

ALDAR PROPERTIES PJSC

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

ALDAR PROPERTIES PJSC

Review report and interim financial information for the period ended 30 September 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 September 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 nine-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
11 November 2020
Abu Dhabi
United Arab Emirates

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

		30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
ASSETS	Notes		
Non-current assets			
Property, plant and equipment	5	3,381,419	3,504,590
Intangible assets and goodwill	6	190,861	192,223
Investment properties	7	16,652,491	16,782,476
Investment in associates and joint ventures	8	194,928	198,979
Financial assets at fair value through other comprehensive income ("FVTOCI")	9	53,244	55,202
Trade and other receivables	10	240,919	238,926
Total non-current assets		20,713,862	20,972,396
Current assets			
Land held for sale		4,797,245	4,796,967
Development work in progress	11	2,601,480	2,546,972
Inventories	12	1,135,976	1,052,786
Trade and other receivables	10	5,748,472	6,211,360
Cash and bank balances	13	4,504,228	5,686,242
Total current assets		18,787,401	20,294,327
TOTAL ASSETS		39,501,263	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 September 2020 (continued)

	Notes	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital		7,862,630	7,862,630
Statutory reserve		3,931,315	3,931,315
Hedging reserve		(35,219)	(33,482)
Investment revaluation reserve		17,482	19,439
Retained earnings		13,127,224	13,057,604
Equity attributable to the owners of the Company		24,903,432	24,837,506
Non-controlling interests		107,003	113,744
Total equity		25,010,435	24,951,250
Non-current liabilities			
Non-convertible sukuk	14	3,633,041	3,628,113
Bank borrowings	14	3,763,520	4,407,417
Retentions payable		265,519	260,210
Lease liabilities		367,975	431,559
Employees benefits		167,528	167,464
Other financial liabilities		17,719	10,760
Total non-current liabilities		8,215,302	8,905,523
Current liabilities			
Non-convertible sukuk	14	32,405	36,377
Bank borrowings	14	574,407	75,226
Retentions payable		583,417	604,694
Lease liabilities		79,363	80,781
Advances from customers	15	339,277	487,658
Trade and other payables	16	4,666,657	6,125,214
Total current liabilities		6,275,526	7,409,950
Total liabilities		14,490,828	16,315,473
TOTAL EQUITY AND LIABILITIES		39,501,263	41,266,723

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 and Sustainability Officer

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

**Condensed consolidated income statement
for the period ended 30 September 2020**

	Notes	3 months ended 30 September		9 months ended 30 September	
		2020 (unaudited) AED'000	2019 (unaudited) AED'000	2020 (unaudited) AED'000	2019 (unaudited) AED'000
Revenue	23.1	2,094,161	1,604,966	5,858,003	5,025,619
Direct costs	23.1	(1,398,425)	(942,739)	(3,747,861)	(2,971,778)
Gross profit		695,736	662,227	2,110,142	2,053,841
Selling and marketing expenses		(25,696)	(30,129)	(68,684)	(72,198)
<i>General and administrative expenses</i>					
Staff costs		(54,998)	(56,505)	(171,553)	(174,279)
Depreciation and amortisation		(65,620)	(67,905)	(197,506)	(199,428)
Provisions, impairments and write downs - net		(55,495)	(5,062)	(98,926)	(22,003)
Others		(24,880)	(22,942)	(58,869)	(69,967)
Loss on revaluation of investment properties	7	(38,190)	(40,138)	(211,308)	(120,413)
(Loss)/gain on transfer from development work in progress to investment properties due to change in use		(512)	-	3,343	-
Share of loss from associates and joint ventures	8	(110)	(713)	(7,281)	(1,623)
Gain on disposal of property, plant and equipment	5	-	-	54	23,013
(Loss)/gain on disposal of investment properties		(295)	-	1,942	17,690
Finance income	17	20,713	16,788	56,834	59,498
Finance costs	18	(71,435)	(82,840)	(244,144)	(260,224)
Other income	19	37,137	14,486	88,917	122,039
Profit for the period		416,355	387,267	1,202,961	1,355,946
Attributable to:					
Owners of the Company		426,238	383,530	1,209,702	1,406,931
Non-controlling interests		(9,883)	3,737	(6,741)	(50,985)
		416,355	387,267	1,202,961	1,355,946
Basic and diluted earnings per share (AED)	20	0.054	0.049	0.154	0.179

