other operating inventories    | <b>51,569</b>                                       | 47,287                                      |
|                                | <hr/>   | <hr/>                                       |
| Balance at the end of the year | <b>1,248,138</b>                                    | 1,052,786                                   |
|                                | <hr/> <hr/>   | <hr/> <hr/>                                 |

During the period, properties with a value of AED 518,591 thousand (30 June 2019: AED Nil thousand) were transferred to inventories upon completion (note 11).

Completed properties in inventories are located in the United Arab Emirates.

Refer to note 28 for the assessment and conclusion made as a result of COVID-19.

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**13 Cash and bank balances**

|  | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
|--|---|---|
| Cash and bank balances   | <b>2,143,730</b>                                    | 3,161,327                                   |
| Short term deposits held with banks                                    | <b>1,534,331</b>                                    | 2,524,915                                   |
|  | <hr/>   | <hr/>                                       |
| Cash and bank balances   | <b>3,678,061</b>                                    | 5,686,242                                   |
| Short term deposits with original maturities greater than three months | <b>(138,366)</b>                                    | (291,544)                                   |
| Restricted bank balances   | <b>(1,716,539)</b>                                  | (3,104,586)                                 |
|  | <hr/>   | <hr/>                                       |
| Cash and cash equivalents  | <b>1,823,156</b>                                    | 2,290,112                                   |
|  | <hr/> <hr/>   | <hr/> <hr/>                                 |

Restricted bank balances include balances amounting to AED 725,729 thousand (31 December 2019: AED 834,080 thousand) which are deposited into escrow accounts representing cash received from customers against sale of development properties.

The interest rate on term deposits during the period/year ranges between 0.10% and 3.15% (31 December 2019: between 0.4% and 3.55%) per annum. All bank deposits are placed with local banks in the United Arab Emirates.

**14 Bank borrowings and non-convertible sukuk**

|                    | <b>Non-convertible Sukuk</b>                        |   | <b>Bank borrowings</b>                              |   | <b>Total borrowings</b>                             |   |
|--------------------|---|---|---|---|---|---|
|                    | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
| <i>Current</i>     |   |   |   |   |   |   |
| Within one year    | <b>36,422</b>                                       | 36,377                                      | <b>73,760</b>                                       | 75,226                                      | <b>110,182</b>                                      | 111,603                                     |
| <i>Non-current</i> |   |   |   |   |   |   |
| More than one year | <b>3,631,399</b>                                    | 3,628,113                                   | <b>4,412,651</b>                                    | 4,407,417                                   | <b>8,044,050</b>                                    | 8,035,530                                   |
|                    | <hr/>   | <hr/>                                       | <hr/>   | <hr/>                                       | <hr/>   | <hr/>                                       |
|                    | <b>3,667,821</b>                                    | 3,664,490                                   | <b>4,486,411</b>                                    | 4,482,643                                   | <b>8,154,232</b>                                    | 8,147,133                                   |
|                    | <hr/> <hr/>   | <hr/> <hr/>                                 | <hr/> <hr/>   | <hr/> <hr/>                                 | <hr/> <hr/>   | <hr/> <hr/>                                 |

- a) Certain bank borrowings are secured in the form of mortgage over plots of land (AED 1,010,477 thousand) and operating assets (AED 3,331,660 thousand) and carry a net worth covenant.

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**14 Bank borrowings and non-convertible sukuk (continued)**

- b) As at 30 June 2020, the Group had AED 3.89 billion of undrawn, committed revolving credit facilities in the form of bilateral agreements with two financial institutions having a maturity for AED 3.65 billion in December 2022, AED 240 million in March 2023. Further, on 31 March 2020, the Group signed a new AED 500 million Islamic facility agreement with a financial institution. The facility is priced at 1% margin over relevant EIBOR and terminates on the fifth anniversary of the signing date. This facility was fully utilised on 1 April 2020.
- c) In May 2018, the Group entered into a transaction with a financial institution of AED 5 billion (“Revolving Credit Facility”). The Revolving Credit Facility involves a borrowing that is collateralised against a deposit with the same financial institution in line with the facility documents. The facility documents provide a right to the lender whereby the Group has authorised and directed the financial institution to set off the deposit and any interest accrued against any amount due and payable by the Group. The arrangement met the requirements of offsetting under *IAS 32 Financial Instruments: Presentation* since the Group has an enforceable right to set off the recognised amounts and the Group intends to settle on net basis, or to realise the asset and settle the liability simultaneously. This resulted in the presentation of a net borrowing in the consolidated statement of financial position. As at 30 June 2020, the net borrowing was AED 1,164,500 thousand (borrowing of AED 4,818,750 thousand less deposit of AED 3,654,250 thousand). The net borrowing is unsecured, carries interest at relevant EIBOR + 1%, drawn for general corporate purposes and repayable in semi-annual instalments of AED 31,250 thousand each. The deposit earns interest at 0.75% plus 3 months EIBOR. The Group has also presented net interest costs amounting to AED 26,071 thousand in respect of this borrowing (finance costs on borrowing amounting to AED 64,269 thousand less interest income on deposits amounting to AED 38,198 thousand) for the period ended 30 June 2020.