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

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

	3 months ended 30 September		9 months ended 30 September	
	2020 (unaudited) AED'000	2019 (unaudited) AED'000	2020 (unaudited) AED'000	2019 (unaudited) AED'000
Profit for the period	416,355	387,267	1,202,961	1,355,946
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Gain/(loss) on revaluation of financial assets at FVTOCI	1,850	(2,581)	(1,957)	(4,512)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Fair value (loss)/gain arising on hedging instruments during the period classified under cash flow hedges	(93)	(27,733)	(6,960)	(111,113)
Cumulative gain/(loss) arising on hedging instruments reclassified to profit or loss (note 18)	1,775	(2,973)	5,223	(8,918)
Reclassification of hedging reserve of a joint venture upon derecognition (Note 8)	-	-	-	1,717
Other comprehensive income/(loss) for the period	3,532	(33,287)	(3,694)	(122,826)
Total comprehensive income for the period	419,887	353,980	1,199,267	1,233,120
Total comprehensive income attributable to:				
Owners of the Company	429,770	350,243	1,206,008	1,284,105
Non-controlling interests	(9,883)	3,737	(6,741)	(50,985)
	419,887	353,980	1,199,267	1,233,120

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 September 2020**

	Share capital AED'000	Legal reserve AED'000	Hedging reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Equity attributable to Owners of the Company AED'000	Non- controlling interests AED'000	Total 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	-	-	-	-	1,406,931	1,406,931	(50,985)	1,355,946
Other comprehensive loss for the period	-	-	(118,314)	(4,512)	-	(122,826)	-	(122,826)
Reclassification of financial asset at FVTOCI upon derecognition	-	-	-	(10,328)	10,328	-	-	-
Dividends (note 25)	-	-	-	-	(1,100,768)	(1,100,768)	-	(1,100,768)
Balance at 30 September 2019 (unaudited)	7,862,630	3,931,315	(47,767)	19,889	12,480,438	24,246,505	121,677	24,368,182
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	-	-	-	-	1,209,702	1,209,702	(6,741)	1,202,961
Other comprehensive loss for the period	-	-	(1,737)	(1,957)	-	(3,694)	-	(3,694)
Dividends (note 25)	-	-	-	-	(1,140,082)	(1,140,082)	-	(1,140,082)
Balance at 30 September 2020 (unaudited)	7,862,630	3,931,315	(35,219)	17,482	13,127,224	24,903,432	107,003	25,010,435

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

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

	Notes	9 months ended 30 September	
		2020 (unaudited) AED'000	2019 (unaudited) AED'000
Net cash generated from operating activities		359,608	626,292
Cash flows from investing activities			
Purchases of property, plant and equipment	5	(69,170)	(54,072)
Purchases of intangible assets	6	(9,118)	(4,072)
Additions of investment properties	7	(51,194)	(82,997)
Acquisition of cash and cash equivalents	8	-	89,783
Proceeds from disposal of investment properties		55,209	281,829
Proceeds from disposal of financial assets at FVTOCI		-	30,799
Proceeds from disposal of property, plant and equipment		-	19,250
Movement in term deposits with original maturities greater than three months		(243,691)	843,000
Movement in restricted bank balances		1,056,783	(133,483)
Capital call contributions made against investment in financial assets at FVTOCI		-	(2,451)
Capital distributions received against investment in financial assets at FVTOCI		-	7,605
Finance income received		78,673	87,573
Dividends received		4,900	15,100
Net cash generated from investing activities		822,392	1,097,864
Cash flows from financing activities			
Repayments of borrowings		(681,250)	(1,592,851)
Proceeds from borrowings		531,250	1,774,000
Payment for obligations under lease liabilities		(42,578)	(40,761)
Finance costs paid		(216,742)	(272,232)
Dividends paid		(1,141,602)	(1,101,511)
Net cash used in financing activities		(1,550,922)	(1,233,355)
Net (decrease)/increase in cash and cash equivalents		(368,922)	490,801
Cash and cash equivalents at beginning of the year		2,290,112	1,394,358
Cash and cash equivalents at end of the period	13	1,921,190	1,885,159

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

The net cash generated from operating activities for the period ended 30 September 2020 include an amount of AED 869,606 thousand related to net cash balances transfers out (30 September 2019: transfers in AED 139,830 thousand) 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 September 2020****1 General information**

The establishment of Aldar Properties PJSC (the “Company” or “Aldar”) 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 consolidated financial statements in future.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 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 consolidated 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 nine months period ended 30 September 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 September 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 the 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

	30 September 2020 (unaudited) AED’000	31 December 2019 (audited) AED’000
Balance at the beginning of the period/year	3,504,590	3,600,971
Additions/acquisition during the period/year	69,170	127,518
Depreciation charge for the period/year	(192,335)	(265,693)
Transfers from investment properties (note 7)	-	13,665
Disposals	(6)	(1,057)
Reversal of impairment for the period/year	-	29,186
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Balance at the end of the period/year	3,381,419	3,504,590
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**Notes to the condensed consolidated financial statements
for the period ended 30 September 2020 (continued)**

5 Property, plant and equipment (continued)

Property, plant and equipment include right-of-use assets with respect to land leases amounting to AED 78,951 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 amount 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 September 2020. No impairment indications were observed for any other items of property, plant and equipment during the period ended 30 September 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 10,480 thousand (30 September 2019: AED 9,034 thousand) and additions amounting to AED 9,118 thousand (30 September 2019: AED 4,072 thousand).

7 Investment properties

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Balance at the beginning of the period/year	16,782,476	16,408,303
Additions/acquisitions during the period/year	51,194	1,224,758
Fair value loss, net	(211,308)	(374,751)
Disposals	(53,267)	(271,080)
<i>Transfers from/(to):</i>		
Inventories	-	2,846
Development work in progress* (note 11)	83,396	(205,635)
Property, plant and equipment (note 5)	-	(13,665)
Land held for sale	-	11,700
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Balance at the end of the period/year	16,652,491	16,782,476
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* This represents transfer of properties from development work in progress due to change in use since the Group entered into operating leases with other parties for the properties during the period ended 30 September 2020. The Group recorded a net fair value gain of AED 3,343 thousand on the transfers.

Investment properties include right-of-use assets with respect to land leases amounting to AED 323,728 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 September 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 211,308 thousand at 30 September 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 September 2020. Based on this sensitivity analysis:

- a decrease in the capitalisation rates by 50bps would result in AED 805,478 thousand increase in the valuation, whilst an increase in the capitalisation rates by 50bps would result in AED 686,783 thousand decrease in the valuation of those properties; and
- an increase in the rental rates by 10% would result in AED 951,091 thousand increase in the valuation, whilst a decrease in the rental rates by 10% would result in AED 951,091 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 relate to share of the current period losses amounting to AED 551 thousand (30 September 2019: profit of AED 9,746 thousand), dividends received amounting to AED 3,500 thousand (30 September 2019: AED 13,700 thousand) and derecognition of investment in joint ventures amounting to nil (30 September 2019: AED 771,976 thousand). The share of losses of associates and joint ventures include losses amounting to AED 6,730 thousand that were recognised against amounts due from associates and joint ventures (30 September 2019: AED 8,123 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 September 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 September 2020 (continued)**

9 Financial assets at fair value through other comprehensive income

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Investment in UAE quoted securities	36,100	40,000
Investment in UAE unquoted securities	17,144	15,202
	<u>53,244</u>	<u>55,202</u>

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

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

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
30 September 2020 (unaudited)				
<i>Investments in financial assets at FVTOCI</i>				
Equities	36,100	-	17,144	53,244
	<u>36,100</u>	<u>-</u>	<u>17,144</u>	<u>53,244</u>
31 December 2019 (audited)				
<i>Investments in financial assets at FVTOCI</i>				
Equities	40,000	-	15,202	55,202
	<u>40,000</u>	<u>-</u>	<u>15,202</u>	<u>55,202</u>