**15 Advances from customers**

Advances from customers represent mainly instalments collected from customers for the sale of the Group’s property developments and security deposits.

**16 Trade and other payables**

|   | <b>30 June<br/>2020<br/>(unaudited)<br/>AED’000</b> | 31 December<br>2019<br>(audited)<br>AED’000 |
|---|---|---|
| Trade payables  | 322,890   | 431,239                                     |
| Accrual for contractors’ costs                                    | 2,324,549   | 2,375,587                                   |
| Dividends payable (note 25)                                       | 89,905  | 90,659                                      |
| Due to the Government of Abu Dhabi                                | 149,026   | 1,123,868                                   |
| Advances from the Government of Abu Dhabi                         | 282,562   | 416,559                                     |
| Deferred income   | 187,818   | 305,191                                     |
| Gross amount due to customers on contracts for sale of properties | 66,345  | 10,055                                      |
| Gross amount due to customers on contracts to construct an asset  | 514,814   | 500,670                                     |
| Provision for onerous contracts                                   | 10,275  | 14,880                                      |
| Other liabilities*  | 662,639   | 856,506                                     |
|   | <hr/>   | <hr/>                                       |
|   | <b>4,610,823</b>                                    | 6,125,214                                   |
|   | <hr/> <hr/>   | <hr/> <hr/>                                 |

**Notes to the consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**16 Trade and other payables (continued)**

\* Other liabilities include contingent consideration payable of AED 60,990 thousand at 30 June 2020 and at 31 December 2019.

The Group has financial and risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

**17 Finance income**

|   | <u>3 months ended 30 June</u>                       |                                | <u>6 months ended 30 June</u>                       |                                |
|---|---|--------------------------------|---|--------------------------------|
|   | <b>2020</b><br><b>(unaudited)</b><br><b>AED'000</b> | 2019<br>(unaudited)<br>AED'000 | <b>2020</b><br><b>(unaudited)</b><br><b>AED'000</b> | 2019<br>(unaudited)<br>AED'000 |
| <b>Interest/profit earned on:</b>                         |   |                                |   |                                |
| Islamic deposits  | <b>5,150</b>  | 4,088                          | <b>13,578</b>                                       | 12,378                         |
| Term deposits   | <b>1,542</b>  | 2,931                          | <b>3,594</b>  | 6,847                          |
| Call and current accounts                                 | <b>3,425</b>  | 5,166                          | <b>8,986</b>  | 10,885                         |
| Total interest/profit earned                              | <b>10,117</b>                                       | 12,185                         | <b>26,158</b>                                       | 30,110                         |
| Finance income earned on receivables from project finance | <b>3,032</b>  | 3,063                          | <b>6,074</b>  | 6,133                          |
| Other finance income                                      | <b>1,332</b>  | 3,352                          | <b>3,889</b>  | 6,467                          |
|   | <b>14,481</b>                                       | 18,600                         | <b>36,121</b>                                       | 42,710                         |

**18 Finance costs**

|  | <u>3 months ended 30 June</u>                       |                                | <u>6 months ended 30 June</u>                       |                                |
|--|---|--------------------------------|---|--------------------------------|
|  | <b>2020</b><br><b>(unaudited)</b><br><b>AED'000</b> | 2019<br>(unaudited)<br>AED'000 | <b>2020</b><br><b>(unaudited)</b><br><b>AED'000</b> | 2019<br>(unaudited)<br>AED'000 |
| Finance costs on bank borrowings and non-convertible sukuk                           | <b>75,184</b>                                       | 88,382                         | <b>159,853</b>                                      | 171,719                        |
| Unwinding of finance cost on operating lease liabilities (note 22.2)                 | <b>3,586</b>  | 4,307                          | <b>7,172</b>  | 8,613                          |
| Others   | <b>1,118</b>  | 1,499                          | <b>2,236</b>  | 2,998                          |
| Cumulative loss/(gain) arising on hedging instruments reclassified to profit or loss | <b>1,724</b>  | (5,946)                        | <b>3,448</b>  | (5,946)                        |
|  | <b>81,612</b>                                       | 88,242                         | <b>172,709</b>                                      | 177,384                        |

**Notes to the consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**19 Other income**

|   | <u>3 months ended 30 June</u>                       |                                | <u>6 months ended 30 June</u>                       |                                |
|---|---|--------------------------------|---|--------------------------------|
|   | <b>2020</b><br><b>(unaudited)</b><br><b>AED'000</b> | 2019<br>(unaudited)<br>AED'000 | <b>2020</b><br><b>(unaudited)</b><br><b>AED'000</b> | 2019<br>(unaudited)<br>AED'000 |
| Release of liability, accruals and provisions (note 19.1) | <b>45,576</b>                                       | -                              | <b>45,576</b>                                       | 28,441                         |
| Others (note 19.2)  | <b>4,371</b>  | 69,359                         | <b>6,204</b>  | 79,112                         |
|   | <b>49,947</b>                                       | 69,359                         | <b>51,780</b>                                       | 107,553                        |

19.1 The amount for the period ended 30 June 2020 represent reversal of portion of a liability which is no longer payable.

19.2 Others during the period ended 30 June 2019 include an amount of AED 60,942 thousand representing fair value of a plot of land acquired from Tourism Development Investment Company PJSC ("TDIC") pursuant to a warranty claim settlement under the framework agreement.

**20 Earnings per share**

Basic earnings per share amounts are calculated by dividing profit for the period attributable to owners of the Parent by the weighted average number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical. The calculation of basic and diluted earnings per share attributable to the owners of the Parent is based on the following data:

|  | <u>3 months ended 30 June</u>     |                     | <u>6 months ended 30 June</u>     |                     |
|--|-----------------------------------|---------------------|-----------------------------------|---------------------|
|  | <b>2020</b><br><b>(unaudited)</b> | 2019<br>(unaudited) | <b>2020</b><br><b>(unaudited)</b> | 2019<br>(unaudited) |
| <b>Earnings (AED'000)</b>  |                                   |                     |                                   |                     |
| Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to Owners of the Company) | <b>483,363</b>                    | 470,428             | <b>783,464</b>                    | 1,023,401           |
| <b>Weighted average number of shares (000)</b>   |                                   |                     |                                   |                     |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share                             | <b>7,862,630</b>                  | 7,862,630           | <b>7,862,630</b>                  | 7,862,630           |
| <b>Basic and diluted earnings per share attributable to owners of the Company in AED</b>                                       | <b>0.061</b>                      | 0.060               | <b>0.100</b>                      | 0.130               |

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**21 Transactions and balances with related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise of major shareholder, associated companies, directors, key management personnel of the Group and their related entities. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management. Government of Abu Dhabi is an indirect major shareholder of the Company. The balances and transactions disclosed below with reference to Government of Abu Dhabi also include the entities controlled by Government of Abu Dhabi.

*Related party balances:*

|   | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
|---|---|---|
| <b>Government of Abu Dhabi:</b>                       |   |   |
| Trade and other receivables                           | <b>727,927</b>                                      | 883,884                                     |
|   | =====   | =====                                       |
| Trade and other payables                              | <b>(532,128)</b>                                    | (1,485,707)                                 |
|   | =====   | =====                                       |
| Advances received                                     | <b>(282,562)</b>                                    | (416,559)                                   |
|   | =====   | =====                                       |
| <b>Major shareholder and its affiliates:</b>          |   |   |
| Trade and other receivables                           | <b>38,733</b>                                       | 29,759                                      |
|   | =====   | =====                                       |
| Trade and other payables                              | <b>(4,696)</b>                                      | (12,571)                                    |
|   | =====   | =====                                       |
| <b>Due from associates and joint ventures</b>         |   |   |
| Trade and other receivables                           | <b>29,925</b>                                       | 33,098                                      |
|   | =====   | =====                                       |
| <b>Due to joint ventures for project-related work</b> |   |   |
| Trade and other payables                              | <b>(32,692)</b>                                     | (32,692)                                    |
|   | =====   | =====                                       |

Certain receivables from joint ventures carry interest of 9% per annum and are repayable within 2 to 5 years.