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

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Non-current portion		
Receivables relating to project finance	140,569	141,985
Due from associates and joint ventures	176,523	174,597
Others	80,734	73,601
	<u>397,826</u>	<u>390,183</u>
Less: allowance for expected credit loss*	(156,907)	(151,257)
	<u>240,919</u>	<u>238,926</u>

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

10 Trade and other receivables (continued)

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Current portion		
Trade receivables	2,723,382	2,284,156
Refundable costs	255,943	138,990
Receivables relating to project finance	7,020	6,938
Receivables from the Government of Abu Dhabi	212,711	440,907
Due from associates and joint ventures	26,263	25,889
Gross amounts due from customers on contracts for sale of properties	1,488,342	1,987,629
Gross amounts due from customers on contracts to construct assets	-	49,397
Advances and prepayments	667,590	868,320
Accrued interest	20,030	32,767
Others	645,333	649,737
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Less: allowance for expected credit loss*	6,046,614 (298,142)	6,484,730 (273,370)
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	5,748,472	6,211,360
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* During the period, additional allowance for expected credit loss of AED 52,093 thousand (30 September 2019: AED 25,614 thousand) was made against trade and other receivables. Trade receivables amounting to AED 21,671 thousand were written off against allowance (30 September 2019: AED 118,627 thousand).

**Notes to the condensed consolidated financial statements
for the period ended 30 September 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:

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Balance at beginning of the period/year	2,546,972	2,473,374
Development costs incurred during the period/year	1,782,641	2,571,976
Recognised in direct costs of properties sold	(1,110,442)	(1,693,776)
Exchanged during the period/year	-	(772,197)
Write-off of project costs	(6,048)	(16,503)
<i>Transfers from/(to):</i>		
Land held for sale	-	233,079
Inventories (note 12)	(531,590)	(454,616)
Investment properties (note 7)	(80,053)	205,635
	<u>2,601,480</u>	<u>2,546,972</u>
Balance at the end of the period/year	<u>2,601,480</u>	<u>2,546,972</u>

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

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Completed properties	1,088,287	1,005,499
Other operating inventories	47,689	47,287
	<u>1,135,976</u>	<u>1,052,786</u>
Balance at the end of the year	<u>1,135,976</u>	<u>1,052,786</u>

During the period, properties with a value of AED 531,590 thousand (31 December 2019: AED 454,616 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 September 2020 (continued)**

13 Cash and bank balances

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Cash and bank balances	3,268,062	3,161,327
Short term deposits held with banks	1,236,166	2,524,915
	<hr/>	<hr/>
Cash and bank balances	4,504,228	5,686,242
Short term deposits with original maturities greater than three months	(535,235)	(291,544)
Restricted bank balances	(2,047,803)	(3,104,586)
	<hr/>	<hr/>
Cash and cash equivalents	1,921,190	2,290,112
	<hr/> <hr/>	<hr/> <hr/>

Restricted bank balances include balances amounting to AED 906,945 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 0.01% and 1.43% (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

	Non-convertible Sukuk		Bank borrowings		Total borrowings	
	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
<i>Current</i>						
Within one year	32,405	36,377	574,407	75,226	606,812	111,603
<i>Non-current</i>						
More than one year	3,633,041	3,628,113	3,763,520	4,407,417	7,396,561	8,035,530
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,665,446	3,664,490	4,337,927	4,482,643	8,003,373	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 amounting to AED 1,010,477 thousand and operating assets amounting to AED 3,325,312 thousand and carry a net worth covenant.

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

14 Bank borrowings and non-convertible sukuk (continued)

- b) As at 30 September 2020, the Group had AED 4.04 billion of undrawn, committed revolving credit facilities in the form of bilateral agreements with two financial institutions having a maturity for AED 3.8 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 September 2020, the net borrowing was AED 1,014,500 thousand (borrowing of AED 4,818,750 thousand less deposit of AED 3,804,250 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 32,976 thousand in respect of this borrowing (finance costs on borrowing amounting to AED 84,387 thousand less interest income on deposits amounting to AED 51,411 thousand) for the period ended 30 September 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