**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**22 Commitments and contingencies**

**22.1 Capital commitments**

Capital expenditure contracted for but not yet incurred is as follows:

|  | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
|--|---|---|
| Projects under development             | <b>1,949,554</b>                                    | 2,600,863                                   |
| Reimbursable project works in progress | <b>1,902,383</b>                                    | 2,239,164                                   |
|  | <b>3,851,937</b>                                    | 4,840,027                                   |

The above commitments are spread over a period of one to five years.

**22.2 Operating lease commitments**

|   | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b>       | 31 December<br>2019<br>(audited)<br>AED'000 |
|---|---|---|
| <i>The Group as a lessor</i>  |   |   |
| Within one year   | <b>839,427</b>  | 835,379                                     |
| In the second to fifth year   | <b>1,824,326</b>  | 1,950,133                                   |
| After five years  | <b>1,380,814</b>  | 1,426,485                                   |
|   | <b>4,044,567</b>  | 4,211,997                                   |
|   | <b>6 months ended 30 June<br/>(unaudited)<br/>AED'000</b> | (unaudited)<br>AED'000                      |
| <i>The Group as a lessee</i>  |   |   |
| Unwinding of interest expense during the period<br>on lease liabilities (note 18) | <b>7,172</b>  | 8,613                                       |
| Total cash outflow in respect of leases   | <b>31,076</b>   | 31,304                                      |



**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**22 Commitments and contingencies (continued)**

**22.3 Contingencies**

|   | <b>30 June<br/>2020<br/>(unaudited)<br/>AED'000</b> | 31 December<br>2019<br>(audited)<br>AED'000 |
|---|---|---|
| <i>Letters of credit and bank guarantees:</i>                   |   |   |
| Issued by the Group   | <b>917,778</b>                                      | 1,005,590                                   |
|   | <hr/> <hr/>   | <hr/> <hr/>                                 |
| Group's share in contingencies of joint ventures and associates | <b>23</b>   | 23  |
|   | <hr/> <hr/>   | <hr/> <hr/>                                 |

Included in the above are bank guarantees and letters of credit amounting to AED 640,960 thousand (31 December 2019: AED 795,772 thousand) pertaining to a construction related subsidiary.

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**23 Segment information**

**23.1 Business segments**

Segment information about the Group's continuing operations is presented below:  
**Six months ended 30 June 2020 (unaudited):**

|   | Property development and management       |                                   | Asset management                 |                                    | Adjacencies<br>AED'000 | Eliminations<br>AED'000 | Consolidated<br>AED'000 |
|---|---|-----------------------------------|----------------------------------|------------------------------------|------------------------|-------------------------|-------------------------|
|   | Property development and sales<br>AED'000 | Development management<br>AED'000 | Investment properties<br>AED'000 | Hospitality and leisure<br>AED'000 |                        |                         |                         |
| Revenue from external customers   |   |                                   |                                  |                                    |                        |                         |                         |
| - Over a period of time   | 1,116,410                                 | 353,749                           | -                                | 96,827                             | 709,250                | -                       | 2,276,236               |
| - At a point in time  | 599,455                                   | 2,918                             | -                                | 84,224                             | -                      | -                       | 686,597                 |
| - Leasing   | -   | -                                 | 801,009                          | -                                  | -                      | -                       | 801,009                 |
| Inter-segments  | -   | -                                 | 1,043                            | 145                                | 33,290                 | (34,478)                | -                       |
| <b>Gross revenue (i)</b>  | <b>1,715,865</b>                          | <b>356,667</b>                    | <b>802,052</b>                   | <b>181,196</b>                     | <b>742,540</b>         | <b>(34,478)</b>         | <b>3,763,842</b>        |
| Cost of revenue excluding service charge                                    | (1,080,029)                               | (303,553)                         | (136,442)                        | (192,076)                          | (619,271)              | 36,843                  | (2,294,528)             |
| Service charge expenses   | -   | -                                 | (54,908)                         | -                                  | -                      | -                       | (54,908)                |
| <b>Gross profit</b>   | <b>635,836</b>                            | <b>53,114</b>                     | <b>610,702</b>                   | <b>(10,880)</b>                    | <b>123,269</b>         | <b>2,365</b>            | <b>1,414,406</b>        |
| Depreciation and amortisation   | -   | -                                 | (4,342)                          | (78,987)                           | (40,866)               | 639                     | (123,556)               |
| Provisions, impairments and write downs-net                                 | (4,634)                                   | -                                 | (27,296)                         | (5)                                | (8,373)                | -                       | (40,308)                |
| Loss on revaluation of investment properties                                | -   | -                                 | (173,118)                        | -                                  | -                      | -                       | (173,118)               |
| Gain on transfer from development work in progress to investment properties | -   | -                                 | 3,855                            | -                                  | -                      | -                       | 3,855                   |
| Gain on disposal of property, plant and equipment                           | -   | -                                 | -                                | 53                                 | -                      | -                       | 53                      |
| Gain on disposal of investment property                                     | -   | -                                 | 2,237                            | -                                  | -                      | -                       | 2,237                   |
| Other income  | 2,413                                     | -                                 | 45,576                           | 1,394                              | -                      | (7,861)                 | 41,522                  |
| Selling and marketing expenses  | -   | -                                 | -                                | -                                  | -                      | 4,604                   | 4,604                   |
| <b>Segment profit</b>   | <b>633,615</b>                            | <b>53,114</b>                     | <b>457,614</b>                   | <b>(88,425)</b>                    | <b>74,030</b>          | <b>(253)</b>            | <b>1,129,695</b>        |
| Share of loss from associates and joint ventures                            |   |                                   |                                  |                                    |                        |                         | (7,171)                 |
| Selling and marketing expenses  |   |                                   |                                  |                                    |                        |                         | (47,592)                |
| General and administrative expenses   |   |                                   |                                  |                                    |                        |                         | (150,543)               |
| Provisions, impairments and write downs-net                                 |   |                                   |                                  |                                    |                        |                         | (3,123)                 |
| Depreciation and amortisation   |   |                                   |                                  |                                    |                        |                         | (8,330)                 |
| Finance income  |   |                                   |                                  |                                    |                        |                         | 36,121                  |
| Finance costs   |   |                                   |                                  |                                    |                        |                         | (172,709)               |
| Other income  |   |                                   |                                  |                                    |                        |                         | 10,258                  |
| <b>Profit for the period</b>  |   |                                   |                                  |                                    |                        |                         | <b>786,606</b>          |

(i) Gross revenue of investment properties include AED 54,908 thousand of revenue from service charges.

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**23 Segment information (continued)**

**23.1 Business segments (continued)**

Six months ended 30 June 2019 (unaudited):

|  | Property development and management       |                                   | Asset management                 |                                    |                        | Eliminations<br>AED'000 | Group<br>AED'000 |
|--|---|-----------------------------------|----------------------------------|------------------------------------|------------------------|-------------------------|------------------|
|  | Property development and sales<br>AED'000 | Development management<br>AED'000 | Investment properties<br>AED'000 | Hospitality and leisure<br>AED'000 | Adjacencies<br>AED'000 |                         |                  |
| Revenue from external customers                    |   |                                   |                                  |                                    |                        |                         |                  |
| - Over a period of time                            | 1,244,528                                 | 48,573                            | -                                | 180,492                            | 806,891                | -                       | 2,280,484        |
| - At a point in time                               | 99,036                                    | 18,456                            | -                                | 164,419                            | -                      | -                       | 281,911          |
| - Leasing  | -   | -                                 | 858,258                          | -                                  | -                      | -                       | 858,258          |
| Inter-segments                                     | -   | -                                 | -                                | 355                                | 87,690                 | (88,045)                | -                |
| Gross revenue (i)                                  | 1,343,564                                 | 67,029                            | 858,258                          | 345,266                            | 894,581                | (88,045)                | 3,420,653        |
| Cost of revenue excluding service charge           | (877,786)                                 | (4,903)                           | (109,009)                        | (285,835)                          | (773,967)              | 89,923                  | (1,961,577)      |
| Service charge expenses                            | -   | -                                 | (67,462)                         | -                                  | -                      | -                       | (67,462)         |
| Gross profit                                       | 465,778                                   | 62,126                            | 681,787                          | 59,431                             | 120,614                | 1,878                   | 1,391,614        |
| Depreciation and amortisation                      | -   | -                                 | (4,037)                          | (74,853)                           | (45,383)               | -                       | (124,273)        |
| Provisions, impairments, write downs-net           | (3,696)                                   | -                                 | (16,476)                         | -                                  | 8,189                  | -                       | (11,983)         |
| Loss on revaluation of investment properties       | -   | -                                 | (80,275)                         | -                                  | -                      | -                       | (80,275)         |
| Gain on disposal of property, plant and equipment  | -   | -                                 | 23,013                           | -                                  | -                      | -                       | 23,013           |
| Gain on disposal of investment properties          | -   | -                                 | 17,690                           | -                                  | -                      | -                       | 17,690           |
| Share of profit from associates and joint ventures | -   | -                                 | 7,105                            | -                                  | -                      | -                       | 7,105            |
| Selling and marketing expenses                     | -   | -                                 | -                                | -                                  | -                      | 4,604                   | 4,604            |
| Other income                                       | 19,905                                    | -                                 | -                                | -                                  | 9,751                  | (7,628)                 | 22,028           |
| Segment profit                                     | 481,987                                   | 62,126                            | 628,807                          | (15,422)                           | 93,171                 | (1,146)                 | 1,249,523        |
| Share of loss from associates and joint ventures   |   |                                   |                                  |                                    |                        |                         | (8,015)          |
| Selling and marketing expenses                     |   |                                   |                                  |                                    |                        |                         | (46,673)         |
| General and administrative expenses                |   |                                   |                                  |                                    |                        |                         | (164,799)        |
| Provisions, impairments, write downs-net           |   |                                   |                                  |                                    |                        |                         | (4,958)          |
| Depreciation and amortisation                      |   |                                   |                                  |                                    |                        |                         | (7,250)          |
| Finance income                                     |   |                                   |                                  |                                    |                        |                         | 42,710           |
| Finance costs                                      |   |                                   |                                  |                                    |                        |                         | (177,384)        |
| Other income                                       |   |                                   |                                  |                                    |                        |                         | 85,525           |
| Profit for the period                              |   |                                   |                                  |                                    |                        |                         | 968,679          |