	30 September 2020 (unaudited) AED’000	31 December 2019 (audited) AED’000
Trade payables	290,850	431,239
Accrual for contractors’ costs and others	2,398,876	2,375,587
Dividends payable	89,138	90,659
Due to the Government of Abu Dhabi	278,302	1,123,868
Advances from the Government of Abu Dhabi	207,736	416,559
Deferred income	324,423	305,191
Gross amount due to customers on contracts for sale of properties	30,284	10,055
Gross amount due to customers on contracts to construct an asset	399,026	500,670
Provision for onerous contracts	7,460	14,880
Other liabilities*	640,562	856,506
	<hr/>	<hr/>
	4,666,657	6,125,214
	<hr/> <hr/>	<hr/> <hr/>

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

16 Trade and other payables (continued)

* Other liabilities include contingent consideration payable of AED 60,990 thousand at 30 September 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

	3 months ended 30 September		9 months ended 30 September	
	2020 (unaudited) AED'000	2019 (unaudited) AED'000	2020 (unaudited) AED'000	2019 (unaudited) AED'000
Interest/profit earned on:				
Islamic deposits	3,584	3,573	17,163	15,951
Term deposits	457	1,617	4,051	8,465
Call and current accounts	2,998	6,462	11,984	17,347
Total interest/profit earned	7,039	11,652	33,198	41,763
Finance income earned on receivables from project finance	3,028	3,059	9,102	9,192
Other finance income	10,646	2,077	14,534	8,543
	20,713	16,788	56,834	59,498

18 Finance costs

	3 months ended 30 September		9 months ended 30 September	
	2020 (unaudited) AED'000	2019 (unaudited) AED'000	2020 (unaudited) AED'000	2019 (unaudited) AED'000
Finance costs on bank borrowings and non-convertible sukuk	64,603	80,011	224,456	251,730
Unwinding of finance cost on operating lease liabilities (Note 22.2)	3,939	4,302	11,111	12,915
Others	1,118	1,500	3,354	4,498
	69,660	85,813	238,921	269,143
Cumulative loss/(gain) arising on hedging instruments reclassified to profit or loss	1,775	(2,973)	5,223	(8,918)
	71,435	82,840	244,144	260,224

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

19 Other income

	3 months ended 30 September		9 months ended 30 September	
	2020 (unaudited) AED'000	2019 (unaudited) AED'000	2020 (unaudited) AED'000	2019 (unaudited) AED'000
Release of liability, accruals and and provisions (note 19.1)	-	-	45,576	28,441
Others (note 19.2)	37,137	14,486	43,341	93,598
	37,137	14,486	88,917	122,039

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

19.2 The amount for the period ended 30 September 2020 includes an amount of AED 36,912 thousand representing gain on exchange of properties. During the period, in an arrangement with the Government of Abu Dhabi, the Company received plots of land from the Government of Abu Dhabi in exchange of certain plots of land, title deed of which were in the name of the Company. The fair value of GFA, for which the Company is entitled, amounted to AED 36,912 thousand while the carrying value of existing interest in the plots transferred was AED 1, resulting in a gain of AED 36,912 thousand.

The amount for the period ended 30 September 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:

	3 months ended 30 September		9 months ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Earnings (AED'000)				
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to Owners of the Company)	426,238	383,530	1,209,702	1,406,931
Weighted average number of shares (000)				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	7,862,630	7,862,630	7,862,630	7,862,630
Basic and diluted earnings per share attributable to owners of the Company in AED	0.054	0.049	0.154	0.179

**Notes to the condensed consolidated financial statements
for the period ended 30 September 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:

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Government of Abu Dhabi:		
Trade and other receivables	759,436	884,211
	=====	=====
Trade and other payables	(543,292)	(1,485,707)
	=====	=====
Advances received	(207,736)	(416,559)
	=====	=====
Major shareholder and its affiliates:		
Trade and other receivables	36,532	29,432
	=====	=====
Trade and other payables	(5,898)	(12,571)
	=====	=====
Due from associates and joint ventures		
Trade and other receivables	29,749	33,098
	=====	=====
Due to joint ventures for project-related work		
Trade and other payables	(32,692)	(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 September 2020 (continued)**

22 Commitments and contingencies

22.1 Capital commitments

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

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Projects under development	1,592,353	2,600,863
Reimbursable project works in progress	1,527,117	2,239,164
	3,119,470	4,840,027