(i) Gross revenue of investment properties include AED 67,462 thousand of revenue from service charges

Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)

23 Segment information (continued)

23.1 Business segments (continued)

The segment assets and liabilities and capital and project expenditures are as follows:

|  | Property development and management       |                                   | Asset management                 |                                    |                        |                        |                         | Group<br>AED'000 |
|--|---|-----------------------------------|----------------------------------|------------------------------------|------------------------|------------------------|-------------------------|------------------|
|  | Property development and sales<br>AED'000 | Development management<br>AED'000 | Investment properties<br>AED'000 | Hospitality and leisure<br>AED'000 | Adjacencies<br>AED'000 | Unallocated<br>AED'000 | Eliminations<br>AED'000 |                  |
| <b>As at 30 June 2020 (unaudited)</b>        |   |                                   |                                  |                                    |                        |                        |                         |                  |
| Assets                                       | 13,130,604                                | 1,624,571                         | 17,630,637                       | 2,508,779                          | 2,325,565              | 1,978,727              | 2,206                   | 39,201,089       |
| Liabilities                                  | (3,312,737)                               | (1,521,540)                       | (7,102,286)                      | (1,005,580)                        | (1,095,153)            | (566,768)              | (6,477)                 | (14,610,541)     |
| <b>Period ended 30 June 2020 (unaudited)</b> |   |                                   |                                  |                                    |                        |                        |                         |                  |
| Capital expenditures                         | 10,396                                    | -                                 | 2,596                            | 2,530                              | 10,161                 | 1,186                  | -                       | 26,869           |
| Project expenditures                         | 1,311,427                                 | -                                 | 32,212                           | -                                  | 8,186                  | -                      | -                       | 1,351,825        |
| <b>As at 31 December 2019 (audited)</b>      |   |                                   |                                  |                                    |                        |                        |                         |                  |
| Assets                                       | 13,213,835                                | 2,875,988                         | 18,189,259                       | 2,678,107                          | 2,436,838              | 1,873,084              | (388)                   | 41,266,723       |
| Liabilities                                  | (2,885,323)                               | (2,911,411)                       | (7,422,137)                      | (1,132,190)                        | (1,251,952)            | (712,460)              | -                       | (16,315,473)     |
| <b>Period ended 30 June 2019 (unaudited)</b> |   |                                   |                                  |                                    |                        |                        |                         |                  |
| Capital expenditures                         | 11,481                                    | -                                 | -                                | 18,366                             | 5,490                  | 1,470                  | -                       | 36,807           |
| Project expenditures                         | 1,240,276                                 | -                                 | 1,183,989                        | -                                  | 1,263                  | -                      | -                       | 2,425,528        |

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**23 Segment information (continued)**

**23.2 Geographical segments**

The Group operated mainly in one geographical segment, i.e., United Arab Emirates.