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

22.2 Operating lease commitments

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
<i>The Group as a lessor</i>		
Within one year	761,684	835,379
In the second to fifth year	1,782,859	1,950,133
After five years	1,422,499	1,426,485
	3,967,042	4,211,997
	9 months ended 30 September	
	(unaudited) AED'000	(unaudited) AED'000
<i>The Group as a lessee</i>		
Unwinding of interest expense during the period on lease liabilities (note 18)	11,111	12,915
Total cash outflow in respect of leases	42,578	40,761

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

22 Commitments and contingencies (continued)

22.3 Contingencies

	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
<i>Letters of credit and bank guarantees:</i>		
Issued by the Group	988,669	1,005,590
	<hr/>	<hr/>
Group's share in contingencies of joint ventures and associates	3	23
	<hr/>	<hr/>

Included in the above are bank guarantees and letters of credit amounting to AED 715,128 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 September 2020 (continued)**

23 Segment information

23.1 Business segments

Segment information about the Group's continuing operations is presented below:

Nine months period ended 30 September 2020 (unaudited):

	Property development and management		Asset management		Adjacencies AED'000	Eliminations AED'000	Consolidated AED'000
	Property development and sales AED'000	Development management AED'000	Investment properties AED'000	Hospitality and leisure AED'000			
Revenue from external customers							
- Over a period of time	1,705,294	728,270	-	135,378	1,017,990	-	3,586,932
- At a point in time	924,559	5,588	-	123,311	-	-	1,053,458
- Leasing	-	-	1,217,613	-	-	-	1,217,613
Inter-segments	-	-	1,574	246	61,003	(62,823)	-
Gross revenue (i)	2,629,853	733,858	1,219,187	258,935	1,078,993	(62,823)	5,858,003
Cost of revenue excluding service charge	(1,744,856)	(616,349)	(211,946)	(283,424)	(872,430)	68,680	(3,660,325)
Service charge expenses	-	-	(87,536)	-	-	-	(87,536)
Gross profit	884,997	117,509	919,705	(24,489)	206,563	5,857	2,110,142
Depreciation and amortisation	-	-	(6,525)	(117,285)	(62,031)	958	(184,883)
Provisions, impairments and write downs-net	(12,853)	-	(28,996)	(8)	(41,237)	24,760	(58,334)
Loss on revaluation of investment properties	-	-	(211,308)	-	-	-	(211,308)
Gain on transfer from development work in progress to investment properties	-	-	3,343	-	-	-	3,343
Gain on disposal of property, plant and equipment	-	-	-	54	-	-	54
Gain on disposal of investment properties	-	-	1,942	-	-	-	1,942
Other income	39,324	-	45,576	1,394	130	(36,576)	49,848
Selling and marketing expenses	-	-	-	-	-	4,604	4,604
Segment profit	911,468	117,509	723,737	(140,334)	128,185	(397)	1,715,408
Share of loss from associates and joint ventures							(7,281)
Selling and marketing expenses							(73,288)
General and administrative expenses							(230,422)
Provisions, impairments and write downs-net							(40,592)
Depreciation and amortisation							(12,623)
Finance income							56,834
Finance costs							(244,144)
Other income							39,068
Profit for the period							1,202,961

(i) Gross revenue of investment properties include AED 87,536 thousand of revenue from service charges.

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

23 Segment information (continued)

23.1 Business segments (continued)

Nine months period ended 30 September 2019 (unaudited):