Segment profit represents the profit earned by each segment without allocation of central administration, selling and marketing costs and directors' salaries, share of profits of associates and joint ventures, other gains and losses, finance income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment disclosures are prepared based on consistent basis as compared to 31 December 2019.

**24 Seasonality of results**

The seasonal nature of the Group's activities only concerns the hospitality and leisure segment, whose revenue has variability during the first and last quarters of the year.

**25 Dividend distribution**

At the annual general meeting held on 18 March 2020, the shareholders approved distribution of cash dividend of AED 1,140,082 thousand for the year ended 31 December 2019, being 14.5 fils per share (for the year 2018: cash dividend of AED 1,100,768 thousand, being 14 fils per share), which was paid accordingly.

**26 Non-cash transactions**

The following were significant non-cash transactions relating to investing and financing activities of condensed consolidated statement of cash flows:

|  | <b>6 months ended 30 June</b>                       |   |
|--|---|---|
|  | <b>2020</b><br><b>(unaudited)</b><br><b>AED'000</b> | <b>2019</b><br><b>(unaudited)</b><br><b>AED'000</b> |
| Acquisition of investment in joint ventures and disposal of a joint venture (note 8) | -   | 771,976   |
| Addition to investment properties (note 8)   | -   | 1,111,480   |
| Addition to bank borrowings (note 8)   | -   | 507,601   |
| Transfer between investment properties and property, plant and equipment (note 7)    | -   | 19,747  |
| Transfer between investment properties and development work in progress (note 11)    | <b>77,340</b>                                       | 205,635   |

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)**

**27 Fair value of financial instruments**

*Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)*

Except as disclosed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial statements approximate their fair values.

|  | <b>30 June 2020<br/>(unaudited)</b>              |                                   | <b>31 December 2019<br/>(audited)</b>            |                                   |
|--|--|-----------------------------------|--|-----------------------------------|
|  | <b>Gross<br/>carrying<br/>amount<br/>AED'000</b> | <b>Fair<br/>value<br/>AED'000</b> | <b>Gross<br/>carrying<br/>amount<br/>AED'000</b> | <b>Fair<br/>value<br/>AED'000</b> |
| <i>Financial liabilities at amortised cost</i> |  |                                   |  |                                   |
| Sukuk No. 1 (note 14)                          | <b>1,835,508</b>                                 | <b>1,978,621</b>                  | 1,832,969  | 1,989,274                         |
| Sukuk No. 2 (note 14)                          | <b>1,832,313</b>                                 | <b>1,885,020</b>                  | 1,831,521  | 1,887,555                         |

The Non-convertible sukuk are categorised under Level 1 in the fair value hierarchy.

**28 Impact of COVID-19 pandemic**

The business outlook for 2020 is likely to be impacted by significant risks and uncertainties caused by a diverse range of factors, some of which will be beyond the Group's control.

In this context, the Group highlights the COVID-19 pandemic, caused by the rapid global spread of the novel coronavirus, as being one such factor. Since the World Health Organization proclaimed this a global pandemic in March 2020, governments around the world, including in the United Arab Emirates, have responded to this outbreak with various temporary restrictions to help contain the spread of the virus and support measures to mitigate the adverse implications on communities and economies.

As it stands, the full impact remains unclear and will be determined by factors that continue to evolve, such as the success of support measures introduced by governments, the ability of businesses to manage their operations during these times and the timing and manner of the easing of restrictions, including lockdowns, social distancing and travel. Due to the unprecedented adverse effect of the lockdown on the global economy and some success in the efforts to flatten the infection curve, many countries started easing gradually the lock down restrictions starting May and June 2020. However, the lockdowns and travel restrictions is expected to have a continuous impact on the global economy.

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)****28 Impact of COVID-19 pandemic (continued)**

The Group has a documented business continuity plan (BCP) that has been activated to ensure the safe and stable continuation of its business operations as well as the safety of its employees and customers. The Group has also introduced proactive comprehensive measures to address and mitigate key operational and financial issues arising from the current situation and has reasonably managed several areas of operational risks identified and implemented various measures that ensured continuity of the operations. The Group has announced support programmes for residential communities, schools, retail partners and home buyers totaling AED 190 million until 30 June 2020 in addition to various initiatives and measures to the wider community as part of Abu Dhabi's wider efforts to cushion the blow faced by the global economy due to the COVID-19 and in line with the Group commitment to long term sustainable value creation. The Group is continuously assessing the impact of COVID-19 on its operations particularly the effect on the retail, hospitality and leisure business operations.