	Property development and management		Asset management				Group AED'000
	Property development and sales AED'000	Development management AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Adjacencies AED'000	Eliminations AED'000	
Revenue from external customers							
- Over a period of time	1,800,827	61,534	-	244,607	1,213,288	-	3,320,256
- At a point in time	145,464	45,192	-	224,446	-	-	415,102
- Leasing	-	-	1,290,261	-	-	-	1,290,261
Inter-segments	-	-	-	494	114,714	(115,208)	-
Gross revenue (i)	1,946,291	106,726	1,290,261	469,547	1,328,002	(115,208)	5,025,619
Cost of revenue excluding service charge	(1,264,625)	(6,755)	(170,700)	(407,592)	(1,144,377)	127,057	(2,866,992)
Service charge expenses	-	-	(104,786)	-	-	-	(104,786)
Gross profit	681,666	99,971	1,014,775	61,955	183,625	11,849	2,053,841
Depreciation and amortisation	-	-	(7,324)	(114,246)	(66,740)	-	(188,310)
Provisions, impairments, write downs-net	(9,893)	-	(22,107)	-	(174,653)	185,467	(21,186)
Loss on revaluation of investment properties	-	-	(120,413)	-	-	-	(120,413)
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
Other income	19,695	-	-	-	9,751	(196,927)	(167,481)
Segment profit	691,468	99,971	912,739	(52,291)	137,450	389	1,604,259
Share of loss from associates and joint ventures							(8,728)
Selling and marketing expenses							(72,198)
General and administrative expenses							(244,246)
Provisions, impairments, write downs-net							(817)
Depreciation and amortisation							(11,118)
Finance income							59,498
Finance costs							(260,224)
Other income							289,520
Profit for the period							1,355,946

(i) Gross revenue of investment properties include AED 104,786 thousand of revenue from service charges

**Notes to the condensed consolidated financial statements
for the period ended 30 September 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 AED'000
	Property development and sales AED'000	Development management AED'000	Investment properties AED'000	Hospitality and leisure AED'000	Adjacencies AED'000	Unallocated AED'000	
As at 30 September 2020 (unaudited)							
Assets	12,815,608	1,568,180	17,896,906	2,473,148	2,302,552	2,443,815	39,501,263
Liabilities	(3,151,001)	(1,484,067)	(7,076,064)	(918,201)	(1,283,871)	(575,188)	(14,490,828)
Period ended 30 September 2020 (unaudited)							
Capital expenditures	21,251	-	220	24,977	33,066	10,907	90,421
Project expenditures	1,781,728	-	51,194	-	3,522	-	1,836,444
As at 31 December 2019 (audited)							
Assets	13,213,835	2,875,988	18,189,259	2,678,107	2,436,838	1,873,084	41,266,723
Liabilities	(2,885,323)	(2,911,411)	(7,422,137)	(1,132,190)	(1,251,952)	(712,460)	(16,315,473)
Period ended 30 September 2019 (unaudited)							
Capital expenditures	95,147	-	-	30,331	22,450	1,339	149,267
Project expenditures	1,946,996	-	1,194,477	-	2,161	-	3,143,634

**Notes to the condensed consolidated financial statements
for the period ended 30 September 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, directors' salaries, share of profits/(loss) 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 Dividends

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:

	9 months ended 30 Sept	
	2020 (unaudited) AED'000	2019 (unaudited) AED'000
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)	80,053	205,635

**Notes to the condensed consolidated financial statements
for the period ended 30 September 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.

	30 September 2020 (unaudited)		31 December 2019 (audited)	
	Gross carrying amount AED'000	Fair value AED'000	Gross carrying amount AED'000	Fair value AED'000
<i>Financial liabilities at amortised cost</i>				
Sukuk No. 1 (note 14)	1,814,845	2,046,507	1,832,969	1,989,274
Sukuk No. 2 (note 14)	1,850,601	1,973,294	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 may 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. As the effect of COVID-19 on businesses continues to evolve, there are potential risks and uncertainties on future business impact, the Group continues to update its plans accordingly.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 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 September 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), commercial 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 September 2020 amounting to AED 211,308 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 September 2020. No impairment indications were observed for any other items of property, plant and equipment during the period ended 30 September 2020.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 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 September 2020 amounting to AED 46,444 thousand (30 September 2019: AED 19,965 thousand) and total allowance for ECL amounted to AED 455,049 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, 5 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 September 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.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2020 (continued)****29 Event after the reporting period**

On 25 October 2020, ADQ and the Company signed a Memorandum of Understanding (“MoU”) under which the Company will take over development and management of certain capital projects for and on behalf of the Government of Abu Dhabi by acquiring a subsidiary of Modon. As part of the MoU, the Company will also have management oversight of the projects carried out by Musanada. The Government of Abu Dhabi will continue to fund the projects and Aldar will earn management fees for development management services.

30 Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 11 November 2020.