Based on assessment of the COVID-19 impact on its business, the Group has assessed the impact of COVID-19 on its condensed consolidated financial position and performance including the major judgments, estimates and assumptions, which could result in greater variability in a variety of areas that depend on these estimates and judgments, given as follows:

Fair value of investment properties

Due to the impact of COVID-19, management has reassessed the fair value of the major investment properties mainly in the retail sector (in respect of the Group's malls) and residential properties. The major areas covered were reassessing the financial performance, including estimates of future cash flows and earnings including the impact of management announcement of temporarily suspending charge of rent and discounts provided to the affected retail tenants due to the closure. There were no material changes observed in the other significant estimates and judgments used in the valuation of investment properties. As a result, the Group has recognised a fair value loss on its investment properties at 30 June 2020 amounting to AED 173,118 thousand.

Impairment of property, plant and equipment

Properties classified under property, plant and equipment are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is carried out by determining the recoverable amount which takes into account the fair value of the property under consideration. Due to the impact of COVID-19, fair value of the hospitality and leisure properties classified under property, plant and equipment were reassessed using discounted cash flows method.

Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements and estimations over the useful lives of the assets and discounted using a range of discount rates that reflects current market assessment of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any probable impairment. As a result of the assessment performed, the Group concluded that no additional impairment is required for its hospitality and leisure properties as at 30 June 2020. No impairment indications were observed for any other items of property, plant and equipment during the period ended 30 June 2020.

**Notes to the condensed consolidated financial statements  
for the period ended 30 June 2020 (continued)****28 Impact of COVID-19 pandemic (continued)**Estimation of net realisable value for inventories, land held for sale and development work in progress

Inventories, land held for sale and under development work in progress are stated at the lower of cost or net realisable value (“NRV”). NRV is assessed with reference to sales prices, costs of completion and advances received, development plans and market conditions existing at the end of the reporting period.

The Group has considered any indicators to show that the estimated NRV for inventories, land held for sale and development work in progress are less than the carrying values and concluded that there is no material impact due to COVID-19 considering the margins that the Group has recognised on sale of the development properties/inventories and the significant head room that the Group had in respect of land held for sale based on the latest external valuations performed as at 31 December 2019.

Calculation of loss allowance

The Group assesses the impairment of its financial assets carried at amortised cost based on the expected credit loss (“ECL”) model. The ECL model was reassessed for the impact of COVID-19 mainly the operational disruption faced by the tenants, volatility in potential economic conditions, incidence of defaults etc. which may likely lead to increase in the ECL allowance for trade receivables in line with the requirements of IFRS 9 *Financial Instruments*. This is mainly due to increase in the counterparty risk (risk of default) of tenants and customers. The Group has recognised allowance for ECL on its trade and other receivables for the period ended 30 June 2020 amounting to AED 41,142 thousand (30 June 2019: AED 18,954 thousand) and total allowance for ECL amounted to AED 449,609 thousand (31 December 2019: AED 424,627 thousand). The Group will continue to monitor the situation and its impact on the ECL and make the necessary adjustments as and when required.

Except as disclosed above and in notes 4 and 7, based on the assessment performed, the Group has concluded that there are no significant changes to its key accounting judgements and estimates from those applied in the last annual consolidated financial statements as of and for the year ended 31 December 2019.

In response to this crisis, the Group continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Group believes that, as at 30 June 2020, liquidity position of the Group remains strong and its existing balances of cash and cash equivalents, along with undrawn borrowings and revolving credit facilities will be sufficient to satisfy its working capital needs, capital expenditures, debt repayments and other liquidity requirements associated with its existing operations.

The impact of COVID-19 continues to evolve, hence there are uncertainties and likely significant risks that may impact the business in future. The effects of COVID-19 may not be fully reflected in the Group’s financial results until future periods. The Group is taking proactive measures to monitor and manage the situation to the best of its abilities to support the long-term continuity of its business and make the necessary judgements and estimates as may be required.

**29 Approval of condensed consolidated financial statements**

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 August 2020.